Prospectus dated June 23, 2025

Prospectus for the public offering

of

(i) 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved by the management board with the consent of the supervisory board respectively the administrative board after the conversion of the company's legal form from a German Stock Corporation Company into a European Stock Corporation Company on or about June 30, 2025 by way of utilizing the authorized capital

and of

(ii) 2,000,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of the Selling Shareholders and of (iii) 600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of certain Selling Shareholders in connection with a possible over-allotment and of (iv) 600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of certain Selling Shareholders subject to the exercise of an upsize option (full or in part) upon decision of certain Selling Shareholders, after consultation with the Joint Global Coordinators, on the date of pricing

and at the same time for the

admission to trading

on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved upon by the management board with the consent of the supervisory board respectively the administrative board after the conversion of the company's legal form from a German Stock Corporation Company into a European Stock Corporation Company on or about June 30, 2025 by way of utilizing the authorized capital, each representing a notional share of EUR 1.00 in the share capital per no-par value share and carrying full dividend rights as of October 1, 2024

and of

18,864,457 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*), each representing a notional share of EUR 1.00 in the share capital per no-par value share and carrying full dividend rights as of October 1, 2024

of

Brainlab AG to be converted into Brainlab SE

Joint Global Coordinators

Berenberg **Deutsche Bank**

Joint Bookrunners

COMMERZBANK **Jefferies** **UniCredit**

Price Range: EUR 80.00 – EUR 100.00

International Securities Identification Number (ISIN): DE0005207906
German Securities Code (*Wertpapierkennnummer, WKN*): 520790
Ticker Symbol: BNLB

The validity of this Prospectus will expire with the beginning of the trading of the shares to be admitted on the basis of the Prospectus on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is expected to occur on July 3, 2025, and no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will apply when this Prospectus is no longer valid.

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(I) SUMMARY OF THE PROSPECTUS

1. Introduction containing warnings

This prospectus (the "**Prospectus**") relates to the public offering in the Federal Republic of Germany ("**Germany**") of (i) 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved upon by the management board with the consent of the supervisory board respectively, after the conversion of the company's legal form from a German Stock Corporation Company into a European Stock Corporation company, the administrative board on or about June 30, 2025 by way of utilizing the authorized capital (the "**New Offer Shares**"), (ii) 2,000,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of SV2019 GmbH, BMB Verwaltungsgesellschaft mbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG (each a "**Selling Shareholder**" and, together, the "**Selling Shareholders**") (the "**Existing Offer Shares**") and (iii) 600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG in connection with a potential over-allotment (the "**Over-Allotment Shares**") and (iv) 600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of SV2019 GmbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG subject to the exercise of an upsize option (full or in part) (the "**Upsize Option**") upon decision of such Selling Shareholders, after consultation with the Joint Global Coordinators (as defined below), on the date of pricing (the "**Additional Shares**" and together with the New Offer Shares, the Over-Allotment Shares and the Existing Offer Shares, the "**Offer Shares**"), some or all of which may also be sold through private placements in certain jurisdictions outside Germany (the "**Offering**"), International Securities Identification Number ("**ISIN**") DE0005207906, of Brainlab AG, to be converted into Brainlab SE, with its business address at Olof-Palme-Straße 9, 81829 Munich, Germany (telephone +49 (89) 9915680; website: www.brainlab.com) (the "**Company**"). In addition, this Prospectus relates to the admission of the entire issued share capital of the Company, comprising up to 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved upon by the management board with the consent of the supervisory board respectively, after the conversion of the Company's legal form from a German Stock Corporation Company into a European Stock Corporation Company, the administrative board on or about June 30, 2025 by way of utilizing the authorized capital and 18,864,457 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) (the "**Brainlab Shares**" and, each, a "**Brainlab Share**") to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Admission to Trading**"). The legal entity identifier code ("**LEI**") of the Company is: LZL5OMI84ZIT44MHOH61.

The Offer Shares will be offered by the Company together with Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 ("**Berenberg**") and Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI 7LTWFZYICNSX8D621K86 ("**Deutsche Bank,**" and together with Berenberg, the "**Joint Global Coordinators**" and, each, a "**Joint Global Coordinator**") and COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI 851WYGNLUQLFZBSYGB56 ("**COMMERZBANK**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany, LEI 5493004I3LZM39BWHQ75 ("**Jefferies**") and UniCredit Bank GmbH, Arabellastrasse 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170 ("**UniCredit**") (the "Joint Bookrunners," and each, a "Joint Bookrunner," and, together with the Joint Global Coordinators, the "**Underwriters**" and each an "**Underwriter**"). The Company will apply for the Admission to Trading together with Deutsche Bank.

This Prospectus is dated June 23, 2025 and has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – the "**BaFin**") on June 23, 2025 in accordance with Art. 20 para. 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "**Prospectus Regulation**"), on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC. The BaFin can be contacted at Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany, by telephone +49 228 4108-0, or via its website: www.bafin.de.

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole by an investor. Investors in the Offer Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

2. Key information on the issuer

2.1 Who is the issuer of the securities?

2.1.1 Issuer information

The Company is currently incorporated as a German Stock corporation (*Aktiengesellschaft*) governed by German law and will upon conversion be incorporated as a European stock corporation (*Europäische Aktiengesellschaft*; Societas Europaea, SE) in Germany governed by European and German law. The Company's registered seat (*Sitz*) is in Munich, Germany, and the Company is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under HRB 135401. The LEI of the Company is: LZL5OMI84ZIT44MHOH61. "**Group**" or "**Brainlab**" means the Company and its consolidated subsidiaries.

2.1.2 Principal activities of the issuer

Brainlab is a pioneering medical software company committed to comprehensively digitizing medical workflows in a data-driven, precision-based approach to modern, personalized healthcare. Patient data is semantically structured, mapped and aggregated in a dynamic three-dimensional model using artificial intelligence. The thereby created digital representation lays the foundation for a spatial-aware navigation map of the patient's anatomy which can be used across a range of clinical interventions: Surgeons can resect

brain tumors less invasively or place screws precisely in the human spine and radiotherapists and medical physicists can treat tumors with enhanced precision. By seamlessly fusing digital and physical environments using intraoperative imaging, robotics, and augmented reality, Brainlab creates a continuously evolving ecosystem which is enriched with longitudinal and multimodal data. Beyond interventions, the Brainlab subsidiaries apply gaming technologies to simulate clinical procedures for training and education purposes in immersive, high-fidelity experiences that drive the adoption of latest technologies to ultimately accelerate the digital transformation in healthcare. Following a focused approach, Brainlab has developed innovative end-to-end workflows based on a modular architecture with open interfaces and high interoperability to seamlessly integrate other data, software and devices. Beyond its core domains, the technologies serve as a deployment framework. To date, numerous leading providers of radiotherapy machines, intraoperative imaging, optical imaging, surgical microscopy, implants, disease treatment solutions, and cutting-edge medical technology startups have already integrated with Brainlab's products and become strategic partners in its ecosystem. Over the past 35 years, Brainlab has become a global reference point in digital surgery and navigation across clinical domains, in particular in its operating segments "Spinal and Cranial Surgery" as well as "Radiosurgery." The Group serves customers comprising roughly 4,000 healthcare institutions and its solutions have impacted over 22 million patients in approximately 120 countries worldwide. This broad range of customers includes luminary global healthcare institutions, including nine of the top 10 neurosurgery centers globally (source: Newsweek 2025). Furthermore, 86 of the top 100 cancer centers globally (source: Newsweek 2025) use Brainlab software. Across the combined markets of Europe and North America, Brainlab is the market leader in planning and navigation systems in neurosurgery, and across Europe and North America Brainlab is the number 2 player in spinal surgery planning and navigation systems and the number 2 player in surface-guided positioning and monitoring systems in radiotherapy based on total installed base of systems (source: independent market study from Roland Berger GmbH dated April 19, 2025). Brainlab has thereby established itself as a leader in multiple verticals: neurosurgery (including functional neurosurgery), spinal surgery and radiosurgery, and it has further presence and ambitions to grow in the clinical domains of ear, nose and throat ("**ENT**"), interventional cardiology, orthopedics and sports medicine. With its global reach, Brainlab addresses trends in the worldwide healthcare sector, such as financial and human resource shortage in the context of demographic change, the growing complexity of procedures paired with less specialized resources being available, and the increasing need for effective, efficient chronic disease treatments.

2.1.3 Major shareholders

As of the date of this Prospectus, Stefan Vilsmeier ("**SV**"), indirectly through SV2019 GmbH, holds just over 50.0%, EMH Digital Growth Fund GmbH & Co. KG holds 19.4%, which is attributed to Maximilian Kuss as its ultimate shareholder, BMB Verwaltungsgesellschaft mbH holds 12.6%, EMH Invest II GmbH & Co. KG holds 8.5% and EMH Invest I GmbH & Co. KG holds 7.3% of the issued and outstanding share capital of the Company.

2.1.4 Control

SV, SV2019 GmbH, Michael Bertram, who holds about 0.5% of the voting rights and BMB Verwaltungsgesellschaft mbH have agreed to generally exercise their voting rights in alignment in a voting commitment agreement dated March 31, 2025 ("**Voting Commitment Agreement**"). The entering into the Voting Commitment Agreement is considered to result in an acting in concert within the meaning of Section 30 para. 2 German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*; "**WpÜG**"). As a result, the voting rights attached to the Brainlab Shares held by each party to the Voting Commitment Agreement are attributed to the parties on a reciprocal basis. Therefore, as of the date of this Prospectus, each of SV, SV2019 GmbH, Michael Bertram and BMB Verwaltungsgesellschaft is considered to hold 63.1% of the voting rights in the Company and following the completion of the Offering and assuming full exercise of the Greenshoe Option and the Upsize Option each of SV, SV2019 GmbH, Michael Bertram and BMB Verwaltungsgesellschaft will be considered to hold 53.7% of the voting rights in the Company, each of which qualifies as control (*Kontrolle*) under Section 29 para. 2 WpÜG.

2.1.5 Supervisory Board and Management Board / Administrative Board and Managing Directors

Prior to the SE-Conversion, the Company is managed by its management board, consisting of: Rainer Birkenbach, Florian Michael Hoffmann, Rudolf Kreitmair, and Tobias Schalkhaußer. The company's supervisory board, consisting of Stefan Vilsmeier, Dr. Klaus Kleinfeld, and Sebastian Kuss, monitors the management of the company by the Management Board.

Following the conversion into an SE, the Company will be managed by its administrative board (*Verwaltungsrat*) (the "**Administrative Board**") consisting of Stefan Vilsmeier, Dr. Klaus Kleinfeld, Sebastian Kuss, Rainer Birkenbach, Stephanie Combs and Éva Haász. The Administrative Board determines the basic principles of the Company's activities and monitors their implementation. The Administrative Board acts in accordance with applicable law, the articles of association of the Company and the rules of procedure of the Administrative Board and supervises the managing directors (*geschäftsführende Direktoren*) of the Company (the "**Managing Directors**"). If Managing Directors belong to the Administrative Board, the majority of the Administrative Board must consist of members who are not managing directors. The Managing Directors are Rainer Birkenbach, Florian Michael Hoffmann, Rudolf Kreitmair and Tobias Schalkhaußer. They manage the business of the Company in accordance with the principles and instructions established by the Administrative Board and in accordance with the law, the articles of association and the rules of procedure for the Managing Directors.

2.1.6 Auditor of the financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Friedenstraße 10, 81671 Munich, Germany ("**KPMG**"), has audited as independent auditor the consolidated financial statements of the Company as of and for the fiscal years ended September 30, 2022, 2023 and 2024 and the audited unconsolidated annual financial statements of the Company as of and for the fiscal year ended September 30, 2024, included herein. KPMG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

2.2 What is the key financial information regarding the issuer?

The audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2024 (the "**Audited 2023/2024 Consolidated Financial Statements**"), the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2023 (the "**Audited 2022/2023 Consolidated Financial Statements**"), the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2022 (the "**Audited 2021/2022 Consolidated Financial Statements,**" together with the Audited 2022/2023 Consolidated Financial Statements and the Audited 2023/2024

Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"), were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union (Commission Regulation (EC) No. 1126/2008 of November 3, 2008, as amended) and have been audited by KPMG, who issued independent auditor's reports thereon. The unaudited condensed consolidated interim financial statements of the Company as of and for the six months ended March 31, 2025, were prepared in accordance with IFRS on Interim Financial Reporting (IAS 34) (the "**Unaudited Condensed Consolidated Interim Financial Statements**"). The audited unconsolidated annual financial statements of the Company as of and for the year ended September 30, 2024 were prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**"). The *pro forma* consolidated income statements of the Group for the fiscal year ended September 30, 2024 and for the six months ended March 31, 2025, and the *pro forma* consolidated statement of financial position of the Group as of March 31, 2025, each as accompanied by the related *pro forma* notes thereto (the "**Unaudited Pro Forma Financial Information**"), were prepared on the basis of the IDW Accounting Practice Statement: Preparation of the *Pro Forma* Financial Information (*IDW AcPS AAB 1.004*) (*IDW Rechnungslegungshinweis: Erstellung von Pro Forma Finanzinformationen* (*IDW RH HFA 1.004*)) as published by IDW. The Company prepared the Unaudited Pro Forma Financial Information because the Company's spin-off of all shares in Snke OS GmbH, previously a wholly owned subsidiary of the Company, to Snke Holding SE, in which the Company holds a minority shareholding since the effectiveness of such spin-off, and the asset sale by Group subsidiary Level Ex, Inc. of its pharmaceutical and life science business to Relevate Health Games, LLC, collectively had a material effect on the profit or loss of the historical consolidated income statement of the Company for the fiscal year ended September 30, 2024.

Where financial information in the tables in this summary is labeled "audited," this means that it has been taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in the tables in this summary to indicate financial information that has not been taken from the Audited Consolidated Financial Statements, but has been derived either from the Unaudited Condensed Consolidated Interim Financial Statements, or has been taken from the accounting records or the internal reporting systems of the Group or the Company or has been calculated based on figures from the aforementioned sources.

2.2.1 Key financial information from the consolidated income statement

	For the year ended September 30,			For the six months ended March 31,	
	2022	2023	2024	2024	2025
		(EUR thousands) (audited)		*(EUR thousands) (unaudited)*	
Revenue	364,299	429,228	470,267	213,383	243,328
Operating result	8,135	12,805	5,874	7,595	25,803
Net profit/loss for the period	3,294	(10,635)	(18,078)	(19,854)	588

2.2.2 Key financial information from the consolidated statements of financial position

	For the year ended September 30,			For the six months ended March 31,
	2022	2023	2024	2025
		(EUR thousands) (audited)		*(EUR thousands) (unaudited)*
Total current assets	254,078	300,150	319,939	398,096
Total non-current assets	413,715	416,100	408,675	341,259
Total assets	667,793	716,250	728,614	739,355

2.2.3 Key financial information from the consolidated statements of cash flows

	As of September 30,			As of March 31,	
	2022	2023	2024	2024	2025
		(EUR thousands) (audited)		*(EUR thousands) (unaudited)*	
Cash flows from operating activities	35,972	24,809	20,396	5,340	23,009
Cash flows from investing activities	(64,338)	(62,186)	(52,211)	(32,974)	(27,620)
Cash flows from financing activities	4,493	59,245	25,675	(1,113)	2,045

2.2.4 Key Alternative Performance Measures[(1)]

	As of/for the year ended September 30,			As of/For the six months ended March 31,	
	2022	2023	2024	2024[(3)]	2025[(4)]
		(EUR thousands) (unaudited, unless otherwise indicated)		*(EUR thousands) (unaudited)*	
EBITDA[(2)]	53,592	75,382	77,650	32,610	41,454
EBITDA Margin	14.7%	17.6%	16.5%	14.9%	17.1%
Net Debt	131,633	166,672	210,736	—	222,450
Leverage Ratio (as a multiple)[(5)]	2.5	2.2	2.7	—	2.6[(6)]

Notes:

(1) The financial measures in this section 2.2.4 are Alternative Performance Measures and should not be viewed as an alternative to the equivalent IFRS financial measure.

(2) Audited for the fiscal years ended September 30, 2022, 2023 and 2024.

(3) Comparative information for the six-month period ended March 31, 2024 has been adjusted in accordance with IAS 8.41 et seq. to reflect an impairment of goodwill amounting to EUR 8,562 thousand in the Healthcare Platform segment, of which EUR 4,082 thousand is attributable to Continued Operations (other operating expenses). Furthermore, an impairment of deferred tax assets in the amount of EUR 4,644 thousand (of which EUR 4,421 thousand are attributable to the six-month period ended March 31, 2024) has increased income tax expense for the comparative period. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

(4) Figures include Continued Operations and Discontinued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements. Refer to Note 5 of the Unaudited Condensed Consolidated Interim Financial Statements.

(5) Leverage Ratio is defined as the ratio of Net Debt to EBITDA.

(6) Calculated using EBITDA from the last twelve months, which amounts to EUR 86,493 thousand for the period ending March 31, 2025 (based on EBITDA for the fiscal year ended September 30, 2024 less EBITDA for the six-month period ended March 31, 2024 plus EBITDA for the six-month period ended March 31, 2025).

2.2.5 Key financial information from the pro forma consolidated income statement for the year ended September 30, 2024 and for the six months ended March 31, 2025

	For the year ended September 30, 2024	For the six months ended March 31, 2025
	(EUR thousands) (unaudited)	
Revenue	454,014	239,428
Operating result	32,054	24,252
Net profit/loss for the period	3,712	12,601

2.2.6 Key financial information from the pro forma consolidated statement of financial position as of March 31, 2025

	As of March 31, 2025
	(EUR thousands) (unaudited)
Total current assets	336,140
Total non-current assets	384,752
Total assets	720,892

2.3 What are the key risks that are specific to the issuer?

- Demand for the Group's products and services depends on overall global economic and political conditions and their effects on the healthcare industry, and any economic downturn could negatively affect the Group's customer base of hospitals and other healthcare institutions.
- The Group operates in highly competitive markets characterized, among other things, by rapidly evolving technology and the need to demonstrate proven clinical outcomes, and competition may increase in the future.
- The Group's competitive position, revenues, profitability and its ability to maintain its strong reputation in innovation and brand leadership depend on, and could be adversely affected in the absence or delay of, successful development, introduction and commercialization of new products and services and an ability to enhance the Group's existing technology in order to keep pace with medical technologies in a cost-effective manner.
- The Group must maintain and build relationships with and effectively demonstrate to surgeons, oncologists, radiologists, radiotherapists, operating room staff, nurses and other medical experts, hospital upper management, departmental heads and hospital staff that its existing and new products are effective and an attractive alternative to its competitors or it may be unable to achieve targeted sales and sustain growth of its business.
- The Group has numerous strategic partnerships with other medical technology companies and, in certain cases, has entered into development and other types of collaboration agreements as part of such strategic partnerships, to maximize the potential of its products and services, and it may not realize the anticipated benefits of such collaborations or strategic partnerships.
- The Group has certain existing core customer relationships which if lost would result in lost revenue and could harm its business and reputation in its industry. Beyond the immediate effect of lost revenue from core customers acting as reference sites, the indirect consequences of losing core customers could be significant and may include reduced revenue generated from new customer sales, weakened market position, and diminished competitive advantage.
- The Group may incur impairments on goodwill. Depending on future circumstances, it is also possible that the Group may never realize the full value of its goodwill.
- The Group may fail to achieve its strategic objectives, such as expanding into adjacent markets beyond neurosurgery, functional neurosurgery, spinal surgery and radiosurgery, or manage growth effectively, which could have a material adverse effect on its business, assets, results of operations, financial condition and prospects.
- The Group is exposed to risks related to conducting operations in numerous countries as a global business, including local political instability, foreign exchange rate fluctuations, trade restrictions, anti-competitive behavior and logistical challenges, all of which could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.
- Cyber risk and the failure or disruption of the Group's IT or security systems or products, which in certain cases handle highly confidential information and legally protected personal and medical information, including patient data, or those of third parties with whom it conducts business, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.
- The Group operates in the medical technology sector, which is a highly regulated industry and is subject to extensive laws and regulations in numerous jurisdictions; any changes in the regulations or the implementation and enforcement thereof could impair its ability to continue production and provide services in a cost-efficient manner and could materially adversely affect the Group.

3. Key information on the securities

3.1 What are the main features of the securities?

3.1.1 Type, class, par value

This summary relates to the offering of ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) of the Company; ISIN: DE0005207906; German Securities Code (*Wertpapierkennnummer, WKN*): 520790; Ticker Symbol: BNLB, and the Admission to Trading of the Brainlab Shares.

3.1.2 Number of securities

As of the date of this Prospectus, the share capital of the Company amounts to EUR 18,864,457.00 and is divided into 18,864,457 Brainlab Shares. Each Brainlab Share represents a notional share of EUR 1.00 in the Company's share capital. All Brainlab Shares are fully paid up. This summary relates to the Offering of: (i) 2,000,000 New Offer Shares, (ii) 2,000,000 Existing Offer Shares, (iii) 600,000 Over-Allotment Shares and (iv) 600,000 Additional Shares and the Admission to Trading of the entire share capital of the Company, consisting of 18,864,457 existing Brainlab Shares and 2,000,000 New Offer Shares.

3.1.3 Currency

The Brainlab Shares are denominated in Euro.

3.1.4 Rights attached

Each Brainlab Share carries one vote at the Company's general meeting (*Hauptversammlung*, the "**General Meeting**"). There are no restrictions on voting rights. The Brainlab Shares carry full dividend rights as of October 1, 2024.

3.1.5 Seniority

The Brainlab Shares are subordinated to all other securities and claims in case of an insolvency of the Company.

3.1.6 Free transferability

The Brainlab Shares are freely transferable in accordance with the legal requirements for ordinary registered shares (*auf den Namen lautende Stammaktien*). There are no restrictions on the transferability of the Brainlab Shares other than lock-up agreements entered into between the Company, the Selling Shareholders and the Underwriters.

3.1.7 Dividend policy

Subject to the distributable balance sheet profit (*Bilanzgewinn*) of the Company on an unconsolidated basis and subject to prevailing market conditions and the economic situation at the time of the distribution, the Company currently is targeting to pay a dividend in the medium term.

3.2 Where will the securities be traded?

The Company will apply for the admission of the Brainlab Shares to trading, together with Deutsche Bank, on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard). Trading in the Brainlab Shares on the Frankfurt Stock Exchange is expected to commence on July 3, 2025.

3.3 What are the key risks that are specific to the securities?

- The Brainlab Shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Brainlab Shares will develop or can be maintained. Therefore, the price of the Brainlab Shares may be subject to volatility, and investors may not be able to sell the Brainlab Shares at the final offer price (the "**Offer Price**"), at a higher price or at all under certain circumstances.
- Following the Offering, SV will continue to indirectly control the Company through SV2019 GmbH and could therefore exert substantial influence on decisions reached by the General Meeting and could have diverging interests from those of the Company's other shareholders.

4. Key information on the offer of securities to the public and admission to trading on a regulated market

4.1 Under which conditions and timetable can I invest in this security?

4.1.1 Offer conditions

The Offering consists of: (i) 2,000,000 New Offer Shares, (ii) 2,000,000 Existing Offer Shares, (iii) 600,000 Over-Allotment Shares and (iv) 600,000 Additional Shares. The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 24, 2025, and to expire on July 1, 2025 (the "**Offer Period**").

4.1.2 Scope of the Offering

The Offer Shares will be offered through a public offering in Germany. The Offer Shares may also be sold through private placements in certain jurisdictions outside Germany. In the United States of America (the "**United States**" or "**U.S.**"), the Offer Shares will be offered and sold only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the United States Securities Act of 1933 ("**Rule 144A**"), as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

4.1.3 Timetable of the Offering

The anticipated timetable of the Offering, which may be extended or shortened and remains subject to change, is as follows:

June 23, 2025	Approval of the Prospectus by BaFin.
	Publication of the approved Prospectus on the Company's website at www.brainlab.com under the section "Investor Relations."
	Application for admission of the Brainlab Shares to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange
June 24, 2025	Commencement of the Offer Period.

June 30, 2025	Registration of the consummation of the capital increase in connection with the offering of the New Offer Shares based on the final number of New Offer Shares in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, and creation of the New Offer Shares.
July 1, 2025	Expiry of the Offer Period, which will occur at (i) 12:00 p.m. (noon) (CET) for private investors, and (ii) 2:00 p.m. (CET) for institutional investors on the last day of the Offer Period. Determination of the Offer Price and the final number of Offer Shares to be allocated. Publication of the Offer Price in the form of an *ad hoc* release on an electronic information dissemination system and on the Company's website at www.brainlab.com under the section "Investor Relations."
July 2, 2025	Admission to Trading decision to be issued by the Frankfurt Stock Exchange.
July 3, 2025	Commencement of trading in the Brainlab Shares on the Frankfurt Stock Exchange.
On or about July 7, 2025	Book-entry delivery of the Offer Shares against payment of the Offer Price (closing).

4.1.4 Price Range and Offer Price

The price range within which purchase orders may be placed is EUR 80.00 to EUR 100.00 per Offer Share (the "**Price Range**"). The offer price (the "**Offer Price**") and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, as representatives of the Underwriters. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during the bookbuilding process.

4.1.5 Amendments to the terms of the Offering

The Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, as representatives of the Underwriters, reserve the right (i) to increase or decrease the total number of Offer Shares, (ii) to increase or decrease the upper limit and/or the lower limit of the Price Range and/or (iii) to extend or shorten the Offer Period. Such changes will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, pursuant to Article 23 para. 1 of the Prospectus Regulation in conjunction with Article 21 para. 2 of the Prospectus Regulation, investors who submitted purchase orders prior to the publication of the supplement have the right, exercisable within two working days of the publication of such supplement, to withdraw their offers to purchase, provided that the significant new factor, material mistake or material inaccuracy requiring the publication of a supplement to this Prospectus arose or was noted before the closing of the Offer Period or the delivery of the Offer Shares. Under certain conditions, the Joint Global Coordinators, on behalf of the Underwriters, may terminate the Underwriting Agreement (as defined below), even after commencement of trading (*Aufnahme des Handels*) in the Brainlab Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange. In such a case, the Offering will not take place and any allotments already made to investors will be invalidated.

4.1.7 Stabilization measures, over-allotment and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg, acting in its own name and for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager**") and may, acting in accordance with legal requirements, take stabilization measures to support the market price of the Brainlab Shares. The Stabilization Manager is under no obligation to take any stabilization measures. Under the possible stabilization measures, investors may be allocated the Over-Allotment Shares as part of the allocation of the Offer Shares. To cover potential over-allotments, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG have agreed to make available up to 600,000 Over-Allotment Shares free of charge in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the final number of New Offer Shares and Existing Offer Shares placed with investors. Moreover, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG granted the Underwriters an option to acquire a number of Brainlab Shares equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions ("**Greenshoe Option**"). The Stabilization Manager, acting in its own name and for the account of the Underwriters, is entitled to exercise the Greenshoe Option to the extent over-allotments are made. The number of Brainlab Shares that can be acquired under the Greenshoe Option is reduced by the number of Brainlab Shares held by the Stabilization Manager on the date when the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures. The Greenshoe Option will terminate no later than 30 calendar days after the commencement of trading in the Brainlab Shares on the regulated market of the Frankfurt Stock Exchange.

4.1.8 Plan for distribution

The allotment of Offer Shares to private investors and institutional investors will be decided by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, as representatives of the Underwriters. The allocation to private investors will be made in accordance with the "Principles for the Allotment of Share Issues to Private Investors" issued by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) on June 7, 2000.

4.1.9 Dilution

The net asset value (total assets less current liabilities and non-current liabilities as shown in the Audited Consolidated Financial Statements) (the "**Net Asset Value**") of the Company amounted to EUR 190.59 million as of March 31, 2025, or EUR 10.10 per Brainlab Share based on 18,864,457 outstanding Brainlab Shares immediately prior to the Offering. Thus, the amount by which the Net Asset Value per Brainlab Share is below the Offer Price of EUR 90.00 per Brainlab Share (based on the mid-point of the Price Range) is EUR 79.90 (immediate dilution to the new shareholders of the Company per Brainlab Share).

4.1.10 Total expenses

Assuming an Offer Price at the mid-point of the Price Range, placement of 2,000,000 New Offer Shares, placement of the maximum number of Existing Offer Shares and placement of the maximum number of Over-Allotment Shares and Additional Shares (and full exercise of the Greenshoe Option and the Upsize Option) and assuming the full payment of both a base fee and a discretionary fee attributable to such number of Offer Shares, the costs and expenses of the Company and the Selling Shareholders related to the

Offering and the Admission to Trading are expected to amount to approximately EUR 26.03 million; thereof, the Selling Shareholders will bear approximately EUR 18.01 million and the Company will bear the remaining approximately EUR 8.01 million.

4.1.11 Expenses charged to Investors

None of the expenses incurred by the Company and the Selling Shareholders or the Underwriters will be charged to investors, but investors will themselves be required to bear the fees charged by their depositary bank for the purchase and holding of securities.

4.2 Who is the offeror and/or the person asking for admission to trading?

4.2.1 Offerors

The Offerors are the Company and the Underwriters.

4.2.2 Admission to Trading

The Company will apply for the Admission to Trading together with Deutsche Bank.

4.3 Why is this Prospectus being produced?

4.3.1 Reasons for the Offering and the Admission to Trading

The Company intends to pursue the Offering and to admit its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the sale of the New Offer Shares and to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options.

The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares, if and to the extent that the Greenshoe Option in relation to the Over-Allotment Shares is exercised and to allow the Company to gain more efficient access to the capital markets.

4.3.2 Use and Estimated Amount of Proceeds

The Company will only receive the proceeds from the sale of the New Offer Shares. The Selling Shareholders will receive any proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares, if and to the extent that the Greenshoe Option is exercised and the Additional Shares, if and to the extent that the Upsize Option is exercised. The Company will not receive any proceeds from the sale of the Existing Offer Shares, the Over-Allotment Shares and the Additional Shares.

Assuming completion of the Offering at the mid-point of the Price Range, the Company estimates that net proceeds attributable to the Company would amount to EUR 171.99 million, after deducting the costs and expenses related to the Offering and Admission to Trading related to such number of New Offer Shares which include Underwriters' commissions (assuming the full payment of both a base fee and a discretionary fee) and other estimated expenses. The Company intends to use the net proceeds in the following order of priority: (i) commercialization of the Group's integrated product suite, with a focus on up- and cross-selling in the Group's core segments: Spinal and Cranial Surgery as well as Radiosurgery; (ii) expansion into adjacent verticals grouped under the Group's Other Surgery segment, including orthopedics, sports medicine, ear, nose and throat (ENT), and interventional cardiology; (iii) strengthening of the Group's sales and clinical support organization, by leveraging the existing salesforce and adding specialized application consultants across both existing and new clinical domains; (iv) piloting of go-to-market strategies for ambulatory surgery centers, including the deployment of dedicated direct sales teams in selected test markets and entry into adjacent and distributor markets; and (v) partial deleveraging, by reducing currently outstanding tranches under the Group's revolving credit facility, with the aim of enhancing strategic and financial headroom to support long-term growth.

Assuming placement of the maximum number of Existing Offer Shares, Over-Allotment Shares (and full exercise of the Greenshoe Option) and Additional Shares, the Company estimates that, at the low end, mid-point and high end of the Price Range, net proceeds attributable to the Selling Shareholders would amount to approximately EUR 238.95 million, EUR 269.99 million and EUR 301.03 million, respectively, after deducting the costs and expenses related to the Offering and Admission to Trading related to the maximum number of Existing Offer Shares, Over-Allotment Shares (assuming full exercise of the Greenshoe Option) and Additional Shares which include Underwriters' commissions (assuming the full payment of both a base fee and a discretionary fee) and other estimated expenses, in each case attributable to the maximum number of Existing Offer Shares, Over-Allotment Shares (and assuming full exercise of the Greenshoe Option) and Additional Shares of an estimated EUR 17.05 million, EUR 18.01 million and EUR 18.97 million, respectively.

4.3.3 Underwriting Agreement

On June 23, 2025, the Company, the Selling Shareholders and the Underwriters entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering (the "**Underwriting Agreement**"). The Underwriting Agreement does not provide for a firm commitment of the Underwriters since their obligations are subject to the satisfaction of certain conditions, including, for example, the receipt of customary confirmations and legal opinions satisfactory to the requirements of the Underwriters, and the execution of a separate pricing agreement.

4.3.4 Material conflicts of interest pertaining to the Offering

There are no material conflicting interests with respect to the Offering or the Admission to Trading.

(II) ZUSAMMENFASSUNG DES PROSPEKTS
(GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS)

1. Einleitung mit Warnhinweisen

Dieser Prospekt (der „**Prospekt**") bezieht sich auf das öffentliche Angebot in der Bundesrepublik Deutschland („**Deutschland**") von (i) 2.000.000 neu ausgegebenen auf den Namen lautenden Stammaktien ohne Nennbetrag aus einer Kapitalerhöhung gegen Bareinlagen, die voraussichtlich vom Vorstand mit Zustimmung des Aufsichtsrats bzw. nach der Umwandlung der Rechtsform der Gesellschaft von einer deutschen Aktiengesellschaft in eine europäische Aktiengesellschaft vom Verwaltungsrat am oder um den 30. Juni 2025 im Wege der Ausnutzung des genehmigten Kapitals beschlossen wird (die „**Angebotenen Neuen Aktien**"), (ii) 2.000.000 bestehenden auf den Namen lautenden Stammaktien ohne Nennbetrag aus den Beständen der SV2019 GmbH, BMB Verwaltungsgesellschaft mbH, EMH Digital Growth Fund GmbH & Co. KG und EMH Invest I GmbH & Co. KG (einzeln jeweils die „**Veräußernde Aktionärin**" und zusammen, die „**Veräußernden Aktionäre**") (die „**Angebotenen Bestandsaktien**") und (iii) 600.000 bestehenden auf den Namen lautenden Stammaktien ohne Nennbetrag aus dem Bestand von EMH Digital Growth Fund GmbH & Co. KG und EMH Invest I GmbH & Co. KG im Zusammenhang mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**") (iv) 600.000 bestehenden auf den Namen lautende Stammaktien ohne Nennbetrag aus dem Bestand von SV2019 GmbH, EMH Digital Growth Fund GmbH & Co. KG und EMH Invest I GmbH & Co. KG vorbehaltlich der Ausübung einer Upsize Option (ganz oder teilweise) (die „**Upsize Option**"), die von diesen Veräußernden Aktionären nach Rücksprache mit dem Joint Global Coordinators (wie unten definiert) am Tag der Preisermittlung ausgeübt werden kann (die „**Zusatzaktien**" und zusammen mit den Angebotenen Neuen Aktien, den Angebotenen Bestandsaktien und den Mehrzuteilungsaktien, die „**Angebotsaktien**"), die teilweise oder ganz auch im Rahmen von Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands verkauft werden können (das „**Angebot**"), internationale Wertpapier-Identifikationsnummer („**ISIN**") DE0005207906, der Brainlab AG, die in die Brainlab SE umgewandelt wird, Geschäftsanschrift Olof-Palme-Straße 9, 81829 München, Deutschland, (Telefon +49 (89) 9915680; Website: www.brainlab.com) (die „**Gesellschaft**"). Außerdem bezieht sich dieser Prospekt auf die Zulassung des gesamten ausgegebenen Grundkapitals der Gesellschaft, bestehend aus bis zu 2.000.000 neu ausgegebenen auf den Namen lautenden Stammaktien ohne Nennbetrag aus einer Kapitalerhöhung gegen Bareinlagen, die voraussichtlich vom Vorstand mit Zustimmung des Aufsichtsrats bzw. nach der Umwandlung der Rechtsform der Gesellschaft von einer deutschen Aktiengesellschaft in eine europäische Aktiengesellschaft vom Verwaltungsrat am oder um den 1. Juli 2025 im Wege der Ausnutzung des genehmigten Kapitals beschlossen wird und 18.864.457 bestehenden auf den Namen lautenden Stammaktien ohne Nennbetrag (einzeln jeweils eine „**Brainlab-Aktie**" und zusammen, die „**Brainlab-Aktien**") zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilsegment des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse (die „**Börsenzulassung**"). Die Rechtsträgerkennung (*legal entity identifier code* „**LEI**") der Gesellschaft ist: LZL5OMI84ZIT44MHOH61.

Die Angebotsaktien werden von der Gesellschaft zusammen mit Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland, LEI 529900UC2OD7II24Z667 ("**Berenberg**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, LEI 7LTWFZYICNSX8D621K86 ("**Deutsche Bank,**" und zusammen mit Berenberg, die "**Joint Global Coordinators**" und jeweils ein "**Joint Global Coordinator**") und COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland, LEI 851WYGNLUQLFZBSYGB56 ("**COMMERZBANK**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Deutschland, LEI 5493004I3LZM39BWHQ75 ("**Jefferies**") und UniCredit Bank GmbH, Arabellastrasse 12, 81925 München, Deutschland, LEI 2ZCNRR8UK83OBTEK2170 ("**UniCredit**") (die „**Joint Bookrunners**" und einzeln jeweils ein „**Joint Bookrunner**", und zusammen mit den Joint Global Coordinators, die „**Konsortialbanken**" und einzeln jeweils eine „**Konsortialbank**"), angeboten. Die Gesellschaft wird die Börsenzulassung gemeinsam mit der Deutschen Bank beantragen.

Dieser Prospekt ist auf den 23. Juni 2025 datiert und wurde von der Bundesanstalt für Finanzdienstleistungsaufsicht (die „**BaFin**") am 23. Juni 2025 gemäß Art. 20 Abs. 2 der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG, gebilligt („**Prospekt-VO**"). Die BaFin ist unter der Anschrift Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, telefonisch +49 228 4108-0 oder über ihre Website: www.bafin.de erreichbar.

Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Anleger sollten sich bei der Entscheidung, in die Angebotsaktien zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger, die in die Angebotsaktien investieren, könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen würden.

2. Basisinformationen über die Emittentin

2.1 Wer ist die Emittentin der Wertpapiere?

2.1.1 Informationen über die Emittentin

Die Gesellschaft ist gegenwärtig eine deutschem Recht unterliegende Aktiengesellschaft und wird nach der Umwandlung als Europäische Aktiengesellschaft (*Societas Europaea, SE*) europäischem und deutschem Recht unterliegen und in Deutschland eingetragen sein. Die Gesellschaft hat ihren Sitz in München und ist im Handelsregister des Amtsgerichts München, Deutschland, unter HRB 135401 eingetragen. Der LEI der Gesellschaft lautet: LZL5OMI84ZIT44MHOH61. „**Gruppe**" oder „**Brainlab**" bezeichnet die Gesellschaft mit ihren konsolidierten Tochtergesellschaften.

2.1.2 Haupttätigkeiten der Emittentin

Brainlab ist ein führendes Unternehmen für medizinische Software, das sich einer umfassenden Digitalisierung medizinischer Arbeitsabläufe durch einen datengesteuerten, präzisionsbasierten Ansatz für eine moderne, personalisierte Gesundheitsversorgung verschrieben hat. Patientendaten werden mithilfe künstlicher Intelligenz in einem dynamischen dreidimensionalen Modell strukturiert, abgebildet und gebündelt. Die so erstellte digitale Darstellung bildet die Grundlage für eine räumlich orientierte Navigationskarte der Patientenanatomie, die für eine Vielzahl klinischer Eingriffe genutzt werden kann: Chirurgen können Hirntumore weniger invasiv entfernen oder Schrauben präzise in die Wirbelsäule einsetzen, und Strahlentherapeuten und Medizinphysiker können Tumore mit höherer Präzision behandeln. Durch die nahtlose Verschmelzung digitaler und physischer Umgebungen mithilfe von intraoperativer Bildgebung, Robotik und Augmented Reality schafft Brainlab ein sich kontinuierlich weiterentwickelndes Ökosystem, das durch longitudinale und multimodale Daten angereichert wird. Über Eingriffe hinaus wenden die Tochtergesellschaften von Brainlab Gaming-Technologien an, um klinische Verfahren für Schulungs- und Ausbildungszwecke in immersiven, hochrealistischen Erlebnissen zu simulieren, die die Einführung der neuesten Technologien vorantreiben und letztlich die digitale Transformation im Gesundheitswesen beschleunigen. Mit einem fokussierten Ansatz hat Brainlab innovative End-to-End-Workflows entwickelt, die auf einer modularen Architektur mit offenen Schnittstellen und hoher Interoperabilität basieren, um andere Daten, Software und Geräte nahtlos zu integrieren. Über ihre Kernbereiche hinaus dienen die Technologien als Bereitstellungsrahmen. Bis heute haben zahlreiche führende Anbieter von Strahlentherapiegeräten, intraoperativer Bildgebung, optischer Bildgebung, chirurgischer Mikroskopie, Implantaten, Lösungen zur Behandlung von Krankheiten und innovative Start-ups aus dem Bereich der Medizintechnik die Produkte von Brainlab integriert und sind strategische Partner des Ökosystems der Brainlab geworden. In den letzten 35 Jahren hat sich Brainlab zu einem globalen Maßstab in der digitalen Chirurgie und Navigation in verschiedenen klinischen Bereichen entwickelt, insbesondere in den Geschäftsbereichen „Wirbelsäulen- und Neurochirurgie“ sowie „Radiochirurgie“. Die Gruppe beliefert rund 4.000 Gesundheitseinrichtungen und ihre Produkte kommen weltweit in rund 120 Ländern bei über 22 Millionen Patienten zum Einsatz. Zu diesem breiten Kundenstamm zählen renommierte globale Gesundheitseinrichtungen, darunter neun der zehn weltweit führenden Zentren für Neurochirurgie (Quelle: Newsweek 2025). Darüber hinaus nutzen 86 der 100 weltweit führenden Krebszentren (Quelle: Newsweek 2025) Software von Brainlab. Gemessen an der Gesamtzahl der installierten Systeme ist Brainlab auf dem zusammengefassten europäischen und nordamerikanischen Markt Marktführer bei Planungs- und Navigationssystemen für die Neurochirurgie und in Europa und in Nordamerika zweitgrößter Anbieter von Planungs- und Navigationssystemen für die Wirbelsäulenchirurgie sowie von oberflächengeführten Positionierungs- und Überwachungssystemen für die Strahlentherapie (Quelle: unabhängige Marktstudie der Roland Berger GmbH vom 19. April 2025). Brainlab hat sich damit als führendes Unternehmen in mehreren Branchen etabliert: Neurochirurgie (einschließlich funktioneller Neurochirurgie), Wirbelsäulenchirurgie und Radiochirurgie. Darüber hinaus ist das Unternehmen in den klinischen Bereichen Hals-Nasen-Ohren-Heilkunde (HNO), interventionelle Kardiologie, Orthopädie und Sportmedizin vertreten und strebt weiteres Wachstum an. Mit seiner globalen Reichweite reagiert Brainlab auf Trends im weltweiten Gesundheitswesen, wie den Mangel an finanziellen Ressourcen und Personal im Zusammenhang mit dem demografischen Wandel, die zunehmende Komplexität der Verfahren bei gleichzeitig weniger spezialisierten Ressourcen und den steigenden Bedarf an effektiven und effizienten Behandlungen chronischer Krankheiten.

2.1.3 Hauptaktionäre

Zum Datum dieses Prospekts hält Stefan Vilsmeier („**SV**“) indirekt über die SV2019 GmbH, knapp über 50,0 %, die EMH Digital Growth Fund GmbH & Co. KG hält 19,4 %, die Maximilian Kuss als letztendlichem Anteilseigner zugerechnet werden, BMB Verwaltungsgesellschaft mbH hält 12,6 %, EMH Invest II GmbH & Co. KG hält 8,5 % und EMH Invest I GmbH & Co. KG hält 7,3 % des ausgegebenen und ausstehenden Grundkapitals der Gesellschaft.

2.1.4 Beherrschung

SV, SV2019 GmbH, Michael Bertram, der ungefähr 0,5% der Stimmrechte hält und BMB Verwaltungsgesellschaft mbH haben in einer Stimmrechtsvereinbarung vom 31. März 2025 („**Stimmrechtsvereinbarung**“) vereinbart, ihre Stimmrechte grundsätzlich abgestimmt auszuüben. Der Abschluss der Stimmrechtsbindungsvereinbarung führt zu einem Handeln in gemeinsamer Absprache im Sinne von § 30 Abs. 2 des Wertpapiererwerbs- und Übernahmegesetzes („**WpÜG**“). Infolgedessen werden die Stimmrechte aus den Brainlab-Aktien, die von jeder Partei der Stimmrechtsbindungsvereinbarung gehalten werden, den Parteien gegenseitig zugerechnet. Daher wird zum Datum dieses Prospekts davon ausgegangen, dass SV, SV2019 GmbH, Michael Bertram und BMB Verwaltungsgesellschaft jeweils 63,1 % der Stimmrechte an der Gesellschaft halten und dass SV, SV2019 GmbH, Michael Bertram und BMB Verwaltungsgesellschaft nach Abschluss des Angebots unter der Annahme einer vollständigen Ausübung der Greenshoe Option und der Upsize Option jeweils 53.7 % der Stimmrechte an der Gesellschaft halten werden, die jeweils als Kontrolle gemäß § 29 Abs. 2 WpÜG qualifiziert.

2.1.5 Verwaltungsrat und Geschäftsführende Direktoren

Vor der Umwandlung in eine SE wird die Gesellschaft von ihrem Vorstand geleitet, bestehend aus: Rainer Birkenbach, Florian Michael Hoffmann, Rudolf Kreitmair und Tobias Schalkhaußer. Der Aufsichtsrat der Gesellschaft, bestehend aus Stefan Vilsmeier, Dr. Klaus Kleinfeld und Sebastian Kuss überwacht die Leitung der Gesellschaft durch den Vorstand.

Die Gesellschaft wird nach der Umwandlung in eine SE von ihrem Verwaltungsrat (der „**Verwaltungsrat**“) geleitet werden, bestehend aus: Stefan Vilsmeier, Dr. Klaus Kleinfeld, Sebastian Kuss, Rainer Birkenbach, Stephanie Combs und Éva Haász. Der Verwaltungsrat bestimmt die Grundlinien der Tätigkeit der Gesellschaft und überwacht deren Umsetzung. Er handelt nach Maßgabe geltenden Rechts, der Satzung der Gesellschaft und der Geschäftsordnung für den Verwaltungsrat und überwacht die geschäftsführenden Direktoren (die „**Geschäftsführenden Direktoren**“). Sofern Geschäftsführende Direktoren dem Verwaltungsrat angehören, muss die Mehrheit des Verwaltungsrats aus Mitgliedern bestehen, die nicht geschäftsführende Direktoren sind. Die Geschäftsführenden Direktoren sind Rainer Birkenbach, Florian Michael Hoffmann, Rudolf Kreitmair und Tobias Schalkhaußer. Sie führen die Geschäfte der Gesellschaft gemäß den Grundlinien und Vorgaben, die der Verwaltungsrat aufstellt und nach Maßgabe der Gesetze, der Satzung und der Geschäftsordnung für die Geschäftsführenden Direktoren.

2.1.6 Abschlussprüfer

Als unabhängiger Abschlussprüfer der Gesellschaft hat die KPMG AG Wirtschaftsprüfungsgesellschaft, Friedenstraße 10, 81671 München, Germany („**KPMG**"), die hier enthaltenen Konzernabschlüsse der Gesellschaft für die jeweils zum 30. September 2022, 2023 bzw. 2024 endenden Geschäftsjahre und den hier enthaltenen unkonsolidierten Jahresabschluss der Gesellschaft für das zum 30. September 2024 endende Geschäftsjahr geprüft. KPMG ist Mitglied der Wirtschaftsprüferkammer, Rauchstraße 26, 10787 Berlin, Deutschland.

2.2 Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Der geprüfte Konzernabschluss der Gesellschaft für das zum 30. September 2024 endende Geschäftsjahr (der „**Geprüfte Konzernabschluss 2023/2024**"), der geprüfte Konzernabschluss der Gesellschaft für das zum 30. September 2023 endende Geschäftsjahr (der „**Geprüfte Konzernabschluss 2022/2023**") und der geprüfte Konzernabschluss der Gesellschaft für das zum 30. September 2022 endende Geschäftsjahr (der „**Geprüfte Konzernabschluss 2021/2022**", zusammen mit dem Geprüften Konzernabschluss 2023/2024 und dem Geprüften Konzernabschluss 2022/2023 die **„Geprüften Konzernabschlüsse")** wurden entsprechend den International Financial Reporting Standards („**IFRS**") in der von der Europäischen Union angenommenen Form (Verordnung (EG) Nr. 1126/2008 der Kommission vom 3. November 2008 in jeweils geltender Fassung) erstellt und durch KPMG geprüft, die als unabhängiger Abschlussprüfer dafür Bestätigungsvermerke erteilt hat. Der ungeprüfte verkürzte Konzernzwischenabschluss der Gesellschaft zum 31. März 2025 wurde in Übereinstimmung mit den IFRS zur Zwischenberichterstattung (IAS 34) erstellt (der „**Ungeprüfte Verkürzte Konzernzwischenabschluss**"). Der geprüfte unkonsolidierte Jahresabschluss der Gesellschaft zum und für das am 30. September 2024 endende Geschäftsjahr wurde in Übereinstimmung mit den allgemein anerkannten deutschen Rechnungslegungsgrundsätzen des Handelsgesetzbuchs (HGB) erstellt.

Die Pro-Forma-Konzern-Gewinn- und Verlustrechnung der Gruppe für das am 30. September 2024 endende Geschäftsjahr und für das am 31. März 2025 endende Halbjahr sowie die Pro-Forma-Konzernbilanz der Gruppe zum 31. März 2025, jeweils zusammen mit den dazugehörigen Pro-Forma-Erläuterungen, wurden auf der Grundlage des IDW Rechnungslegungshinweises: Erstellung von Pro-Forma-Finanzinformationen (IDW RH HFA 1.004), wie vom IDW veröffentlicht, erstellt (die „**Ungeprüften Pro-Forma-Finanzinformationen**"). Die Gesellschaft hat die Ungeprüften Pro Forma Finanzinformationen erstellt, da die Abspaltung aller Anteile an der Snke OS GmbH, einer zuvor hundertprozentigen Tochtergesellschaft der Gesellschaft, an die Snke Holding SE, an der die Gesellschaft seit Wirksamwerden der Abspaltung eine Minderheitsbeteiligung hält, sowie der Verkauf der Vermögenswerte der Konzerngesellschaft Level Ex, Inc. an Relevate Health Games, LLC, insgesamt einen wesentlichen Einfluss auf den Gewinn oder Verlust der historischen konsolidierten Gewinn- und Verlustrechnung der Gesellschaft für das am 30. September 2024 endende Geschäftsjahr haben.

Sofern in Tabellen dieser Zusammenfassung dargestellte Finanzinformationen als „geprüft" gekennzeichnet sind, bedeutet dies, dass sie den Geprüften Konzernabschlüssen entnommen wurden. Durch die Kennzeichnung „ungeprüft" wird in den Tabellen dieser Zusammenfassung darauf hingewiesen, dass Finanzinformationen nicht den Geprüften Konzernabschlüssen entnommen wurden, sondern entweder aus dem Ungeprüften Verkürzten Konzernzwischenabschluss entnommen wurden oder den Rechnungslegungsunterlagen oder den internen Berichterstattungssystemen der Gruppe oder der Gesellschaft abgeleitet wurden oder auf Grundlage von Zahlen aus den vorstehenden Quellen berechnet wurden.

2.2.1 Wesentliche Finanzinformationen aus den Konzern-Gewinn- und Verlustrechnungen

	Für das Jahr zum 30. September			Für das Halbjahr zum 31. März	
	2022	**2023**	**2024**	**2024**	**2025**
		(in Tausend EUR) (geprüft)		*(in Tausend EUR) (ungeprüft)*	
Umsatzerlöse	364.299	429.228	470.267	213.383	243.328
Betriebsergebnis	8.135	12.805	5.874	7.595	25.803
Periodenergebnis	3.294	(10.635)	(18.078)	(19.854)	588

2.2.2 Wesentliche Finanzinformationen aus den Konzernbilanzen

	Für das Jahr zum 30. September			Für das Halbjahr zum 31. März
	2022	**2023**	**2024**	**2025**
		(in Tausend EUR) (geprüft)		*(in Tausend EUR) (ungeprüft)*
Summe kurzfristiger Vermögenswerte	254.078	300.150	319.939	398.096
Summe langfristiger Vermögenswerte	413.715	416.100	408.675	341.259
Summe Aktiva	667.793	716.250	728.614	739.355

2.2.3 Wesentliche Finanzinformationen aus den Konzern-Kapitalflussrechnungen

	Zum 30. September			Zum 31. März	
	2022	2023	2024	2024	2025
	(in Tausend EUR) *(geprüft)*			*(in Tausend EUR)* *(ungeprüft)*	
Cash flow aus betrieblicher Tätigkeit	35.972	24.809	20.396	5.340	23.009
Cash flow aus Investitionstätigkeit	(64.338)	(62.186)	(52.211)	(32.974)	(27.620)
Cash flow aus Finanzierungstätigkeit	4.493	59.245	25.675	(1.113)	2.045

2.2.4 Wesentliche alternative Leistungskennzahlen[(1)]

	Zum und für das Jahr zum 30. September			Zum und für das Halbjahr zum 31. März	
	2022	2023	2024	2024[(3)]	2025[(4)]
	(in Tausend EUR) *(ungeprüft, sofern nicht anders angegeben)*			*(in Tausend EUR)* *(ungeprüft)*	
EBITDA[(2)]	53.592	75.382	77.650	32.610	41.454
EBITDA-Marge	14,7%	17,6%	16,5%	14,9%	17,1%
Net Debt	131.633	166.672	210.736	—	222.450
Leverage Ratio (als Multiple)[(5)]	2,5	2,2	2,7	—	2,6[(6)]

Notes:

(1) Die Finanzkennzahlen in diesem Abschnitt 2.2.4 sind Alternative Leistungskennzahlen und sollten nicht als Alternative zur entsprechenden IFRS-Finanzkennzahl betrachtet werden.

(2) Geprüft für die Geschäftsjahre endend zum 30. September 2022, 2023 und 2024.

(3) Die Vergleichsinformationen für die ersten sechs Monate des Geschäftsjahres 2023/24, bis 31. März 2024 wurden gemäß IAS 8.41 ff. angepasst, um eine Wertminderung des Geschäfts- oder Firmenwerts in Höhe von 8.562 TEUR im Segment Healthcare Platform zu berücksichtigen, die in Höhe von 4.082 TEUR auf den fortgeführten Geschäftsbereichen (sonstige betriebliche Aufwendungen) entfällt. Darüber hinaus hat eine Wertminderung der latenten Steueransprüche in Höhe von 4.644 TEUR (davon entfallen 4.421 TEUR auf die ersten sechs Monate des Geschäftsjahres 2023/24, bis 31. März 2024) den Ertragsteueraufwand für den Vergleichszeitraum erhöht. Weitere Einzelheiten sind den „Allgemeinen Angaben" im Ungeprüften Verkürzten Konzernzwischenabschluss zu entnehmen.

(4) Die Zahlen für die ersten sechs Monate des Geschäftsjahres 2024/2025 umfassen die konsolidierten Ergebnisse zwischen fortzuführenden und aufgegebenen Geschäftsbereichen, wie sie in der Segmentberichterstattung des Ungeprüften Verkürzten Konzernzwischenabschlusses für die ersten sechs Monate des Geschäftsjahres 2024/2025 dargestellt sind. Siehe Anhang 5 des Ungeprüften Verkürzten Konzernzwischenabschlusses.

(5) Leverage Ratio ist definiert als das Verhältnis von Net Debt zu EBITDA.

(6) Berechnet anhand des EBITDA der letzten zwölf Monate, der sich für den Zeitraum bis zum 31. März 2025 auf EUR 86.493 Tausend beläuft (basierend auf dem EBITDA für das Geschäftsjahr zum 30. September 2024 abzüglich des EBITDA für den Sechsmonatszeitraum zum 31. März 2024 zuzüglich des EBITDA für den Sechsmonatszeitraum zum 31. März 2025).

2.2.5 Wesentliche Finanzinformationen aus der Pro-Forma-Konzern-Gewinn- und Verlustrechnung für das am 30. September 2024 endende Geschäftsjahr und für das am 31. März 2025 endende Halbjahr

	Für das Jahr zum 30. September 2024	Für das Halbjahr zum 31. März 2025
	(in Tausend EUR) *(ungeprüft)*	
Umsatzerlöse	454.014	239.428
Betriebsergebnis	32.054	24.252
Periodenergebnis	3.712	12.601

2.2.6 Wesentliche Finanzinformationen aus der Pro-Forma-Bilanz zum 31. März 2025

	Zum 31. März 2025
	(in Tausend EUR) *(ungeprüft)*
Summe kurzfristiger Vermögenswerte	336.140
Summe langfristiger Vermögenswerte	384.752
Summe Aktiva	720.892

2.3 Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Die Nachfrage nach den Produkten und Dienstleistungen der Gruppe hängt von den allgemeinen globalen wirtschaftlichen und politischen Bedingungen und deren Auswirkungen auf die Gesundheitsbranche ab, und ein wirtschaftlicher Abschwung könnte sich negativ auf die Kundenbasis der Gruppe, bestehend aus Krankenhäusern und anderen Gesundheitseinrichtungen, auswirken.
- Die Gruppe agiert in stark wettbewerbsorientierten Märkten, die unter anderem durch rasante technologische Entwicklungen und die Notwendigkeit, nachgewiesene klinische Ergebnisse vorzuweisen, gekennzeichnet sind, und der Wettbewerb könnte sich zukünftig noch intensivieren.
- Die Wettbewerbsposition, die Einnahmen, die Rentabilität und die Fähigkeit der Gruppe, ihre starke Reputation in Bezug auf Innovation und Markenführerschaft zu wahren sowie ihre Marktposition zu stärken, hängen von der erfolgreichen Entwicklung,

Einführung und Vermarktung neuer Produkte und Dienstleistungen sowie von der Fähigkeit ab, die bestehende Technologie der Gruppe zu verbessern, um mit den medizinischen Technologien auf kosteneffiziente Weise Schritt zu halten.

- Die Gruppe muss Beziehungen zu Chirurgen bzw. Chiruginnen, Onkologen bzw. Onkologinnen, Radiologen bzw. Radiologinnen, Strahlentherapeuten bzw. Strahlentherapeutinnen, OP-Personal, Pflegekräfte und anderen medizinischen Experten, der Krankenhausleitung, Abteilungsleitern und Krankenhausmitarbeitern pflegen und aufbauen und diesen überzeugend darlegen, dass ihre bestehenden und neuen Produkte wirksam sowie eine attraktive Alternative zu denen der Wettbewerber sind, andernfalls könnte es der Gruppe nicht gelingen, die angestrebten Umsatzziele zu erreichen und das Unternehmenswachstum nachhaltig zu sichern.
- Die Gruppe unterhält zahlreiche strategische Partnerschaften mit anderen Medizintechnikunternehmen und hat in bestimmten Fällen im Rahmen solcher strategischer Partnerschaften Entwicklungs- und andere Arten von Kooperationsvereinbarungen abgeschlossen, um das Potenzial ihrer Produkte und Dienstleistungen zu maximieren. Es besteht die Möglichkeit, dass sie die erwarteten Vorteile solcher Kooperationen oder strategischer Partnerschaften nicht realisieren kann.
- Die Gruppe unterhält bestimmte bestehende Kernkundenbeziehungen, deren Verlust zu Umsatzeinbußen führen und das Geschäft sowie den Ruf des Unternehmens in der Branche beeinträchtigen könnte. Abgesehen von den unmittelbaren Auswirkungen des Umsatzverlusts durch Kernkunden, die als Referenzkunden fungieren, könnten die indirekten Folgen des Verlusts von Kernkunden erheblich sein und geringere Umsätze aus dem Verkauf an Neukunden, eine geschwächte Marktposition und einen geringeren Wettbewerbsvorteil umfassen.
- Es können Wertminderungen des Firmenwerts der Gruppe eintreten. Je nach künftigen Umständen ist es auch möglich, dass die Gruppe nie den vollen Wert ihres Firmenwerts realisiert.
- Die Gruppe könnte daran scheitern ihre strategischen Ziele sowie beispielsweise die Expansion in benachbarte Märkte außerhalb der Neurochirurgie, funktionellen Neurochirurgie, Wirbelsäulenchirurgie und Radiochirurgie zu erreichen oder ihr Wachstum effektiv zu managen, was sich erheblich nachteilig auf ihre Geschäftstätigkeit, ihre Vermögenswerte, ihre Betriebsergebnisse, ihre Finanzlage und ihre Aussichten auswirken könnte.
- Die Gruppe ist Risiken ausgesetzt, die mit der Geschäftstätigkeit in zahlreichen Ländern als globales Unternehmen verbunden sind, darunter lokale politische Instabilität, Wechselkursschwankungen, Handelsbeschränkungen, wettbewerbswidriges Verhalten und logistische Herausforderungen, die sich alle erheblich nachteilig auf die Geschäftstätigkeit, die Vermögenswerte, die Betriebsergebnisse, die Finanzlage und die Aussichten der Gruppe auswirken könnten.
- Cyberrisiken und der Ausfall oder die Störung der IT- oder Sicherheitssysteme der Gruppe oder -produkte der Gruppe, die in bestimmten Fällen streng vertrauliche Informationen und gesetzlich geschützte personenbezogene und medizinische Daten, einschließlich Patientendaten oder Daten von Drittanbietern, mit denen sie Geschäfte tätigt, könnten sich erheblich nachteilig auf die Geschäftstätigkeit, die Betriebsergebnisse, die Finanzlage oder die Aussichten der Gruppe auswirken.
- Die Gruppe ist im Medizintechnikbereich tätig, einer stark regulierten Branche tätig und unterliegt in zahlreichen Rechtsordnungen einer Vielzahl von Gesetzen und Vorschriften. Jegliche Änderungen der Vorschriften oder deren Um- und Durchsetzung könnten ihre Fähigkeit beeinträchtigen, die Produktion fortzusetzen und Dienstleistungen auf kosteneffiziente Weise zu erbringen, und könnten sich erheblich nachteilig auf die Gruppe auswirken.

3. Basisinformationen über die Wertpapiere

3.1 Welches sind die wichtigsten Merkmale der Wertpapiere?

3.1.1 Art, Gattung, Nennwert

Diese Zusammenfassung bezieht sich auf das Angebot von auf den Namen lautenden Stammaktien ohne Nennbetrag der Gesellschaft, ISIN: DE0005207906, Wertpapierkennnummer (WKN): 520790, Handelssymbol: BNLB, sowie die Börsenzulassung der Brainlab-Aktien.

3.1.2 Anzahl der Wertpapiere

Das Grundkapital der Gesellschaft beträgt zum Datum dieses Prospekts EUR 18.864.457,00 und ist eingeteilt in 18.864.457 Brainlab-Aktien. Jede Brainlab-Aktie repräsentiert einen rechnerischen Anteil am Grundkapital der Gesellschaft von EUR 1,00. Alle Brainlab-Aktien sind voll eingezahlt. Diese Zusammenfassung bezieht sich auf das Angebot von (i) 2.000.000 Angebotenen Neuen Aktien, (ii) 2.000.000 Angebotenen Bestandsaktien, (iii) 600.000 Mehrzuteilungsaktien und (iv) 600.000 der Zusatzaktien sowie die Börsenzulassung des gesamten Aktienkapitals der Gesellschaft, bestehend aus 18.864.457 existierenden Brainlab-Aktien und 2.000.000 Angebotenen Neuen Aktien.

3.1.3 Währung

Die Brainlab-Aktien sind in Euro denominiert.

3.1.4 Verbundene Rechte

Jede Brainlab-Aktie berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft (die „**Hauptversammlung**"). Es bestehen keine Stimmrechtsbeschränkungen. Die Brainlab-Aktien sind ab dem 1. Oktober 2024 voll dividendenberechtigt.

3.1.5 Rang

Die Brainlab-Aktien sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.

3.1.6 Freie Handelbarkeit

Die Brainlab-Aktien sind nach den gesetzlichen Bestimmungen für auf den Namen lautende Stammaktien frei übertragbar. Abgesehen von zwischen der Gesellschaft, den Veräußernden Aktionären und den Konsortialbanken abgeschlossenen Lock-up-Vereinbarungen bestehen keine Beschränkungen in Bezug auf die Übertragbarkeit der Brainlab-Aktien.

3.1.7 Dividendenpolitik

Vorbehaltlich des ausschüttungsfähigen Bilanzgewinns (*Bilanzgewinn*) der Gesellschaft auf unkonsolidierter Basis und vorbehaltlich der Marktbedingungen und der wirtschaftlichen Lage zum Zeitpunkt der Ausschüttung strebt die Gesellschaft derzeit mittelfristig die Zahlung einer Dividende an.

3.2 Wo werden die Wertpapiere gehandelt?

Die Gesellschaft wird die Zulassung der Brainlab-Aktien zum Handel, gemeinsam mit der Deutschen Bank, im regulierten Markt der Frankfurter Wertpapierbörse (die „**Frankfurter Wertpapierbörse**") mit gleichzeitiger Zulassung zum Teilsegment des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) beantragen. Der Handel mit den Brainlab-Aktien der Gesellschaft wird voraussichtlich am 3. Juli 2025 an der Frankfurter Wertpapierbörse beginnen.

3.3 Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Die Brainlab-Aktien wurden bisher nicht an der Börse gehandelt und es gibt keine Garantie dafür, dass sich ein aktiver und liquider Markt für die Brainlab-Aktien entwickeln wird oder aufrechterhalten werden kann. Daher unterliegt der Kurs der Brainlab-Aktien möglicherweise einer Volatilität und Anleger werden unter bestimmten Umständen möglicherweise nicht in der Lage sein, die Brainlab-Aktien zum endgültigen Angebotspreis (der „**Angebotspreis**"), einem höheren Preis oder überhaupt verkaufen zu können.
- Nach dem Angebot wird SV weiterhin die Gesellschaft indirekt über die SV2019 GmbH kontrollieren und die Möglichkeit haben, wesentlichen Einfluss auf Hauptversammlungsentscheidungen zu nehmen und möglicherweise abweichende Interessen gegenüber den anderen Aktionären der Gesellschaft haben.

4. Basisinformationen über das öffentliche Angebot von Wertpapieren und die Zulassung zum Handel an einem regulierten Markt

4.1 Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

4.1.1 Angebotskonditionen

Das Angebot besteht aus (i) 2.000.000 Angebotenen Neuen Aktien, (ii) 2.000.000 Angebotenen Bestandsaktien, (iii) 600.000 Mehrzuteilungsaktien und (iv) 600.000 der Zusatzaktien. Der Angebotszeitraum, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 24. Juni 2025 und endet voraussichtlich am 1. Juli 2025 (der „**Angebotszeitraum**").

4.1.2 Umfang des Angebots

Die Angebotsaktien werden in einem öffentlichen Angebot in Deutschland angeboten. Die Angebotsaktien können auch durch Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands verkauft werden. In den Vereinigten Staaten von Amerika (die „**Vereinigten Staaten**") werden die Angebotsaktien nur qualifizierten institutionellen Käufern (*Qualified Institutional Buyers*) („**QIBs**") im Sinne von Rule 144A des Securities Act of 1933 der Vereinigten Staaten („**Rule 144**") in der jeweils gültigen Fassung (der „**Securities Act**") angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen auf der Grundlage von Regulation S des Securities Act („**Regulation S**") angeboten und verkauft. Die Angebotsaktien wurden und werden nicht nach dem Securities Act oder bei einer Wertpapieraufsichtsbehörde eines Bundesstaates oder einer anderen Gebietskörperschaft in den Vereinigten Staaten registriert.

4.1.3 Zeitplan des Angebots

Der voraussichtliche Zeitplan des Angebots, das verlängert oder verkürzt werden kann und weiterhin Änderungen unterliegen kann, sieht wie folgt aus:

23. Juni 2025	Billigung des Prospekts durch die BaFin. Veröffentlichung des gebilligten Prospekts auf der Website der Gesellschaft unter www.brainlab.com in der Rubrik „Investor Relations." Antrag auf Zulassung der Brainlab-Aktien zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilsegment des regulierten Marktes der Frankfurter Wertpapierbörse mit weiteren Zulassungsfolgepflichten (Prime Standard).
24. Juni 2025	Beginn des Angebotszeitraums.
30. Juni 2025	Eintragung der Durchführung der Kapitalerhöhung im Zusammenhang mit dem Angebot der Angebotenen Neuen Aktien auf Basis der endgültigen Anzahl der Angebotenen Neuen Aktien in das Handelsregister des Amtsgerichts München, Deutschland, und Schaffung der Angebotenen Neuen Aktien.
1. Juli 2025	Ablauf des Angebotszeitraums, der am letzten Tag des Angebotszeitraums um (i) 12:00 Uhr (MEZ) für private Anleger bzw. um (ii) 14:00 Uhr (MEZ) für institutionelle Anleger enden wird. Festlegung des Angebotspreises und der endgültigen Anzahl der zuzuteilenden Angebotsaktien. Veröffentlichung des Angebotspreises in Form einer Ad-hoc-Mitteilung über ein elektronisches Informationsverbreitungssystem und auf der Website der Gesellschaft unter www.brainlab.com in der Rubrik „Investor Relations."
2. Juli 2025	Entscheidung über die Börsenzulassung durch die Frankfurter Wertpapierbörse.
3. Juli 2025	Aufnahme des Handels der Brainlab-Aktien an der Frankfurter Wertpapierbörse.
Am oder um den 7. Juli 2025	Buchmäßige Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises (Closing).

4.1.4 Preisspanne und Angebotspreis

Die Preisspanne, innerhalb derer Angebote abgegeben werden können, beträgt EUR 80,00 bis EUR 100,00 je Angebotsaktie (die „**Preisspanne**"). Der Angebotspreis (der „**Angebotspreis**") und die endgültige Anzahl an Angebotsaktien, die im Rahmen des Angebots platziert werden, werden am Ende des Bookbuilding-Verfahrens von der Gesellschaft zusammen mit den Veräußernden

Aktionären, nach Abstimmung mit den Joint Global Coordinators als Vertreter der Konsortialbanken, festgesetzt. Der Angebotspreis wird auf Grundlage der von den Anlegern während des Angebotszeitraums abgegebenen Kaufangebote, die in dem während des Bookbuilding-Verfahrens erstellten Orderbuchs gesammelt worden sind, festgesetzt.

4.1.5 Änderungen der Angebotsbedingungen

Die Gesellschaft und die Veräußernden Aktionäre behalten sich nach Abstimmung mit den Joint Global Coordinators als Vertreter der Konsortialbanken das Recht vor, (i) die Gesamtzahl der Angebotsaktien zu erhöhen oder zu verringern, (ii) die Obergrenze und/oder die Untergrenze der Preisspanne zu erhöhen oder zu verringern und/oder (iii) den Angebotszeitraum zu verlängern oder zu verkürzen. Solche Änderungen führen nicht zur Ungültigkeit bereits abgegebener Kaufangebote für die Angebotsaktien. Erfordern solche Änderungen die Veröffentlichung eines Nachtrags zu diesem Prospekt gemäß Artikel 23 Abs. 1 der Prospekt-VO in Verbindung mit Artikel 21 Absatz 2 der Prospekt-VO, so haben Anleger, die vor der Veröffentlichung des Nachtrags Kaufaufträge erteilt haben, das Recht, das innerhalb von zwei Arbeitstagen nach Veröffentlichung des Nachtrags ausgeübt werden kann, ihre Kaufangebote zurückzuziehen, sofern der wesentliche neue Umstand, die wesentliche Unrichtigkeit oder die wesentliche Ungenauigkeit, die die Veröffentlichung eines Nachtrags zu diesem Prospekt erfordert, vor Ablauf der Angebotsfrist oder der Lieferung der Angebotsaktien eingetreten ist oder festgestellt wurde. Unter bestimmten Voraussetzungen können die Joint Global Coordinators für die Konsortialbanken den Übernahmevertrag (wie nachstehend definiert) auch nach Aufnahme des Handels der Brainlab-Aktien im regulierten Markt der Frankfurter Wertpapierbörse kündigen. In diesem Fall findet das Angebot nicht statt und bereits erfolgte Zuteilungen an die Anleger werden annulliert.

4.1.7 Stabilisierungsmaßnahmen, Mehrzuteilung und Greenshoe Option

Im Zusammenhang mit der Platzierung der Angebotsaktien handelt Berenberg im eigenen Namen und für Rechnung der Konsortialbanken als Stabilisierungsmanager (der „**Stabilisierungsmanager**") und kann entsprechend den gesetzlichen Vorschriften Stabilisierungsmaßnahmen ergreifen, um den Kurs der Brainlab-Aktien zu stützen. Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Im Rahmen der möglichen Stabilisierungsmaßnahmen können Anlegern bei der Zuteilung der Angebotenen Bestandsaktien Mehrzuteilungsaktien zugeteilt werden. Zur Abdeckung potenzieller Mehrzuteilungen haben sich EMH Digital Growth Fund GmbH & Co. KG und EMH Invest I GmbH & Co. KG bereit erklärt, bis zu 600,000 Mehrzuteilungsaktien in Form eines Wertpapierdarlehens kostenlos zur Verfügung zu stellen. Die Gesamtzahl der Mehrzuteilungsaktien wird 15 % der endgültigen Anzahl der bei Anlegern platzierten Angebotenen Neuen Aktien und Angebotenen Bestandsaktien nicht überschreiten. Darüber hinaus gewähren EMH Digital Growth Fund GmbH & Co. KG und EMH Invest I GmbH & Co. KG den Konsortialbanken die Option, Brainlab-Aktien in einer der Anzahl der Mehrzuteilungsaktien entsprechenden Anzahl zum Angebotspreis abzüglich vereinbarter Provisionen (die „**Greenshoe Option**") zu erwerben. Der Stabilisierungsmanager ist berechtigt, die Greenshoe Option im eigenen Namen und für Rechnung der Konsortialbanken auszuüben, soweit Mehrzuteilungen erfolgen. Die Anzahl der Brainlab-Aktien, die im Rahmen der Greenshoe Option erworben werden können, vermindert sich um die Anzahl der Brainlab-Aktien, die der Stabilisierungsmanager zum Zeitpunkt der Ausübung der Greenshoe Option hält und die der Stabilisierungsmanager im Rahmen von Stabilisierungsmaßnahmen erworben hat. Die Greenshoe Option erlischt spätestens 30 Kalendertage nach Aufnahme des Handels der Brainlab-Aktien im regulierten Markt der Frankfurter Wertpapierbörse.

4.1.8 Plan für den Vertrieb

Die Zuteilung von Angebotsaktien an Privatanleger und institutionelle Investoren wird von der Gesellschaft zusammen mit den Veräußernden Aktionären, nach Abstimmung mit den Joint Global Coordinators als Vertreter der Konsortialbanken, festgelegt. Die Zuteilung an Privatanleger erfolgt im Einklang mit den von der Börsensachverständigenkommission am 7. Juni 2000 herausgegebenen „Grundsätzen für die Zuteilung von Aktienemissionen an Privatanleger".

4.1.9 Verwässerung

Der Nettovermögenswert der Gesellschaft (Summe Vermögenswerte abzüglich kurzfristiger Verbindlichkeiten und langfristiger Verbindlichkeiten, wie in den Geprüften Konzernabschlüssen ausgewiesen) (der „**Nettovermögenswert**") belief sich zum 31. März 2025 auf EUR 190,59 Mio. bzw. EUR 10,10 pro Brainlab-Aktie basierend auf 18.864.457 unmittelbar vor dem Angebot ausstehenden Brainlab-Aktien. Daher ist der Nettovermögenswert pro Brainlab-Aktie um EUR 79,90 (unmittelbare Verwässerung der neuen Aktionäre pro Brainlab-Aktie) geringer als der Angebotspreis in Höhe von EUR 90,00 pro Brainlab-Aktie (basierend auf der Mitte der Preisspanne).

4.1.10 Gesamtkosten

Unter der Annahme eines Angebotspreises in der Mitte der Preisspanne, einer Platzierung von 2.000.000 Angebotenen Neuen Aktien, einer Platzierung der maximalen Anzahl von Angebotenen Bestandsaktien und einer Platzierung der Maximalzahl an Mehrzuteilungsaktien und Zusatzaktien (und vollumfängliche Ausübung der Greenshoe Option und der Upsize Option) sowie unter der Annahme der vollständigen Zahlung sowohl der Basisvergütung als auch der Ermessensvergütung für diese Zahl an Angebotsaktien betragen die Kosten und Auslagen der Gesellschaft und der Veräußernden Aktionäre, im Zusammenhang mit dem Angebot und der Börsenzulassung voraussichtlich ca. EUR 26,03 Mio.; davon tragen die Veräußernden Aktionäre ca. EUR 18,01 Mio. und die Gesellschaft trägt die verbleibenden ca. EUR 8,01 Mio.

4.1.11 Kosten, die den Anlegern in Rechnung gestellt werden

Die Kosten, die der Gesellschaft, den Veräußernden Aktionären oder den Konsortialbanken entstehen, werden den Anlegern nicht in Rechnung gestellt, jedoch sind die Anleger verpflichtet die Gebühren, die von ihrer Depotbank für den Kauf und das Halten von Wertpapieren erhobenen werden, selbst zu tragen.

4.2 Wer ist der Anbieter und/oder die die Börsenzulassung beantragende Person?

4.2.1 Anbieter

Die Anbieter sind die Gesellschaft und die Konsortialbanken.

4.2.2 Börsenzulassung

Die Gesellschaft wird gemeinsam mit der Deutschen Bank die Börsenzulassung beantragen.

4.3 Weshalb wird dieser Prospekt erstellt?

4.3.1 Gründe für das Angebot und die Börsenzulassung

Die Gesellschaft beabsichtigt, das Angebot zu nutzen und die Brainlab-Aktien am regulierten Markt der Frankfurter Wertpapierbörse sowie gleichzeitig im Teilsegment des regulierten Marktes der Frankfurter Wertpapierbörse mit weiteren Zulassungsfolgepflichten (Prime Standard) zum Handel zuzulassen, um den Nettoerlös aus dem Verkauf der Angebotenen Neuen Aktien zu erhalten und Zugang zu den Kapitalmärkten zu bekommen. Die Gesellschaft ist der Ansicht, dass dieser Zugang dem zukünftigen Wachstum der Gesellschaft zugutekommen wird und ihre Finanzierungsmöglichkeiten erweitert.

Die Veräußernden Aktionäre beabsichtigen, das Angebot zu nutzen, um den Nettoerlös aus dem Verkauf der Angebotenen Bestandsaktien und der Mehrzuteilungsaktien, wenn und soweit die Greenshoe Option in Bezug auf die Mehrzuteilungsaktien ausgeübt wird, zu erhalten und um der Gesellschaft einen effizienteren Zugang zu den Kapitalmärkten zu ermöglichen.

4.3.2 Zweckbestimmung und geschätzter Betrag der Erlöse

Die Gesellschaft erhält lediglich den Erlös aus dem Verkauf der Angebotenen Neuen Aktien. Die Veräußernden Aktionäre erhalten den gesamten Erlös aus dem Verkauf der Angebotenen Bestandsaktien und der Mehrzuteilungsaktien, wenn und soweit die Greenshoe Option ausgeübt wird und der Zusatzaktien, wenn und soweit die Upsize Option ausgeübt wird. Die Gesellschaft erhält keinen Erlös aus dem Verkauf der Angebotenen Bestandsaktien, der Mehrzuteilungsaktien und der Zusatzaktien.

Unter der Annahme, dass das Angebot in der Mitte der Preisspanne vollzogen wird, schätzt die Gesellschaft, dass sich der der Gesellschaft zurechenbare Nettoerlös, nach Abzug der Kosten und Auslagen im Zusammenhang mit dem Angebot und der Börsenzulassung in Bezug auf eine solche Anzahl von Angebotenen Neuen Aktien, die Provisionen der Konsortialbanken (unter der Annahme der vollständigen Zahlung sowohl der Basisvergütung als auch der Ermessensvergütung) und andere geschätzte Auslagen, auf EUR 171,99 Mio. belaufen wird. Die Gesellschaft beabsichtigt, den Nettoerlös in der folgenden Reihenfolge zu verwenden: (i) Kommerzialisierung der integrierten Produktpalette der Gruppe mit Fokus auf Up- und Cross-Selling in den Kernsegmenten der Gruppe: Wirbelsäulen- und Neurochirurgie sowie Radiochirurgie; (ii) Expansion in verwandte vertikale Märkte, die unter dem Segment sonstige Chirurgie der Gruppe zusammengefasst sind, einschließlich Orthopädie, Sportmedizin, Hals-, Nasen-, und Ohrenheilkunde (HNO) und interventionelle Kardiologie; (iii) Stärkung der Vertriebsorganisation und des klinischen Supports durch Ausschöpfung des existierenden Vertriebsnetzes und Hinzuziehung spezialisierter Anwendungsberater sowohl in bestehenden als auch in neuen klinischen Bereichen; (iv) Erprobung neuer Markteinführungsstrategien für ambulante Operationszentren, einschließlich des Einsatzes spezieller Direktvertriebsteams in ausgewählten Testmärkten und des Eintritts in verwandte Märkte und Vertriebsmärkte; und (v) teilweiser Schuldenabbau durch Reduzierung derzeit ausstehender Tranchen aus revolvierenden Kreditfazilitäten mit dem Ziel, strategische und finanzielle Flexibilität zu verbessern, um langfristigen Wachstum zu unterstützen.

Unter der Annahme einer Platzierung der Maximalzahl an Angebotenen Bestandsaktien, Mehrzuteilungsaktien (und vollumfängliche Ausübung der Greenshoe Option) und Zusatzaktien schätzt die Gesellschaft, dass der den Veräußernden Aktionären zuzurechnende Nettoerlös am unteren Ende, in der Mitte bzw. am oberen Ende der Preisspanne, nach Abzug der Kosten und Auslagen in Zusammenhang mit dem Angebot und der Börsenzulassung in Bezug auf die Maximalzahl an Angebotenen Bestandsaktien, Mehrzuteilungsaktien (unter der Annahme der vollumfänglichen Ausübung der Greenshoe Option) und Zusatzaktien, einschließlich der Provisionen der Konsortialbanken (unter der Annahme der vollständigen Zahlung sowohl der Basisvergütung als auch der Ermessensvergütung) und anderer geschätzter Auslagen, die der Maximalzahl an Angebotenen Bestandsaktien, Mehrzuteilungsaktien (und unter der Annahme der vollumfänglichen Ausübung der Greenshoe Option) und Zusatzaktien jeweils zuzurechnen sind, in Höhe von geschätzt EUR 238,95 Mio., EUR 269,99 Mio. bzw. EUR 301,03 Mio, ca. EUR 17,05 Mio., EUR 18,01 Mio. bzw. EUR 18,97 Mio. betragen wird.

4.3.3 Übernahmevertrag

Am 23. Juni 2025 haben die Gesellschaft und die Veräußernden Aktionäre und die Konsortialbanken einen Übernahmevertrag über das Angebot und den Verkauf der Angebotsaktien im Zusammenhang mit dem Angebot abgeschlossen (der „**Übernahmevertrag**"). Der Übernahmevertrag sieht keine feste Übernahmeverpflichtung der Konsortialbanken vor, weil ihre Verpflichtungen erst mit der Erfüllung bestimmter Bedingungen, wie beispielsweise des Eingangs üblicher Bestätigungen und Rechtsgutachten zur Zufriedenheit der Konsortialbanken, und dem Abschluss einer gesonderten Preisfestsetzungsvereinbarung, entstehen.

4.3.4 Wesentliche Interessenkonflikte in Bezug auf das Angebot

In Bezug auf das Angebot und die Börsenzulassung bestehen keine wesentlichen Interessenkonflikte.

1 RISK FACTORS

*This prospectus (the "**Prospectus**") relates to the public offering of (i) 2,000,000 newly issued ordinary registered shares with no-par value (auf den Namen lautende Stammaktien ohne Nennbetrag) of Brainlab AG, to be converted into Brainlab SE (the "**Company**") („**New Offer Shares**"), (ii) 2,000,000 existing ordinary registered shares with no-par value from the holdings of SV2019 GmbH, BMB Verwaltungsgesellschaft mbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG (each a "**Selling Shareholder**" and, together, the "**Selling Shareholders**") (the "**Existing Offer Shares**"), (iii) 600,000 existing ordinary registered shares with no-par value from the holdings of EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG in connection with a potential over-allotment (the "**Over-Allotment Shares**") and (iv) 600,000 existing ordinary registered shares with no-par value (auf den Namen lautende Stammaktien ohne Nennbetrag) from the holdings of SV2019 GmbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG subject to the exercise of an upsize option (full or in part) (the "**Upsize Option**") upon decision of such Selling Shareholders, after consultation with the Joint Global Coordinators (as defined below), on the date of pricing (the "**Additional Shares**" and together with the New Offer Shares, the Over-Allotment Shares and the Existing Offer Shares, the "**Offer Shares**"). In addition this Prospectus relates to the admission to trading (the "**Admission to Trading**") on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse – the "**Frankfurt Stock Exchange**") with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of the entire issued share capital of the Company comprising up to 2,000,000 newly issued ordinary registered shares with no-par value (auf den Namen lautende Stammaktien ohne Nennbetrag) from a capital increase against cash contributions and 18,864,457 existing ordinary registered shares with no-par value (the "**Brainlab Shares,**" and each, a "**Brainlab Share**"). The capital increase against cash contribution is expected to be resolved upon on or about June 30, 2025 by the management board (Vorstand) (the "**Management Board**") with the consent of the supervisory board (Aufsichtsrat) (the "**Supervisory Board**"), respectively, after the conversion of the Company's legal form from a German Stock Corporation Company (Aktiengesellschaft; "**AG**") into a European Stock Corporation Company (Europäische Aktiengesellschaft – Societas Europaea, "**SE**") (the "**SE-Conversion**"), the administrative board (Verwaltungsrat) (the "**Administrative Board**") of the Company by way of utilizing the authorized capital. In considering whether to invest in the Brainlab Shares, investors should carefully consider the following risks in this Prospectus. In the Prospectus, references to the terms "**Brainlab**" or "**Group**" are references to the Company and its consolidated subsidiaries collectively. Moreover, on March 17, 2025, the management board of the Company, which at that time still had the legal form of a German Stock Corporation (Aktiengesellschaft) and operated under the name Brainlab AG resolved, with the approval of the supervisory board, to spin off all of its 25,003 shares in Snke OS GmbH, with its registered office in Munich and registered in the commercial register of the local court (Amtsgericht) of Munich under HRB 258098 ("**Snke OS GmbH**", and together with its controlled companies within the meaning of Section 17 AktG ("**Snke Group**")), by way of a spin-off for inclusion in accordance with section 123 para. 2 no. 1 of the German Transformation Act (Umwandlungsgesetz, "**UmwG**") to Snke Holding SE, with its registered office in Munich, registered in the commercial register of the local court (Amtsgericht) of Munich under HRB 297907 ("**Snke Holding SE**") as the acquiring entity. In addition to the shares in Snke OS GmbH, the profit and loss transfer agreement concluded on December 22/23, 2021 between the Company and Snke OS GmbH and the profit and loss transfer agreement concluded on December 22/23, 2021 between the Company and Mint Medical GmbH, a wholly owned subsidiary of Snke OS GmbH (together "**PLTAs**"), were to be spun off from the Company to Snke Holding SE (*the spin-off of the Snke OS GmbH shares together with the PLTAs to the absorbing entity Snke Holding SE "**Snke Spin-Off**").*

*According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**") (as supplemented by Commission delegated Regulation (EU) 2019/980 and Commission delegated Regulation (EU) 2019/979), the risk factors featured in a prospectus must be limited to risks that are specific to the issuer and/or to the securities and that are material for investors in making*

an informed investment decision. Therefore, the following risks are only those material risks that are specific to the Company and the Brainlab Shares.

The following risk factors are organized into categories. In each category the most material risk factors, in the assessment undertaken by the Company, taking into account the expected magnitude of their negative impact on the Company and the probability of their occurrence, are set out first, with the two most material risk factors mentioned at the beginning of each category. The risks mentioned may materialize individually or cumulatively.

1.1 Risks Related to the Group's Business and Industry

1.1.1 Demand for the Group's products and services depends on overall global economic and political conditions and their effects on the healthcare industry, in particular the Group's customer base of hospitals and other healthcare institutions; the Group's growth could suffer in the event of adverse macroeconomic or political changes and/or if the markets into which it sells its products decline or do not grow as anticipated.

The Group's sales of products depend significantly on economic and political conditions globally in its key markets, including, in particular, Europe and North America; in the fiscal year ended September 30, 2024 (the "**2023/2024 Fiscal Year**"), 45.6% of the Group's revenue (by Group company location) came from Europe and the rest of the world, 41.9% came from North America and 12.5% came from the Asia-Pacific region. While the global healthcare industry can be anti-cyclic and has been, in certain cases, less affected by macroeconomic conditions and changes in the past since healthcare institutions such as hospitals may seek to invest in products and services which make medical workflows more efficient and cost-effective in response to budgetary pressures, it is not immune from outside trends. A weak or uncertain macroeconomic environment and budgetary constraints at healthcare institutions resulting therefrom may lead to existing or new customers refraining from purchasing or delaying purchasing new medical equipment such as the Group's products. Indeed, many healthcare facilities already face a tight financial situation; for example, 40% of hospitals in the United States of America (the "**United States**" or "**U.S.**") were loss making into the year 2024 (source: Kaufman Hall, "*The Numbers Behind the Numbers,*" February 2024).

Economic conditions can be impacted by a number of factors, including volatility in global financial markets, macroeconomic policy, trade policy and conflicts, political instability, business and consumer sentiment, monetary policy (*i.e.*, interest rates), inflation, commodity prices, and public and private debt levels and government policies targeting public spending such as fiscal austerity policies. Global and regional economic conditions may also be negatively affected by sudden and unexpected events, such as serious natural disasters, the COVID-19 pandemic, the Russia-Ukraine war and continuing tensions in the Middle East. Most recently, armed conflict has broken out between Israel and Iran, with the United States having also carried out military strikes on Iranian targets. This conflict could further intensify, resulting in ongoing geopolitical and macroeconomic disruption. For instance, any blockade of the Strait of Hormuz could significantly restrict the flow of goods, in particular fossil fuels, around the world, resulting in disruptions to energy supplies and an adverse impact on global trade. Moreover, the recent increase in trade tensions globally, including among the United States and significant trading partners such as the European Union ("**EU**") and China, in particular the imposition of tariffs and retaliatory responses to such tariffs, have not only caused volatility on financial markets but also increased the potential for instability in commercial transactions for goods and services. Such events have had, and continue to have, serious adverse effects on global supply chains, energy prices, inflation and general uncertainty. These or similar events may continue to cause disruption in the future. Any such current and future developments in or that impact the Group's markets, in particular its key markets, could reduce demand for the Group's products.

In part as a result of some of these factors, the OECD predicts relatively modest global economic growth of 3.1% for 2025, a slight decrease from 3.2% in 2024, and predicts that this growth will likely not increase in the coming years (source: OECD Interim Economic Outlook, March 2025 ("**OECD March 2025**")). In contrast, the German economy contracted by 0.2% in 2024 in comparison with the previous year (source: "Gross domestic product down 0.2% in

2024," Federal Statistical Office (*Statistisches Bundesamt - Destatis*), January 2025 ("**Destatis 2025**")). The decline in economic performance in Germany has been attributed to cyclical and structural pressures, including increasing competition for the German export industry on key sales markets, high energy costs, an interest rate level that remains relatively high and an uncertain economic outlook. The OECD predicts only slight growth of 0.4% for the German economy in 2025 (source: OECD March 2025). Economic growth in the Eurozone remained low at 0.7% in 2024 (source: OECD March 2025). Key factors in this low growth include the measures to combat inflation in the Eurozone due to the restrictive monetary policy of the European Central Bank in response to the energy price hikes caused by the war in Ukraine, the higher cost of living, recent turbulence in the financial sector and higher borrowing costs. The OECD expects that growth in the Eurozone will remain low in the coming years.

Economic growth in the United States was 2.8% for 2024, only a slight decrease compared to 2.9% in 2023. However, the short-term downward trend is expected to continue, and lower growth is predicted in the coming years due to restricted immigration, cooling labor demand, less scope for consumer spending, and increasing trade tensions (source: OECD March 2025, OECD Economic Outlook Volume 2024 Issue 2, ("**OECD December 2024**")).

While global inflation rates largely eased over the course of 2024, quarterly projections imply that core inflation would still remain above central bank inflation targets at the end of the projection period in over half of the advanced G20 economies, including the United States. Projected inflation is also higher than previously forecast, due to the impact of tariff increases (source: OECD March 2025). Inflationary pressures could therefore limit economic growth and lower demand for the Group's products.

In addition to forecasts issued by the OECD in March 2025, the recent increase in trade tensions globally since early April 2025 have led the International Monetary Fund ("**IMF**") to warn of notable markdowns for its own previously issued economic forecasts and the potential for increased inflation forecasts in some countries (source: IMF, "Toward a Better Balanced and More Resilient Economy," April 2025).

If the global economy, or any of the above-mentioned national and regional economies, should enter a recession or fail to grow as expected, especially as the result of an unexpected shock, or if any of the related factors or tensions described above were to continue or further escalate, it could have a negative effect on demand for the Group's products and services, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.2 The Group operates in highly competitive markets characterized, among other things, by rapidly evolving technology and the need to demonstrate proven clinical outcomes, and competition may increase in the future, requiring the Group to lower prices or resulting in a loss of market share.

The medical technology sector is characterized by rapidly evolving technology, intense competition and pricing pressure. Sustained, intense competition and new alliances between established and, in some cases, financially more powerful industry players expose the Group to considerable risk. Potential competitors also include government agencies, academic institutions and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. Aggressive competitive conduct could result in higher marketing costs and the loss of market share, or a persistent price war may lead to price declines and jeopardize the development of revenue and profitability. Competitors may also choose to bundle their products with other products, such as implants, or with provision of on-site personnel, whereby they provide navigation products (that compete with the Group's products) in combination at a reduced price or for free; market dynamics may favor such bundle deals that could result in reduced demand for the Group's products. Moreover, the offering of new, innovative technologies, data analysis or materials in the market may potentially lead to the Group's products quickly becoming less attractive.

To compete successfully, the Group must provide technologically superior products with a proven effect on clinical outcomes, cost-effectiveness or workflow and documentation enhancements in a compelling package of products and services and must, in some cases, do so before competitors. This is particularly true with respect to disruptive

trends and developments in the medical technology industry, such as breakthroughs in artificial intelligence, robotics and automation of aspects of healthcare workflows, as well as disruptive new competitors and products or services. In addition to product quality, maintaining high service quality is also vital. The ability to compete successfully may be adversely affected by a number of factors, such as:

- the introduction of new products or improvements or enhancements by competitors, including products that could substitute those of the Group;
- competitors in certain markets who may not be subject to the same standards, regulatory and other legal requirements or enforcement rigor or may not maintain the same internal standards, and therefore, may have a competitive advantage in developing, manufacturing and marketing products and services in such markets;
- competitors who are more successful in promoting their offering, brand and image in the market;
- competitors who are able to expand into new and adjacent markets faster than the Group, including through significant synergistic acquisitions;
- independent service organizations and companies specializing in one or more of the Group's operating segments or products, such as companies that offer navigation as a service on a per-case basis;
- new market entrants with substantial financial resources, such as large, multinational technology companies, seeking to establish a presence in existing markets or in data, digitalization and AI fields of the healthcare industry, or smaller competitors could be acquired by larger companies that have greater financial or research and development resources;
- competitors who could acquire some of the Group's suppliers or distributors, which could disrupt supply or distribution arrangements and result in less predictable and reduced revenue in the Group's businesses;
- increased restrictions on the use of and inclusion of certain components in the manufacture of certain of the Group's products in certain countries and that may not be applicable to competitors active only in countries without such restrictions or that do not utilize such components in their products; and
- government policies aimed at or having the effect of supporting increased local competition and/or preventing the Company from competing in the respective market and pricing pressure resulting from consolidation among customers or competitors.

In light of the above, in each of the Group's operating segments, existing competitors' actions and new entrants may materially and adversely affect the Group's ability to compete. Any inability to develop, obtain and maintain regulatory approvals for and supply commercial quantities of competitive products to the markets as quickly and effectively as competitors could limit market acceptance of the Group's products and services. Any of these competitive factors could negatively affect pricing, revenues, profitability and market share and have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.1.3 The Group's competitive position, revenues, profitability and its ability to maintain its strong reputation in innovation and brand leadership and improve its market position depends on successful development, introduction and commercialization of new products and services and an ability to enhance the Group's existing technology in order to keep pace with medical technologies in a cost-effective manner.

The Group designs, manufactures and sells a diverse portfolio of digitized medical process solutions and advanced machines that enable improved treatment options for patients and physicians, from diagnosis and imaging, through surgery and therapy, to integrated data and organization solutions. It is therefore imperative that the Group develop, introduce and commercialize new products and services and enhance existing product lines and services at a sufficient pace to remain at the cutting edge of medical technologies in order to remain competitive.

As the healthcare industry is undergoing a significant transformation aided by trends in big data, digitalization, automation and artificial intelligence, the markets in which the Group operates are characterized by rapid change and technological innovation. The Group's success depends on the ability to develop, introduce and commercialize new products and services and to enhance existing ones. This is particularly challenging given that many of the Group's products and services are at the cutting edge of medical technologies. The Group's products and ongoing enhancements may also often have long development and government approval cycles, which requires the Group, as a result, to accurately anticipate changes in the marketplace, in technology and in customer demands.

Developing new technologies and enhancing existing technologies requires significant investment in research and development, maintenance of a comprehensive quality management system and numerous country-specific regulatory approvals. The Group invested EUR 45,508 thousand, or 18.8% of Group revenue, in research and development in the six-month period ended March 31, 2025 ("**H1 2024/2025**"), compared to EUR 38,300 thousand, or 17.9% of the Group's revenue, in the six-month period ended March 31, 2024 ("**H1 2023/2024**"), EUR 86,095 thousand, or 18.3% of Group revenue, in the 2023/2024 Fiscal Year and EUR 75,032 thousand, or 17.5% of Group revenue, in the fiscal year ended September 30, 2023 (the "**2022/2023 Fiscal Year**"). The results of efforts to develop products and services, and the Group's ability to commercialize new and enhanced technologies, may be affected by a number of factors, including the ability to accurately anticipate customer needs, innovate, and develop new products and services, obtain necessary regulatory approvals in a timely manner, manufacture products in a cost-effective manner, obtain appropriate and geographically widespread intellectual property ("**IP**") protections and rights for the Group's products and services, ensure customers are able to secure reimbursement, and gain and maintain market acceptance of the Group's products and services. There can be no assurance that particular products currently in development and in which the Group has invested significant resources, or those the Group may seek to develop in the future, will reach any of a number of possible milestones, including achieving technological feasibility, obtain required regulatory approvals or import permits, be successful in public tender offers or gain market acceptance. For example, as the Group works to expand its portfolio into other clinical areas, such as orthopedics, ear, nose and throat ("**ENT**"), sports medicine and visceral and cardiovascular surgery, these solutions generally rely on a central server infrastructure and thin software client applications to leverage customers' existing infrastructure. The Group's strategy in these areas to sell to customers outside of customers' traditional operating room renovation cycles, which might include such existing infrastructure, may be unsuccessful.

Furthermore, in the 2022/2023 Fiscal Year and 2023/2024 Fiscal Year, the Group incurred a net loss for the period of EUR 10,635 thousand and EUR 18,078 thousand, respectively, compared with a net profit for the period of EUR 3,294 thousand for the fiscal year ended September 30, 2022 (the "**2021/2022 Fiscal Year**"). Despite a stable gross margin for the prior two fiscal years, net losses were driven in significant part by an increase in operating expenses, as well as goodwill impairment, higher net finance expenses along with a derecognition of deferred tax assets on loss carryforwards. There can be no assurance that the Group will maintain profitability or avoid net losses in the future.

If the Group is unable to develop and launch new products and services and enhance existing products and services that gain market acceptance, its ability to maintain or expand market positions in the markets in which it operates may be materially and adversely impacted. A delay in the development or approval of any new product or technology may adversely impact the contribution of these technologies to future growth.

The Group's ability to successfully develop and introduce new products and services, or enhance existing products and services, and the revenue and costs associated with these efforts, depends on the ability to, among other things:

- properly identify customer needs and long-term customer demands and market trends, including new potentially disruptive technologies and business models;
- demonstrate the clinical, operational and/or financial benefit of new products and services;

- timely obtain necessary regulatory approval in each jurisdiction or market in which the Group seeks to sell products and services and be able to react in a timely manner to regulatory changes;
- manufacture, deliver and install the Group's products in sufficient volumes on time, and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance of products;
- convert customers from perpetual licenses to subscription payment models for the Group's products;
- accurately predict and control costs associated with inventory overruns or shortages caused by the phase-in of new products and phase-out of legacy products;
- appropriately manage the Group's supply chain;
- manage customer acceptance and payment for products; and
- manage customer demands for retrofits of both new and legacy products and services.

The Group may need to spend more time and/or money than anticipated to develop and introduce new products or services, or enhancements thereto, and may require larger volumes of replacement parts or other resources if new products or services, or enhancements thereto, do not perform as expected. Even if new products or services, and enhancements thereto, gain market acceptance, they may not be sufficiently profitable to enable the Group to recover all or a meaningful part of its investment. Conversely, if the Group is unable to introduce planned new products or services, or enhancements thereto, for regulatory reasons or otherwise, it may not recover any meaningful part of its investment. Once introduced, new or enhanced products or services may materially and adversely impact orders and sales of existing products or services or make them less desirable or even obsolete. Prior to introduction, sales of products may decline if customers decide to delay orders until a newer model or generation is available. In addition, certain costs, including installation and warranty costs, associated with new products or services may be proportionately greater than the costs associated with other products or services, and may therefore disproportionately affect the Group's gross and operating margins. If the Group is unable to lower these costs over time, which may also negatively impact the Group's success with new products or services or enhancements thereof.

New products and services, including their enhancements, generally take longer to develop and/or install than well-established products or services, particularly with respect to information technology ("**IT**") or software solutions and installations. Because a portion of a product's or solution's revenue is generally tied to installation and acceptance of the product, the Group's recognition of revenue associated with new products may be deferred longer than expected. In addition, even if the Group succeeds in introducing products, potential customers may decide not to upgrade their equipment or may choose not to have the Group's products serviced on an ongoing contract basis by the Group, or customers may delay ordering some of the Group's more sophisticated products because of the longer preparation and renovation of imaging, diagnostics or treatment rooms required.

If any of the aforementioned risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.1.4 To be commercially successful, the Group must maintain and build relationships with and effectively demonstrate to surgeons, oncologists, radiologists, radiotherapists, operating room staff, nurses and other medical experts, hospital upper management, departmental heads and hospital staff that its existing and new products are effective and an attractive alternative to its competitors.

Surgeons, oncologists, radiologists, radiotherapists, operating room staff, nurses and other medical experts, hospital upper management, departmental heads and hospital staff, as applicable ("**Healthcare Professionals**"), play a significant role in determining the course of treatment and, ultimately, the type of product that will be used to treat a patient, and the Group therefore relies on effective marketing to them. Administrators in hospitals and other healthcare providers, such as outpatient surgical clinics, are increasingly involved in the evaluation of products and product purchasing decisions as well. In order to sell its products and win new customers, the Group must convince

Healthcare Professionals that its products are advantageous both medically and commercially and are attractive alternatives to competing products. Acceptance of the Group's innovative products depends on educating Healthcare Professionals as to the distinctive characteristics, perceived benefits, safety and cost-effectiveness of the Group's products as compared to competitors' products and on training Healthcare Professionals in their proper use and application. The Group holds frequent product demonstrations and scientific meetings at its headquarters, has a presence at international scientific meetings and congresses and offers Healthcare Professionals a variety of in-person and online training opportunities. If the Group is not successful in convincing Healthcare Professionals, for instance at trade shows or other scientific events, of the merits of its products or training them in the use of its products, they may not use the Group's products, and the Group may be unable to achieve expected sales and sustain growth.

Healthcare Professionals, and in certain instances, hospitals and other institutional healthcare providers, may be hesitant to change their medical treatment practices or the products and procedures available for use to treat patients for many reasons including, among others:

- lack or perceived lack of evidence, such as from long-term clinical data or published peer-reviewed articles, supporting additional patient benefits;
- perceived liability risks generally associated with the use of new products and procedures, including heightened sensitivity to cybersecurity and data protection;
- existing relationships with competitors and distributors;
- limited or lack of availability of third-party payor coverage and reimbursement;
- costs associated with switching suppliers; and
- the time commitment that may be required for training to use the products of a new provider.

In addition, the Group believes that recommendations and support of its products by influential Healthcare Professionals and other key opinion leaders are essential for market acceptance and adoption. If the Group is not successful in obtaining such support, Healthcare Professionals may not use the Group's products and technologies, and the Group may not achieve expected sales and sustain growth. If any of the aforementioned risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.1.5 The Group has numerous strategic partnerships and, in certain cases, has entered into development and other types of collaboration agreements as part of such strategic partnerships, to maximize the potential of its products and services, and it may not realize the anticipated benefits of such collaborations or strategic partnerships.

The Group maintains numerous strategic partnerships it considers in the aggregate to be integral to its success as a medical technology company since the Group's customers demand, among other aspects, broad interoperability with complementary medical hardware and software from other medical technology providers. In the course of such strategic partnerships, the Group from time to time has entered into development and other types of collaboration agreements. The Group will also likely in the future seek to enter into further collaborations, joint ventures, additional licenses and other similar arrangements for the development and commercialization of existing and future products and services, due in particular to the capital costs required to develop or commercialize such products and services and the market access such collaborations can provide. For example, since 2015 the Group has partnered with Boston Scientific to develop numerous enabling devices and technologies, in particular for deep brain stimulation surgical planning, and it has been partnering with optical systems manufacturer Carl Zeiss and Leica Microsystems on software and hardware interfaces for use in operating room microscopes. Integration of intraoperative ultrasound devices is another important area of strategic partnerships. In this field, the Group maintains strategic partnerships with GE Healthcare and Fujifilm. Furthermore, in November 2024, the Group announced a development and

distributorship cooperation agreement with Nexstim, a Finnish medical technology company, to further integrate and in certain cases exclusively distribute Nexstim's systems in the neurosurgery field. These collaborations underscore the Group's ongoing need to access collaboration partners' solutions in order to drive innovation and integration of its own products and expand its customer base.

The Group may not always be successful in its efforts to establish or maintain collaborations because, for instance, its research and development pipeline may be insufficient, future products may be deemed to be at too early of a stage of development for collaborative effort or third parties may not view any of the Group's current or future products as presenting a significant enough commercial opportunity. Furthermore, the Group's business strategy and product offerings rely heavily on interoperability with products and services provided in part by strategic partners. Such interoperability is crucial for enhancing functionality, expanding market reach, and providing comprehensive solutions to the Group's customers. There is also a risk that these strategic partners may change their technical specifications, standards, or business strategies, which could lead to the cessation of interoperability with the Group's products. Factors that may contribute to these changes include, but are not limited to, evolving technological landscapes, shifts in competitive positioning or decisions to pursue independent initiatives. Additionally, a shift in the regulatory landscape through the promulgation of additional regulation, or modification to or changes in guidelines for existing regulation, could also preclude the Group's products and services from reaching interoperability with other vendors (see also "*1.3.1 The Group operates in the medical technology sector, which is a highly regulated industry and is subject to extensive laws and regulations in numerous jurisdictions; any changes in the regulations or the implementation and enforcement thereof could impair its ability to continue production and provide services in a cost-efficient manner and could materially adversely affect the Group.*"). Loss of interoperability can significantly impact the Group's operations by reducing the competitiveness and appeal of the Group's products. Additionally, the Group may incur substantial costs and effort to redevelop its products, establish alternative strategic partnerships, or introduce workarounds to maintain product functionality.

Moreover, the Group may from time to time have conflicts with current or future collaborators, such as conflicts concerning the achievement of milestones, the interpretation of contractual obligations, payments for services, development obligations, or the ownership of intellectual property developed during such collaborations. Furthermore, a collaborator with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such products. Similarly, the Group benefits from the marketing efforts of strategic partners in certain cases to further raise market awareness about the Group's products; this would be lost in the event that such a partnership should cease. A collaborator of the Group may also attempt to leverage such collaboration to incrementally replace the Group's products and services with its own products and services. If any conflicts arise with any of the Group's collaborators, such collaborator may act in a manner that is adverse to the Group's best interests.

Any such disagreement could result in one or more of the following, each of which could delay or prevent the development or commercialization of the Group's products and services, and in turn prevent the Group from generating revenue: disputes regarding milestone payments or royalties; uncertainty regarding ownership of IP rights arising from the Group's collaborative activities, which could prevent the Group from entering into additional collaborations; unwillingness by the collaborator to cooperate in the development or manufacture of a product or marketing of a service, including providing the Group with data or materials; unwillingness on the part of a collaborator to keep the Group informed regarding the progress of its development and commercialization activities or to permit public disclosure of the results of those activities; initiating of litigation or alternative dispute resolution options by either party to resolve the dispute; or attempts by either party to terminate the agreement.

In addition, the Group faces significant competition in seeking appropriate strategic partners, and the negotiation process can be time-consuming and complex. Even if the Group is successful in its efforts to establish or maintain such collaborations, the terms that the Group agrees upon may not be favorable to the Group. As a result, the Group may need to relinquish valuable rights to future revenue streams, research and development programs, IP, any of the

Group's current or future products or services, or grant licenses on terms that may not be favorable to the Group, as part of any such arrangement, and such arrangements may restrict the Group from entering into additional agreements with other potential collaborators. The Group's ability to generate revenue from these arrangements will depend on any current or future collaborators' abilities to successfully perform the functions assigned to them in these arrangements. The Group cannot be certain that, following a development, collaboration, license, or other strategic transaction, the Group will achieve an economic benefit that justifies such transaction, and such transaction may not yield additional products or services for the Group's commercial pipeline. Furthermore, the Group may not be able to maintain such collaborations if, for example, the development or approval of any of the Group's current or future products or services are delayed, the safety of any such product or service is questioned, or the sales of any of the Group's current or future products or services are unsatisfactory.

Future collaborations may be terminable by the Group's collaborators and strategic partners, and the Group may not be able to adequately protect its rights under these agreements. Any termination of the Group's current collaborations or collaborations the Group enters into in the future, or any delay in entering into collaborations related to any of the Group's current or future products or services, could delay the development and commercialization of such products and services, and reduce their competitiveness if they reach the market.

The materialization of any of the foregoing risks could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.

1.1.6 The Group may be unable to identify, complete or successfully integrate acquisitions and/or successfully execute disposals.

The Group has made acquisitions and disposals in the past and may continue to enter into such transactions in the future. However, the Group may not be able to identify suitable acquisition candidates going forward. Even if the Group does identify a suitable acquisition candidate, it may not be able to finance such acquisition on favorable terms or at all. Diligence reviews of acquisition targets may not identify all the material issues necessary to accurately estimate the cost or potential loss contingencies with respect to a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target's previous activities. The Group may incur unanticipated costs or expenses, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation and other liabilities, including related to warranties. The Group may also encounter difficulties in integrating acquisitions with its operations, obtaining regulatory approvals for the acquired company to operate in certain new jurisdictions at a reasonable cost and timeline, or at all, addressing legacy software components from the acquisition, applying its internal controls processes to these acquisitions or managing strategic investments. Target companies may be located in countries in which the underlying legal, economic, political, regulatory and cultural conditions do not correspond to those customary in the EU or have other national peculiarities with which the Group is not familiar. Moreover, any planned acquisition may be subject to review and approval by the antitrust and other regulatory authorities of a number of jurisdictions, which may impede a planned transaction. The Group may also be unable to retain key personnel of acquired companies.

The Group may not realize the targets for growth, economies of scale, cost savings, development, production and distribution or other strategic goals that it seeks from an acquisition to the extent or in the timeframe anticipated, and the attention of management and other personnel may be diverted for long periods of time. Moreover, the purchase price may prove to have been too high, or unforeseen restructuring or integration expenses may become necessary. In addition, the underlying market or strategic assumptions may change adversely between the signing and closing of an acquisition, or the Group may have to pay a substantial break-up fee for terminating the acquisition. Thus, the Group's corporate acquisitions or the acquisition of equity interests in companies may not be successful.

Furthermore, the Group may make strategic disposals from time to time. Disposals may result in continued financial involvement in the divested businesses, such as through guarantees or other financial arrangements, following the completion of the respective transactions. Under these arrangements, non-performance by those divested businesses

could result in financial obligations for the Group and could affect its future financial results. In addition, the Group could be subject to potential liabilities resulting from contractual warranties and indemnities, as well as regulatory risks of not being able to obtain required approvals. The Group may also have to incur impairments on goodwill in relation to acquisitions. See also "*1.1.9 The Group may incur impairments on goodwill.*" The Group may also not achieve its intended business objectives from the spinoff of the Snke Group, where it will continue to hold a 6.84% stake in Snke Holding SE. For instance, the Snke Group might not be successful in developing a broader market for its open framework medical software beyond the Group itself, which could result in the Snke Group requiring further significant financing to continue to operate and pursue its strategy.

The materialization of any of the foregoing risks could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.

1.1.7 The Group is exposed to risks associated with its significant concentration of revenue in the United States.

The Group's revenue generation is significantly reliant on sales within the United States, which accounts for 41.7% of the Group's revenue (by company location) in the 2023/2024 Fiscal Year. By having substantial revenue concentration, the Company's performance is sensitive to economic, regulatory and political conditions specific to the United States. Economic downturns in the United States could lead to reductions in healthcare spending and a consequent decrease in demand for medical technology products. This reliance means fluctuations in the U.S. economy could trigger potentially significant declines in revenue, in particular for new products not yet placed with customers already under subscription or service contracts for the Group's existing products, directly affecting profitability and cash flow. Moreover, the recent increase in trade tensions globally, including among the United States and significant trading partners such as the EU and China, in particular the imposition of tariffs and retaliatory responses to such tariffs, could have significant effects on the Group's business in the United States. In addition, the United States has recently carried out military strikes in Iran which could lead to a further intensifying conflict between Iran and the United States. See also "*1.1.1 Demand for the Group's products and services depends on overall global economic and political conditions and their effects on the healthcare industry, in particular the Group's customer base of hospitals and other healthcare institutions; the Group's growth could suffer in the event of adverse macroeconomic or political changes and/or if the markets into which it sells its products decline or do not grow as anticipated.*"

Moreover, the United States has a complex regulatory environment governing the healthcare and medical technology sectors. See also "*1.3.1 The Group operates in the medical technology sector, which is a highly regulated industry and is subject to extensive laws and regulations in numerous jurisdictions; any changes in the regulations or the implementation and enforcement thereof could impair its ability to continue production and provide services in a cost-efficient manner and could materially adversely affect the Group.*" Any changes, whether through legislative reform or shifts in regulatory agency policies, may adversely affect sales volumes. For example, new healthcare policies aiming to cut costs could reduce hospital budgets earmarked for technological upgrades, limiting the future purchase of the Group's products. Geopolitical risks, including trade tensions or foreign policy changes, could also influence the Group's business operations. Trade tariffs, import or export restrictions, or diplomatic issues could result in increased costs, delays, or complications that disrupt the Group's supply chain, leading to financial strain upon the Group. The competitive landscape in the United States also poses significant risks. The U.S. hosts numerous established players and emerging competitors. Intensified competition in the U.S. may result in aggressive pricing strategies, eroding the Group's market share, and necessitating concessions that lower margins or require increased promotional expenditure.

The materialization of any adverse developments in the United States could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.

1.1.8 The Group has certain core customer relationships which if lost could harm its business and reputation in its industry.

The Group maintains strong relationships to certain core customers which act both as a significant source of revenue for the Group and function as reference sites which demonstrate the Group's products and services to potential new customers. Such core customer relationships are integral to the Group's sales strategy, as they are often well-known medical institutions in their respective jurisdictions, which help to underline the efficacy and benefits of the Group's products and services. However, there is no guarantee that these core customers will continue purchasing from the Group in the future. Losing any of these core customers could negatively impact the Group's ability to acquire further new customers, as reference sites play a critical role in establishing trust and credibility in the marketplace. Should certain of these core customers cease to purchase the Group's products or services or choose to switch to competitors, other potential customers might emulate the decision, leading to a decline in the Group's business opportunities over time.

Beyond the immediate effect of lost revenue from core customers acting as reference sites, the indirect consequences of losing core customers could be significant and may include reduced revenue generated from new customer sales, weakened market position, and diminished competitive advantage. While the Group maintains numerous reference sites throughout its key markets, there is no assurance that they would be able to absorb the loss of other reference sites in such a highly competitive and evolving industry.

The materialization of any of the foregoing risks could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.

1.1.9 The Group may incur impairments on goodwill.

Over the past several years, in the pursuit of synergies and opportunities to expand its technology, product and competence portfolio, the Group has increased its investments in companies, in some cases start-ups, with complementary technologies or in its own future-oriented business areas. For instance, the Group acquired a 24.99% stake in medPhoton GmbH in 2018 and increased its stake to 75.01% in 2022. Despite due diligence audits the Group has carried out in connection with these investments, an unfavorable development of product development and approval at these companies cannot be ruled out. The Group also continues to invest actively in its own research and development. It also seeks to follow technological leaps in the wider market for software development and apply them to the Group's own business areas, while also adhering to control points in the development process. Some investments are or may be early-stage investments and may require additional investments in research and development before revenues can be generated. Accordingly, total assets may increase over time, thereby increasing the impairment risk associated with these investments. Overall, based on the Group's current status in product development and associated risks in technological feasibility as well as uncertainties about the marketability of products still under development, the Group believes that the impact on its financial results with regard to impairment could be significant.

The Company performs a goodwill triggering event analysis as part of its preparation of its interim financial reporting. In case a triggering event applies, the Company performs a goodwill impairment test. Furthermore, the Company performs a goodwill impairment test as part of its fiscal year-end process. If there are indications of impairment, any impairment of goodwill will have an effect on the future operating result. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations and a variety of other factors. Any of these factors may cause an impairment of goodwill if they have a lasting negative impact on the Group's business. As of the 2023/2024 Fiscal Year, the carrying value of goodwill amounted to EUR 67,670 thousand, or 9.3% of the total assets in the Group's consolidated statement of financial position (2022/2023 Fiscal Year: EUR 91,299 thousand, or 12.7% of Group total assets). Goodwill fell sharply due to impairments associated with the Group's subsidiary Level Ex, Inc. ("**Level Ex**") (renamed Snke Xplore, Inc.) and as a result of the disposal of the pharmaceutical and life science business of that former subsidiary.

In the 2023/2024 Fiscal Year, Group earnings before interest and taxes (EBIT) was therefore impacted by the impairment of the goodwill of Snke Xplore, Inc. (formerly: Level Ex, Inc.) in the amount of EUR 10,700 thousand.

Depending on future circumstances, it is also possible that the Group may never realize the full value of its goodwill. Any determination of impairment of goodwill and the materialization of any of the foregoing related risks could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.

1.1.10 The Group may fail to implement its strategies, including to continue to develop innovative products that are broadly compatible with other medical devices, and may fail to achieve its strategic objectives, such as expanding into adjacent markets beyond neurosurgery, functional neurosurgery, spinal surgery and radiosurgery, or manage growth effectively.

The Group's future success is dependent on the successful execution of the Group's strategy of continuing to develop innovative products that are broadly compatible with other medical devices and can be integrated with a variety of systems. Additionally, further portfolio expansions and streamlining aim to further strengthen the Group's market position in the fields of neurosurgery, functional neurosurgery, spinal surgery and radiosurgery and further establish it in adjacent markets. The Group may also pursue customers in geographical markets with certain of its products and services that it had not previously offered in such markets.

The Group's ability to achieve its strategic goals is subject to a number of risks. The development of and ability of the Group to launch planned products are for instance dependent on the Group's ability to virtualize portions of its existing hardware portfolio into software-based solutions, in particular in clinical domains such as ENT, orthopedics, sports medicine and interventional cardiology. Doing so requires not only significant investment in and coordination of research and development efforts, but also navigating potentially long government approval cycles which may hinder the Group's ability to address market trends in a timely fashion. Moreover, the Group's business strategy in the clinical domains where the Group has traditionally had a strong commercial presence may not always be successful. In radiosurgery, for instance, the Group continues to invest research and development resources into further indication-specific, software-driven workflows, such as in the area of lung cancer treatment. The Group may thereby fail to develop products that provide clinical benefits or increase treatment efficiency for additional indications beyond that which existing or more standard treatment planning software or generally less expensive surface-guided radiation therapy ("**SGRT**") solutions can provide. In addition, the Group's current plans for the sequence in which it completes research and development projects may be not as commercially advantageous as alternative sequencing. Certain projects relying on the collection of patient data (including pre- and post-operative data) may also prove to need much more data than was initially anticipated at the outset of the research and development process, leading to a lack of commercial applications.

External factors outside the control of the Group could also impact the Group's achievement of its strategic objectives. For instance, the advent of new technologies, regulatory requirements or competing products may require a shift in the Group's priorities, including for research and development, whereby the Group is forced to focus on addressing such issues in order to maintain its current market share in certain clinical domains. Such shifts in focus may not lead to increased revenues or profitability for the Group, but nonetheless consume the Group's resources it had previously planned for other projects.

Furthermore, the Group is seeking to expand into clinical domains where it has traditionally not had as strong a presence as in fields such as spinal and cranial surgery and radiosurgery. Competitors in those clinical domains may, for instance, provide technologically superior products or have a significant existing market presence which impedes the Group's ability to gain market share. The Group also aims to cross-sell and up-sell its products and services to its existing customer base; however, some existing customers may have budgetary constraints which prevent such additional expenditures or may plan purchasing decisions in connection with targeted renovations to their respective medical facilities on timelines which do not correspond to the Group's sales goals. See also "*1.1.3 The Group's competitive position, revenues, profitability and its ability to maintain its strong reputation in innovation and brand*

leadership and improve its market position depends on successful development, introduction and commercialization of new products and services and an ability to enhance the Group's existing technology in order to keep pace with medical technologies in a cost-effective manner." Any failure by the Group to successfully execute its business strategy could have a material adverse effect on its business, assets, results of operations, financial condition and prospects.

1.1.11 Changes to reimbursements and changes in health insurance deductibles and administration may affect demand for the Group's products, services or solutions.

Sales of the Group's products and services are indirectly influenced in certain cases by the availability, adequate coverage and amount of reimbursement that customer hospitals and other healthcare facilities may seek from a variety of sources, such as government healthcare insurance programs, private insurance plans, health maintenance organizations and preferred provider organizations for procedures and treatments carried out with the Group's products.

There is no uniform policy on reimbursement among third-party payors, and the Group cannot be sure that third-party payors in the countries in which its products and services are sold will reimburse customers for procedures using its products and services at a level that will enable the Group to achieve or maintain adequate sales and price levels. Third-party payors decide which procedures and treatments they will cover and establish reimbursement rates for them.

While third-party payors in certain jurisdictions, though not all, currently cover and provide some amount of reimbursement for certain procedures and treatments using the Group's products, there can be no assurance that these third parties will continue to provide coverage and adequate reimbursement. Historically, reimbursement to the Group's customers for the Group's products has trended lower over time and the Group is unable to predict future changes in law and regulations or in the reimbursement methodologies used by third-party payors. Such changes may adversely affect the insurance coverage for the Group's products. It is not certain that the cost of the Group's products will be considered justified and incorporated into the overall cost of relevant procedures under current and future payment systems, in which healthcare providers may be reimbursed a set amount based on the type of procedure performed as set by, for example, Medicare in the United States. In Germany, recent legislation will partially replace the current Diagnosis Related Group ("**G-DRG**")-based remuneration system with flat fees and introduce newly defined service groups, to which hospitals are to be assigned, as remuneration criteria. The reform is planned to be implemented in stages, with transition periods extending until 2029. A reduction of reimbursement levels under such payment systems has in the past increased and could continue to increase pricing pressure and reduce the compensation the Group may receive for its products.

As the Group considers expansion into new international markets, it expects to face similar risks relating to coverage and reimbursement procedures and policies in those markets. Reimbursement and healthcare payment systems vary significantly between international markets and can be difficult to commercially navigate.

If the Group's customers are unable to obtain third-party payor coverage and reimbursement approval, or if there are any adverse changes in coverage and the reimbursement policies of third-party payors, the Group's ability to sell its products at profitable prices or at all could be negatively impacted, which could have a material adverse effect on the Group's business, financial condition and results of operations.

1.2 Risks Related to the Group's Operations

1.2.1 The Group is exposed to risks related to conducting operations in numerous countries as a global business.

The Group operates sales facilities in a large number of countries around the world and markets its products in over 120 countries. Because of the international scope of the Group's business operations, it is subject to a wide variety

of risks and challenges in connection with conducting operations in numerous countries. Many of these risks are beyond the control of the Group. They include, but are not limited to:

- political, legal, social and economic instability or volatility;
- interference or unexpected changes by government or other authorities in the business, political or regulatory environments, making it more difficult to obtain or renew contracts, permits and licenses;
- restrictions concerning local manufacturing and changes in trade relationships and agreements;
- difficulties in enforcing and insufficient protection against violations of the Group's IP;
- inconsistent and/or contradictory laws and regulations, including interpretations thereof, and enforcement practices;
- foreign exchange restrictions, import/export quotas and other trade restrictions, sanctions and other laws and policies affecting taxation, trade, imports/exports and investment;
- the imposition or increases of price controls or withholding and other taxes on remittances and other payments by foreign subsidiaries;
- the imposition of localization requirements, including for hardware or software components, or local ownership and shareholder rules, regulatory requirements and other protectionist measures;
- sudden or unexpected increases in wages and national and regional labor strikes; and
- anti-competitive behavior, money laundering, bribery and corruption by third parties as well as crime and fraud.

In addition, certain of the countries in which the Group operates or sells are still considered developing countries, which may entail additional/more acute risks, such as greater instability, trade interventions, corruption, currency instability, lower hospital budgets and poor labor conditions. In particular, less mature legal frameworks required to support a predictable market economy, and inconsistencies between constitutional, federal, regional and local laws as well as the lack of an independent judiciary and consistent judicial guidance create uncertainties with respect to the legal and business decisions the Group makes in operating in these countries. For instance, certain countries in which the Group's customers reside could also stop significant payments to the Group due to such customers' insolvency proceedings. Moreover, the Group may face circumstances that require it to significantly modify, reduce or withdraw operations from certain jurisdictions, temporarily or permanently. Re-entering and rebuilding the Group's presence in affected markets may entail significant time and resources. This process requires strategic planning, overcoming regulatory hurdles, regaining customer trust, and establishing new supply chains and business relationships.

Furthermore, the management of an international business requires compliance with the legislative and regulatory requirements and practices of many different jurisdictions, including tax rules, import/export rules (including rules on dual-use goods for certain components upon which the Group relies, such as advanced camera components), employment, data privacy and data security, antitrust and environmental, health and safety legislation as well as comprehensive medical device regulations. Failure to comply with these laws could expose the Group to administrative, civil and criminal prosecution, fines and penalties, the imposition of export or economic sanctions, blacklisting and reputational damage. International sales are also subject to various jurisdictions' economic sanctions, export control and anticorruption laws and regulations, which increase the risk that the Group may become subject to significant penalties for violating such laws. For instance, from time to time, certain of the Group's subsidiaries have limited business dealings in countries subject to comprehensive sanctions, including Russia and Belarus. These business dealings represent an insignificant amount of the Group's consolidated revenues and income, but expose it to a risk of violating applicable sanctions regulations. The Group has established policies and procedures designed

to assist with compliance with such laws and regulations, including daily screening of debtors and creditors of Group companies. However, such regulations may impact the Group's ability to continue operations in certain countries and require additional licenses which the Group may not be able to obtain or maintain. There can be no assurance that the Group's policies and procedures will prevent it from violating these regulations in every transaction in which it may engage.

If any of these risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations, reputation or prospects.

1.2.2 Cyber risk and the failure or disruption of the Group's IT or security systems or products, which in certain cases handle highly confidential information and legally protected personal and medical information, including patient data, or those of third parties with whom it conducts business, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group uses IT systems in virtually all aspects of its business, from product development and operations through marketing, tender preparation, order and warehouse management and invoicing, to customer service and financial reporting. The products that the Group manufactures and sells themselves rely upon software systems to operate properly. Further, throughout its operations, the Group receives, retains and transmits highly confidential information and legally protected personal and medical information, including patient data (see *"1.3.7 The Group is subject to complex and evolving privacy, data protection and information security laws and obligations that may increase costs or with which it may fail to comply."*).

An interruption of IT systems from a natural disaster, power loss, cybersecurity attack or security breach could disrupt basic operations and the progress of research at Group facilities, potentially leading to decreased sales, increased costs, excess or dearth of inventory and delays in introducing new products. Such an attack or breach, whether of the Group's products or third-party services or software, could also disrupt treatments or diagnoses occurring with reliance on the Group's products, disrupt and/or divert access to customers' or partners' stored information, such as medical information, including patient data, and treatment decision support, and could lead to the loss of, damage to or unauthorized disclosure of such information (including technology) or the Group's customers' or partners' stored information. Moreover, due to the build-up and expansion of the Group's digital ecosystem, the impact of such an attack could be amplified, and security patches could require an extended period of time to develop to remedy the problem. Such an event could have additional materially adverse consequences, including patient injury, equipment or other property damage, regulatory action, blacklisting, liabilities, fines, penalties and damages, reduced demand for the Group's products, an unwillingness by customers and partners to use the Group's solutions, harm to the Group's reputation and brand, and time-consuming and expensive litigation.

If the Group's IT systems are damaged, fail to work as intended (including due to inadequate development or regulatory compliant tool validation) or otherwise become unavailable, the Group may incur substantial costs to repair, change or replace them, and the Group may experience a loss of critical information, customer disruption and interruptions or delays in the Group's ability to perform essential functions and implement new services. Furthermore, in the current fiscal year, the Group plans to invest significant amounts in new IT equipment, demonstration systems, prototypes, and technical equipment. If the Group is unable to install and implement these new software and systems in a timely manner and within the budgets allocated to such installation, it may incur substantial additional costs as well as experience operational disruptions. In addition, compliance with changes in privacy and information security laws and standards may result in considerable unanticipated expense due to increased investment in technology and the development of new operational processes.

If one or more of these risks materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations, reputation or prospects.

1.2.3 The Group is exposed to certain risks associated with its financing arrangements and it may not be able to obtain additional financing on favorable terms, or at all.

The Group relies in part on external financing in order to maintain a stable financing structure. This includes a EUR 180.0 million revolving credit facility agreement with certain financial institutions and COMMERZBANK Aktiengesellschaft as agent and a loan agreement with the European Investment Bank in the amount EUR 50.0 million, each of which contain financial maintenance covenants that are tested on a quarterly basis. These covenants include requirements for a net debt (defined as the Group's interest-bearing loans (non-current and current) less cash and short-term deposits plus current and non-current lease liabilities and other current and non-current liabilities to banks) / EBITDA (defined as earnings before income taxes plus interest expense, amortization of intangible assets, depreciation of property, plant and equipment and amortization of rights of use less interest income) ratio not exceeding 3.25:1.00 and equity ratio (meaning the ratio of balance sheet equity to balance sheet total assets) that does not fall below 25%, depending on the individual loan agreement. In light of the risks associated with the Group's business described in more detail in this Prospectus, there can be no assurance that the Group will be able to maintain its current financial position at the levels required to be able to meet these financial maintenance covenants in the future. A breach of the financial maintenance covenants would result in a termination right and a right to demand immediate repayment for the creditors under the revolving credit facility and the loan agreement with the European Investment Bank, unless the Group can obtain waivers or consents in respect of any such breach or otherwise remedy such breach within the applicable period. There can be no assurance that these waivers or consents would be granted, or that such breach could be remedied within the applicable period.

The Group may in the future need to raise additional funds for a variety of reasons, including to finance acquisitions and investments, working capital requirements, or develop new platforms and technologies. Additional financing may not be available to the Group on favorable terms, or at all, due to a number of factors, including the Group's financial condition, results of operations and cash flows, the terms of the Group's existing indebtedness, general economic conditions and volatility, disruption and other unfavorable trends in the global capital and credit markets, such as mergers of financial institutions or financial regulatory developments. The incurrence of further debt would result in increased interest expenses and could include covenants that restrict the Group's operations. The Group's ability to obtain further debt financing is moreover limited by financial covenants in certain of the Group's existing debt instruments, in addition to restrictions on the incurrence of further indebtedness and the granting of security for indebtedness. If the Group cannot raise funds on acceptable terms, this could adversely affect the Group's business. See also "*1.5.4 The future issuance of equity securities, or debt securities that are convertible into equity, by the Group could immediately and substantially dilute investors' ownership interest.*"

Moreover, the potential for a lender default represents a further risk, as it can lead to liquidity bottlenecks, payment defaults and restricted access to credit for the Group. Although the Group seeks to diversify this risk by spreading its liquidity needs across different lenders, and aims to maintain a balance between continuously covering financing needs and ensuring financing flexibility through the use of current account credit lines and medium-term and long-term loans, a lender default could nonetheless impair the Group's ability to meet current obligations and to finance investments, or even trigger wider cross-defaults among the Group's obligations. In addition, although the Group continuously monitors the risk of a liquidity bottleneck based on a rolling liquidity forecast, the Group could nonetheless face liquidity risk, comprising the risk that the Group cannot meet its financial obligations in full, for instance due to a potential lack of cash and cash equivalents to service or refinance maturing liabilities with respect to their due date, volume and currency structure.

Any of the foregoing could have a material adverse effect on the Group's reputation, business, results of operations, cash flow, financial condition or prospects.

1.2.4 The Group is exposed to currency fluctuation risks, interest rate risks, credit and counterparty risks, foreign exchange and translation risks, which could materially reduce the Group's profitability or operating results.

The Group operates worldwide and is therefore exposed to risks arising from currency exchange rate fluctuations. The Group's accounts are prepared in euros. The Group is mainly exposed to a foreign exchange risk arising from fluctuations in the U.S. dollar, the Australian dollar, the Hong Kong dollar and the Japanese yen. To a lesser extent, exchange rate risks also arise from other currencies of the Group subsidiaries (*e.g.*, the pound sterling, Brazilian real, Chinese yuan, Israeli shekel, and Indian rupee).

Risks arise above all due to the fact that products are purchased and sold in different currencies and for different amounts, while a large portion of the Group's personnel expenses are in euros. In addition, currency effects from the translation of earnings of the Group's local subsidiaries into the Group's reporting currency, the euro, or the valuation of foreign currency accounting items at companies where the local currency is the euro, can have substantial effects on the Group's financial results. While the Group maintains a centralized system for managing foreign exchange risks and seeks to conclude transactions to limit the exchange rate risk, there can be no assurance that the Group will be successful in doing so. In addition to natural hedges, the Group also uses currency forward contracts and options to protect anticipated cash flows in foreign currency. The hedging ratio in the 2023/2024 Fiscal Year was approximately 89% of net inflows and outflows. In the 2023/2024 Fiscal Year, the Group recorded EUR 7,001 thousand of foreign currency gains under other operating income, while also recording EUR 15,300 thousand of foreign currency exchange losses under other operating expenses. The development of those foreign currency gains and losses in the 2023/2024 Fiscal Year were mainly attributable to the performance of the U.S. dollar.

The risk arising from fluctuations in market interest rates to which the Group is exposed, by which the fair value or future cash flows of a financial instrument can fluctuate because of changes in market interest rates, or that interest payments can increase from financial instruments bearing variable interest rates, mainly results from the Group's financial liabilities bearing variable interest rates. Interest also creates cash-flow risks from financial instruments. Depending on further interest rate policy, which may include increases in interest rates, there may be significant shifts in the Group's variable-interest borrowing costs.

In addition, the Group faces credit risks, wherein a business partner fails to meet its obligations within the scope of a financial instrument or customer agreement. Within the Group, trade receivables as well as contract assets arise from the sale of hardware and software products and services directly to hospitals, universities, research and development centers or distributors, as well as from development services. Although the Group considers a potential concentration of risks in relation to trade receivables and contract assets to be limited, due to the large number of the Group's customers and their geographic distribution, the failure of business partners to meet their obligations could in sum result in significant financial losses.

Furthermore, the Group is exposed to counterparty risk, which encompasses the settlement risk relating to derivative instruments and money market instruments, and the credit risk relating to cash and term deposits. In the case of the Group's financial assets, such as cash and short-term deposits and certain derivative financial instruments, the maximum risk, in the event of default on the part of the contracting party, corresponds to the carrying amount of these instruments, less collateral provided. In the 2023/2024 Fiscal Year and 2022/2023 Fiscal Year, no collateral was provided.

Any failure on the part of the Group to manage the foregoing risks could have a material adverse effect on the Group's reputation, business, results of operations, cash flow, financial condition or prospects.

1.2.5 The Group may not be able to attract and retain key and other highly qualified personnel, including Healthcare Professionals and technical specialists in a number of competitive fields, and the failure to hire, retain, or motivate qualified personnel could harm the Group's business.

The Group is highly dependent on its management and a broad range of key personnel, including members of the research and development teams, sales force and numerous other technical specialists, such as software developers. Although the Group has entered into employment agreements with its management and key personnel, each of them could terminate their employment at any time. The Group also currently faces a general shortage of skilled workers in various technical fields essential to the medical device industry, leading to heightened competition for skilled candidates, that may lead to higher wage costs and certain vacancies being open for longer than desired. If employees do not have the necessary qualifications or are insufficiently trained, they may not be able to perform their duties as necessary, leading to inefficiencies.

Recruiting and retaining qualified research, clinical, manufacturing, sales, marketing and finance personnel is, and will continue to be, critical to success. The Group also relies on Healthcare Professionals, consultants and other scientific and clinical advisors to assist in product development and training initiatives. These parties may be employed by other organizations and may have commitments under consulting or advisory contracts with other entities that may limit their availability. The Group may be unable to hire, train, retain or motivate these key personnel on acceptable terms. Employees, Healthcare Professionals, consultants or advisors that the Group hires or attempts to hire may be subject to non-compete agreements that could prevent them from becoming employed by the Group or that could result in the Group breaching or contributing to the breach of such agreements.

The unplanned loss of the services of management or other key personnel could impede research and development and commercialization objectives and seriously harm the Group's ability to successfully implement its business strategy. Furthermore, replacing management members and key personnel may be a difficult and lengthy procedure because of the limited number of individuals in the industry with the breadth of skills and experience required to successfully develop, gain regulatory approval for and commercialize the Group's products. There can be no assurance that the Group would be able to locate or employ such highly qualified personnel in a timely manner, on terms acceptable to the Group, or at all. Certain supplier, customer and partner relationships are also based on personal relationships with the Group's management or key personnel. Thus, a high turnover in key personnel may damage these relationships.

Any difficulties in attracting or retaining qualified personnel could have a material adverse effect on the Group's business, financial condition and results of operations.

1.2.6 The Group relies on partnerships for some of its sales and distribution, particularly in certain international markets.

In some cases, instead of selling directly to end-customer hospitals and other healthcare providers, the Group uses distributors, particularly in certain international markets such as Latin America, Africa and parts of Asia. The Group depends on such distributors for their market expertise and their relationships with specialist physicians and affiliated hospitals and other healthcare providers in their respective geographic areas. In the 2023/2024 Fiscal Year, approximately 19% of the Group's revenue was generated via distributors. See also "*1.2.1 The Group is exposed to risks related to conducting operations in numerous countries as a global business.*"

Distributors may terminate their relationship with the Group, sell competitors' products or devote insufficient sales efforts or other resources to the Group's products. The Group does not control these distributors, and they may not be successful in implementing the Group's marketing plans or their own business strategies. There is also a risk that a distributor may become insolvent or otherwise cease operations and are thereafter difficult to replace in a timely or effective manner. Some distributors hold local licenses or registrations for the Group's products in certain jurisdictions; if the Group or a distributor should, for any reason, terminate the distribution relationship, the Group

would lose access to those licenses or registrations and may have to reapply, which may be time-consuming, expensive and may not succeed.

Failure to maintain the Group's existing relationships with distributors, or failure to recruit and retain additional skilled distributors in existing or new international markets, could have an adverse effect on the Group's operations. If current or future distributors do not perform adequately, or if the relationship with a distributor is terminated for any reason, including the insolvency or other cessation of operations of a distributor, the Group may not be able to maintain existing levels of revenue in its distributor markets or achieve targeted revenue growth internationally.

If one or more of these risks materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations, reputation or prospects.

1.2.7 The Group's training methods may not be successful or may be deemed not to comply with applicable regulations.

Education and training for Healthcare Professionals are key to the Group's operations and growth strategy. There is a training process required for Healthcare Professionals to become proficient in the use of some of the Group's products and technologies. It is therefore critical to the success of the Group's commercialization efforts that a sufficient number of Healthcare Professionals are appropriately trained in the use of the Group's products. If Healthcare Professionals are not properly trained, they may misuse or ineffectively use the Group's products and technologies. Healthcare Professionals may face challenges in training on the Group's products due to their own insufficient training time and effort, leading to inadequate focus and potential lapses in adhering to training content as workloads increase. Without regular refresher training on the Group's products, this risk is potentially heightened, which could impact operational consistency. Frequent personnel changes in hospital settings can exacerbate this risk, as new staff may rely on more cursory training methods that are beyond the Group's control, creating the potential for suboptimal operational outcomes. Furthermore, given the comprehensive range of the Group's products, the necessary intensive training might overwhelm inexperienced Healthcare Professionals, thereby affecting efficiency and effectiveness in product utilization. This may result in use errors that could lead to, among other things, unsatisfactory patient outcomes, patient injury, negative publicity or litigation, any of which could have an adverse effect on the Group's business and market acceptance of its products.

The Group relies on Healthcare Professionals who have been trained in the use of its products and technologies to not only continue to use them, but also to become advocates for the Group's products amongst the broader medical community. Convincing Healthcare Professionals to dedicate the time and efforts necessary for adequate training is challenging, and such efforts may not be successful; turnover in hospital staff may also lead to inadequate training among Healthcare Professionals, particularly if hospitals do not inform the Group that additional training is needed for new joiners. Also, even after successfully undergoing training in the Group's products and technologies, Healthcare Professionals could experience difficulty using them or cease using them altogether. Better familiarity with competitors' products could discourage Healthcare Professionals from trying the Group's products. Accordingly, it is critical that the Group maintain a strong working relationship with Healthcare Professionals so that it can demonstrate the comparative benefits of its products. The Group also needs to maintain close and reliable relationships with key opinion leaders to assist in designing and delivering effective training programs. Failure to maintain these working relationships with Healthcare Professionals could result in many products not being developed or marketed in line with the needs and expectations of the Healthcare Professionals who use and support them, which could cause a decline in sales. See also "*1.1.4 To be commercially successful, the Group must maintain and build relationships with and effectively demonstrate to surgeons, oncologists, radiologists, radiotherapists, operating room staff, nurses and other medical experts, hospital upper management, departmental heads and hospital staff that its products are effective and an attractive alternative to its competitors.*"

Although the Group believes its training methods for Healthcare Professionals are conducted in compliance with applicable regulations, if any regulatory authority determines that the training constitutes promotion of an off-label

or unapproved use, or is otherwise not in compliance with applicable laws and regulations (including anti-kickback and bribery laws), it could request that the Group modify the training or subject the Group to regulatory enforcement actions, including the issuance of a warning letter from the U.S. Food and Drug Administration ("**FDA**"), injunction, seizure, fine or criminal penalty.

The materialization of any of the foregoing risks could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects.

1.2.8 The Group's operations are subject to potential supply chain interruptions and relies on certain business partners for the supply of key components and software packages, and cost volatility could affect operations.

The Group relies on third-party suppliers for the timely delivery of high-quality parts and components for the manufacture and assembly of its products. Such components include, for instance, specialized types of cameras and x-ray panels. Suppliers must provide these parts and components in sufficient quantities, in compliance with regulatory requirements, in accordance with agreed-upon specifications, at acceptable costs and on a timely basis. For reasons of quality assurance and cost-effectiveness, the Group has certain longer-term relationships with key suppliers for costly and development-intensive components. Reliance on certain single suppliers is therefore commercially difficult for the Group to avoid in some instances.

The Group's ability to maintain sufficient inventory of these components could be impacted by their availability and increased price, general supply chain disruptions (*e.g.*, as a consequence of armed conflicts, trade tensions or sanctions, infection-related lock-downs, export control measures and/or lack of freight capacity), the failure to maintain relationships with suppliers and any materials being proven to be toxic, such as for the Group's disposable line of products used in surgery settings, or necessary supplies otherwise being proven inadequate to be used for the intended purpose. In particular, certain advanced electronic components such as graphics hardware can be subject to price and availability fluctuations that have been exacerbated by disruptions in supply chains due to geopolitical events in recent years.

Should one or more suppliers be unable or unwilling to fulfill delivery obligations, such as due to supply shortages of necessary raw materials or parts, elevated energy prices, external conflicts, labor strikes, lack of capacity, capacity allocation to other customers or financial distress of the supplier, the Group faces a risk of production downtime, inventory backlogs and delays in deliveries to customers. Moreover, the above-mentioned events have resulted and may continue to result in financial strain for many of the Group's suppliers, as a result of which the Group faces heightened supplier risks, including supplier bankruptcies and restructurings. The risk of supplier financial distress could become more acute if trade tensions, in particular those involving the United States, continue to increase or remain elevated, or if trade routes are threatened.

The Group's products also contain a broad range of software components licensed by third parties. The Group therefore depends on continuous access to such software licenses at commercially reasonable terms. Suppliers, both of hardware and software, may also exit certain business lines that the Group relies on or may for other reasons be unable or unwilling to fulfill delivery or licensing obligations. In such cases, the Group would need to find alternative materials and components, either in hardware or software, which may be costlier or less appropriate than the original ones, take longer than the notice period provided by the supplier, and/or require costly adjustments and a redesign or re-engineering of the Group's products.

If any of the foregoing risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.2.9 Any interruption in the operations of the Group's manufacturing and other operating facilities, or a disruption in international transportation, may impair its ability to deliver products and maintain market positions.

The majority of the Group's production takes place at its headquarters in Munich, Germany, with the remainder at other facilities of the Group, including those of its subsidiaries, at Dr. Langer Medical GmbH ("**Langer Medical**") in Waldkirch, Germany and medPhoton GmbH in Salzburg, Austria. Further business functions, including software development and installation, oftentimes occur outside of the Group's main operating facilities. A significant share of the Group's business also comprises the installation, implementation, ongoing consultation and service for the Group's products on-site with customers in hospital settings. A work stoppage or other limitations of production or operation, including import or export restrictions and transportation issues, among others, could occur at any of the Group's or its suppliers' or its customers' facilities or otherwise affect the Group and/or suppliers and/or customers for any number of reasons, including as a result of labor or other legal disputes, regulatory enforcement actions, tight credit markets or other financial distress, production constraints or difficulties, unscheduled downtimes, power failures, disasters or other factors. In particular, manufacturing and operations, including at customers' facilities, are subject to numerous risks, including severe weather and natural disasters, fires and explosions, accidents, mechanical failures, unscheduled downtimes, civil unrest, strikes, transportation interruptions, war, riots, sabotage or terrorist attacks. While providers of essential medical solutions such as those of the Group may receive exemptions that allow some international transportation during periods of disruption, there is no guarantee that the Group would be able to fully address customer needs during such periods.

Any event affecting any significant production or operating facility may result in a disruption to the Group's ability to reach and supply customers, and standby capacity and critical components necessary for the reliable operation of the production or operating facility may not be available. The impact of any disruption would depend on the nature and extent of the damage caused to, or the duration of the other interruption impacting, such facility. The impact of these risks is especially heightened due to the concentration of management and manufacturing activities in the single site of the Group headquarters in Munich as a disruption there would be particularly damaging. Disruptions could result in the Group's inability to accept orders or deliver products in a timely manner.

If any of these risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.2.10 The Group's employees and business partners may engage in misconduct or other improper activities, including non-compliance with healthcare regulatory standards and requirements.

The Group's employees and business partners with whom it cooperates, such as resellers, distributors and consultants, expose the Group to the risk of fraud or other misconduct. Misconduct by these parties could include intentional failure to comply with regulations, provide accurate information to regulatory authorities, comply with healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. The Group has adopted a code of conduct applicable to all employees, a policy specifically addressing interactions with Healthcare Professionals and has implemented rules and processes to identify and assess the compliance exposure of the business partners with whom the Group cooperates in its distribution channel. However, it is not always possible to identify and deter employee or business partner misconduct, and the precautions the Group takes may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Group from government investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations.

If any such actions are initiated, and the Group is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Group's business, financial condition, results of operations, and

prospects, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation healthcare programs, contractual damages, reputational harm, the loss of export privileges, externally imposed compliance monitoring programs, diminished profits and future earnings and curtailment of the Group's operations.

1.3 Risks Related to Legal, Regulatory and Tax Matters

1.3.1 The Group operates in the medical technology sector, which is a highly regulated industry and is subject to extensive laws and regulations in numerous jurisdictions; any changes in the regulations or the implementation and enforcement thereof could impair its ability to continue production and provide services in a cost-efficient manner and could materially adversely affect the Group.

The Group conducts its business in a highly regulated industry and is directly subject to supra-national, national, regional and local laws and regulations, standards, including from the International Organization for Standardization ("**ISO**"), and rules relating to, among other things, medical devices, promotion and advertising of products, environmental and radiation protection, health and safety as well as waste management. The applicable legal frameworks impact all aspects of the Group's business operations, including research and development, manufacturing and marketing operations. As a result, the Group's business has been and will continue to be significantly influenced by its regulatory environment.

The Group operates in the medical technology sector, subjecting it to intense regulation and rigorous scrutiny by regulatory and other governmental authorities, across the jurisdictions in which it operates, particularly in its key markets such as the EU and the United States. These laws and regulations, as well as standards set by the ISO and others, are designed to ensure the protection of health and safety for patients and users, including the development, design, manufacturing, marketing, testing, labeling, packaging, advertisement, sale, and distribution of medical devices and related services. In order to commercialize its products that qualify as medical devices, the Group must comply with applicable registrations, product approvals, conformity assessments, as well as quality management system requirements, including quality standards for development, manufacturing and post-market surveillance. In general, the underlying regulatory landscape is complex; laws and regulations have tended to pose increasingly tighter regulatory requirements over time. Additionally, these laws and regulations are often subject to public review and comment, continually evolve and change frequently, *e.g.*, to accommodate technical advancements and innovation, for example in artificial intelligence or cybersecurity, exposing the Group to the risk of increased costs or required changes in the operation of its business activities. See also "*1.3.2 In the United States, the FDA and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If the Group is found to have failed to comply with these laws and regulations, it may become subject to significant liability and restricted market access.*"

In the EU and the European Economic Area ("**EEA**"), the Group's medical devices are subject to an extensive and rigorous regulatory framework primarily shaped by the Regulation (EU) 2017/745 on medical devices ("**EU MDR**"). The EU MDR is directly applicable to all member states of the EU ("**EU Member States**") and member states of the EEA and regulates the entire life cycle of medical devices, from developing, placing onto the market to post-market surveillance as well as record-keeping and reporting obligations. Compliance with these regulations is expensive and time-consuming.

In order to place the Group's medical devices on the EU/EEA market, these must comply with the relevant general safety and performance requirements as set out in its Annex I of the EU MDR ("**Essential Requirements**"). Generally, medical devices must be, *inter alia*, designed and manufactured so that they are suitable for their intended purpose, must be safe and effective and are compatible with a high level of protection of health and safety taking into account the generally acknowledged state of the art. Software products that are medical devices themselves must, *inter alia*, be designed to ensure repeatability, reliability and performance in line with their intended use and developed and manufactured in accordance with the state of the art taking into account the principles of development

life cycle, risk management, including information security, verification and validation. Further specific requirements apply to devices intended for diagnostic radiology. Compliance with these Essential Requirements is a prerequisite both for the issuance of an EU declaration of conformity and for affixing a CE marking on a specific medical device. The CE mark demonstrates that a product has been assessed and found to meet the applicable requirements set out in the EU MDR as well as other applicable EU legislation ("**CE Mark**"), allowing it to be commercialized and distributed in the EU/EEA. The complexity and cost of the underlying conformity assessments depends on the risk class of the respective medical device as defined in the EU MDR. As most of the Group's products fall into the higher risk classes IIa, IIb and III, a notified body (*i.e.*, the relevant third-party organization designated by the competent authorities of an EU/EEA country to conduct conformity assessments, the "**Notified Body**") must be involved in the conformity assessment procedure. Such conformity assessments particularly include the legal manufacturer's quality management system and, depending on the risk class, technical documentation of the respective products and clinical evaluations. If deemed required, a Notified Body may also request further tests of products and materials, or risk reclassifications, which may take a significant amount of time and require the expenditure of substantial resources. The Group may disagree with its Notified Body in relation for instance to the required classification of the Group's products. For example, the Group is currently challenging the position by its Notified Body and the German Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte – BfArM*) regarding their recent determination that the Group's "Drill bit cranial", which is, *e.g.*, to be used in a certain clinical use case together with the Group's Cirq system, should be classified as a Class III medical device under the EU MDR, instead of Class IIa. If the higher classification as a Class III medical device were ultimately to be upheld, the Group would be required to comply with the more rigorous regulatory requirements applicable to Class III devices. This would entail additional investment of substantial time and resources for achieving and maintaining compliance, and during a transition period the Group may experience supply constraints or, in certain circumstances, be required to temporarily remove the product from the market until compliance is achieved.

Moreover, the EU MDR mandates the Group to adhere to obligations such as maintaining comprehensive technical documentation, conducting post-market surveillance, implementing and monitoring corrective and preventive actions to address product defects and other quality issues, as well as vigilance reporting. Although the Group's quality management approach is designed to prevent any malfunctions, defects or failures, various scenarios could lead to unsafe conditions regarding its products, including quality issues, manufacturing flaws, unanticipated, unapproved, or improper uses, design defects, or inadequate disclosure of product-related risks or information. Non-compliance or risks associated with any of the Group's products can significantly impact the Group's business. This impact could manifest as voluntary or mandated product recalls, market withdrawals, rescinding quality system or CE Mark certificates or refusal to grant CE Marks to new products, fines, penalties, and restrictions on business activities as imposed by regulatory authorities. Furthermore, any such issue could lead to delays, interruption or cessation of manufacturing and distribution of products, as well as damage to the brand and reputation, all adversely affecting the Group's business.

Furthermore, the Group and its suppliers and subcontractors are subject to regular unannounced inspections and general surveillance visits by the Group's Notified Body and other competent governmental authorities. Findings from these inspections can require corrective actions, incur additional costs and potentially lead to operational restrictions.

Since the Group's software products can to some extent be characterized as artificial intelligence, further requirements of the Regulation (EU) 2024/1689 laying down harmonized rules on artificial intelligence ("**AI Act**") either apply or may do so in the future. The AI Act has entered into force, with some provisions being applicable already for EU countries, and will reach its full application from August 2, 2027. Under the AI Act, medical devices categorized as class II and above, as defined by the EU MDR, automatically classify as high-risk AI systems requiring the Group to adhere to additional regulatory requirements, such as to follow a specific conformity assessment procedure and to obtain a recertification by a Notified Body by August 2, 2027, at the latest. This additional regulation

could impair the Group's ability to continue its business operations and provide its products and services in a cost-efficient manner and could, therefore, materially adversely affect the Group.

Regulation (EC) No. 1907/2006 on the Registration, Evaluation, Authorization and Restriction of Chemicals **(**"**REACH**"**)** establishes regulations governing the use of chemicals for the promotion of human health and the environment. Furthermore, specific requirements for manufacturers of electric and electronic equipment in relation to its recovery, reuse and recycling rates, as well as restrictions of the use of certain hazardous substances, are provided by the Directive 2012/19/EU on waste electric and electronic equipment ("**WEEE Directive**") and the Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive), transposed into German law by the Electric and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz*) and the Ordinance on the Restriction of Use of Hazardous Substances in Electrical and Electronic Equipment (*Elektro- und Elektronikgeräte-Stoff-Verordnung*), respectively. The Regulation (EU) 2023/1542 concerning batteries and waste batteries ("**Batteries Regulation**") sets requirements for the treatment of batteries in the EU throughout their life cycle, from design to disposal.

Additionally, in Germany, the Group is subject to the requirements of radiation protection laws, in particular the Directive 2013/59/Euratom laying down the basic safety standards for protection against the dangers arising from exposure to ionizing radiation, and the German Act on the Protection Against the Harmful Effect of Ionizing Radiation ("**Radiation Protection Act**"). Under the Radiation Protection Act, *inter alia*, the construction of an installation for the generation of ionizing radiation of specific types and significant changes thereof as well as the handling of radioactive substances require a prior license by a regulatory authority. The operation of X-ray equipment must be notified to, and, in certain cases, also requires a license by, the competent authority. Furthermore, the use of radioactive substances or ionizing radiation on humans for the purpose of medical research principally requires a license by the Federal Office for Radiation Protection (*Bundesamt für Strahlenschutz*).

Any delays, difficulties or failures in fulfilling these requirements and obtaining and maintaining specific approvals required for commercializing the Group's products in the EU/EEA, United States or other jurisdictions could have a material adverse effect on the Group's business, leading to increased costs, governmental fines and other sanctions, temporary or permanent business interruptions, third-party claims or even to a loss of market access for a specific product. See also "*1.3.2 In the United States, the FDA and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If the Group is found to have failed to comply with these laws and regulations, it may become subject to significant liability and restricted market access.*" Moreover, more rigorous enforcement of the legislative framework by governmental authorities or notified bodies or potential additional changes, including the implementation of supplementary national legislation, as applicable, could lead to higher costs and negatively impact the Group's business operations.

1.3.2 In the United States, the FDA and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If the Group is found to have failed to comply with these laws and regulations, it may become subject to significant liability and restricted market access.

The Group's products and those of original equipment manufacturers that incorporate the Group's products are subject to extensive and rigorous government regulation in the United States. Compliance with these laws and regulations is expensive and time-consuming, and failure to comply with these laws and regulations could adversely affect the Group's business.

In the United States, before the Group can market a new medical device, or label and market a previously cleared or approved device for a new intended use or new indication for use, or make a significant modification to a previously cleared or approved device, it must first receive either FDA clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act (the "**FDCA**"), unless an exemption applies. Any delay or failure to obtain necessary

regulatory clearances or approvals could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

The FDA can delay, limit or deny clearance or approval of a device, and in consequence restrict market access, for many reasons, including:

- the Group's inability to demonstrate to the satisfaction of the FDA that its products are safe and effective for their intended uses;
- the disagreement of the FDA with the design, conduct or implementation of the Group's clinical trials or the analyses or interpretation of data from pre-clinical studies or clinical trials;
- serious and unexpected adverse device effects experienced by participants in the Group's clinical trials;
- the clinical data from the Group may be insufficient to support clearance or approval, where required;
- the Group's inability to demonstrate to the satisfaction of the FDA that the clinical and other benefits of the device outweigh the risks;
- an advisory committee, if convened, may recommend against approval of the Group's application or may recommend that the FDA require, as a condition of approval, additional clinical data, limitations on approved labeling or distribution and use restrictions, or even if an advisory committee, if convened, makes a favorable recommendation, the FDA may still not approve the product candidate;
- the FDA may identify deficiencies in the manufacturing and control sections of the Group's application, the Group's manufacturing processes, facilities or analytical methods or those of the Group's third-party contract manufacturers;
- the potential for policies or regulations of the FDA to change significantly in a manner rendering the Group's clinical data or regulatory filings insufficient for clearance or approval; and
- the potential for staff reductions, cost-optimization or other developments at the FDA to impact the timeline or ability of the FDA to clear the Group's products.

Once a medical device is cleared or approved, manufacturers are obliged to plan, establish, document, implement, maintain and update a post-market surveillance system in a manner that is proportionate to the risk class and appropriate for the type of device. Manufacturers must also notify the FDA of certain modifications to the device. The FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance; however, the FDA can review a manufacturer's decision. Any modification to an FDA-cleared device that would significantly affect its safety or efficacy or that would constitute a major change in its intended use would require a new 510(k) clearance or possibly premarket approval. The Group may not be able to obtain additional 510(k) clearances or premarket approvals for new products or for modifications to, or additional indications for, the Group's approved or cleared devices in a timely fashion, or at all. Delays in obtaining required future clearances or approvals would harm the Group's ability to introduce new or enhanced and innovative products in a timely manner, which in turn would harm the Group's financial performance and future growth. If the Group makes additional modifications in the future that the Group believes do not or will not require additional clearances or approvals and the FDA disagrees and requires new clearances or approvals for the modifications, or if the FDA is unsatisfied with the Group's post-market surveillance system, the Group may be required to recall and to stop selling or marketing its products as modified, which could impact its reputation, harm its operating results and require the Group to redesign its products. In these circumstances, the Group also may be subject to significant enforcement actions.

The Group's manufacturing operations for medical devices, and those of the Group's third-party manufacturers, are required to comply with the FDA's Quality System Regulation ("**QSR**"), which covers the procedures and

documentation of the design, testing, production, control, quality assurance, inspection, complaint handling, record-keeping, management review, labeling, packaging, sterilization, storage and shipping of the Group's medical device products, as well as other federal and state regulations for medical devices and radiation emitting products. In addition, the Group must engage in extensive record-keeping and reporting and must make available the Group's manufacturing facilities and records for periodic announced or unannounced inspections by the FDA to determine compliance with the QSR, current Good Manufacturing Practices and similar regulatory requirements. In connection with these inspections, the FDA may issue reports, known as Form FDA 483 reports, when the FDA believes the manufacturer has failed to comply with applicable regulations and/or procedures. If observations from the FDA issued on Form FDA 483 reports are not addressed and/or corrective action is not taken in a timely manner and to the FDA's satisfaction, the FDA may issue a warning letter and/or proceed directly to other forms of enforcement action. Similarly, if a warning letter were issued, prompt corrective action to come into compliance would be required. Failure to respond timely to Form FDA 483 observations, a warning letter or other notice of non-compliance and to promptly come into compliance could result in the FDA bringing enforcement action against the Group, which could include the total shutdown of the Group's affected production facilities, denial of importation rights to the United States for products manufactured in affected overseas locations, adverse publicity and criminal and civil fines. In addition, the Group is required to timely file various reports with the FDA, including reports required by the medical device reporting regulations, that require that the Group report to regulatory authorities if the Group's devices may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur. If these reports are not filed in a timely manner, regulators may impose sanctions and sales of the Group's products may suffer, and the Group may be subject to product liability or regulatory enforcement actions.

The FDA and the Federal Trade Commission ("**FTC**"), also regulate the advertising and promotion of the Group's products to ensure that the claims the Group makes are consistent with the Group's regulatory clearances and approvals, that there are adequate and reasonable data to substantiate the claims and that the Group's promotional labeling and advertising is neither false nor misleading in any respect. If the FDA or FTC determines that any of the Group's advertising or promotional claims are false, misleading, not substantiated, promote off-label uses or are otherwise not permissible, the Group may be subject to enforcement actions, including warning letters, and the Group may be required to revise promotional claims and make other corrections or restitutions. If the Group or any of its suppliers, distributors or agents fail to comply with the FDA, the FTC and other applicable U.S. regulatory requirements or are perceived to potentially have failed to comply, the Group may face:

- repair, replacement, refunds, recalls, termination of distribution, administrative detention or seizures of the Group's products;
- operating restrictions, partial suspension or total shutdown of production;
- customer notifications or repair, replacement or refunds;
- refusing the Group's requests for 510(k) clearance or premarket approval application ("**PMA**") approvals of new products, new intended uses or modifications to existing products;
- withdrawals of current 510(k) clearances or PMA approvals, resulting in prohibitions on sales of the Group's products; and
- criminal prosecution.

Further, the FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of the Group's product candidates. For example, the FDA has shown recent focus on cybersecurity aspects during the 510(k) clearance process. If the Group is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if the Group is not able to maintain regulatory compliance, such failures to comply would adversely affect the Group's business. The Group also cannot

predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the Trump administration may impact the Group's business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of executive orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. If these executive actions impose constraints on the FDA's ability to engage in oversight and implementation activities in the normal course, the Group's business may be materially adversely impacted.

If any of the foregoing risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.3.3 The Group is subject to significant regulation of its advertising and promotional activities across its markets and is therefore subject to potentially substantial liability.

The advertising and promotion of the Group's products must comply with specific laws concerning misleading and comparative advertising, as well as the promotion of medical devices, including specific requirements for the interaction with healthcare professionals. In particular, the EU MDR imposes requirements regarding the labeling, instructions for use, availability, introduction to the market, and advertising of medical devices, prohibiting any misleading information that could affect the user's or patient's understanding of the device's intended purpose, safety, and performance. Additionally, the Group's business and financial arrangements and relationships through which it markets, sells and distributes its products are subject to specific healthcare compliance and anti-bribery requirements set out at various levels, including criminal law, professional rules as well as the laws governing statutory health insurance regimes. These requirements essentially aim to prevent any inadequate influence by the Group on the physicians' practice of prescribing treatments and products or other procurement decisions by prohibiting the provision of improper economic benefits to physicians. As a result, they may limit or restrict the advertising and promotion of the Group's products to the general public and may impose limitations on its promotional activities with healthcare professionals. See also "*1.3.2 In the United States, the FDA and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If the Group is found to have failed to comply with these laws and regulations, it may become subject to significant liability and restricted market access.*"

Efforts to ensure that the Group's advertising and promotional activities comply with applicable laws and regulations require the expenditure of substantial resources. Any non-compliance of the Group's business practices could result in the imposition of fines, penalties, limitation of market access, criminal convictions, contractual damages or reputational harm, all adversely affecting the Group's business.

1.3.4 The Group is exposed to risks associated with product liability, warranties or guarantees, recall demands or other lawsuits or claims that may be brought against it, which could be expensive, time-consuming and could be resolved adversely against the Group.

The Group designs, manufactures, sells, installs and services a wide range of products and services, including products that are at the cutting edge of medical technologies as well as related services. The Group's products are used to perform surgeries, including in highly sensitive areas such as the brain and spine, and are also used for delivery of radiation, notably in cancer treatment. The Group's products are also focused on the digitalization of the operating room for better integration, documentation, communication and planning.

As a result, the Group is exposed to potential product liability and warranty or guarantee claims. Customers or their patients, among others, may bring product liability and warranty or guarantee claims in the event that products fail, or allegedly fail, to perform as expected. In particular, because a number of the Group's products are involved in surgery on essential organs and the intentional delivery of radiation to the human body, the possibility for significant bodily injury or death exists for the patient, Healthcare Professionals or another unintended recipient of the radiation

delivery. In the case of radiation, injury could only become apparent after an unpredictable delay. Moreover, the Group's products are used at critical moments in the patient care continuum; the failure of these products to perform as expected in such moments could compromise patient treatment, which, depending on the circumstances, could be life-threatening to patients. Exposure to claims or regulatory action, regardless of merit, also expose the Group to negative press reports and publicity that may adversely affect the Group's reputation.

The Group's medical products operate within customers' facilities and network systems. Human and other errors or accidents or use errors may occur during the operation of the Group's products in complex environments. This may particularly hold true with products from other vendors, where interoperability or data sharing protocols may result in unsatisfactory performance even though the equipment operates according to specifications, or if, in the event of an outage or failure, a required quality assurance or other procedure is not properly performed by the customer. As a result, the Group may face substantial liability to patients, customers and others for damages resulting from the faulty, or allegedly faulty, design, manufacture, installation, servicing, support, testing or interoperability of the Group's products with other products, or their misuse or failure. The Group may also be subject to claims for property damage, economic loss or bodily injury or death related to or resulting from any errors or defects in the Group's products, or the installation, servicing and support of products. Any accident, mistreatment or related inquiry or death could cause the Group to incur legal costs, subject the Group to litigation and materially adverse publicity and cause damage to the Group's reputation, whether or not the Group's products were at fault.

Product and other liability actions, claims or injunctions are subject to significant uncertainty and may be expensive, time-consuming, and disruptive to the Group's operations. For these and other reasons, the Group may choose to settle product liability claims and other liability actions against it, regardless of their actual merit. If a product liability action or other liability action or injunction were finally determined against the Group, it could result in significant damages and reputational harm, including the possibility of punitive damages, and the Group's financial position, results of operations and cash flows could be materially and adversely affected. Adverse publicity regarding accidents, failure rates, misdiagnoses and resulting mistreatments, even ones that do not involve the Group's products, could result in additional regulation of the Group's products or the healthcare industry in general, cause reputational harm and materially and adversely affect the Group's ability to promote, manufacture and sell its products. Moreover, if the Group's products gain a reputation for unreliability, including with respect to safety and effectiveness, the Group's relationships with national competent authorities may be materially and adversely affected, which could result in increased scrutiny by regulatory authorities. In addition, if one of the Group's products is determined to be defective (whether due to design, transport, labeling or manufacturing defects, improper use or other reasons) or found to be so by a regulatory authority, the Group may be liable for damages, fines or be required to correct or recall the product and notify competent regulatory authorities. The adverse publicity resulting from a correction or recall, however imposed, could damage the Group's reputation and cause customers to review and possibly terminate their relationships, potentially beyond the subject product. A correction or recall could consume management time and have a material adverse financial impact on the Group's business, including the incurrence of substantial costs and lost revenue.

The Group has been and is currently involved in legal disputes involving product liability. For instance, on January 13, 2021, an action was filed in New York against Brainlab, Inc and other defendants unrelated to the Group by a patient who underwent a brain biopsy in 2019. The treating physician used a Brainlab Navigation system for the procedure. The action alleges strict product liability and negligence against Brainlab, Inc. and also contains allegations against the other defendants. The Group's insurer has taken over its defense. The Group does not expect this matter to have a material financial effect on the Group. Furthermore, on July 13, 2022, Brainlab, Inc. was served with a complaint in California against Brainlab AG, Brainlab, Inc. and other defendants unrelated to the Group, alleging wrongful death resulting from a May 2021 craniotomy and brain biopsy and seeking compensatory damages. The complaint alleges strict liability and negligence against Brainlab AG and Brainlab, Inc. The Group's insurer accepted the claim and provided defense. Brainlab was dismissed with prejudice from the case on August 13, 2024.

The Group maintains public and product liability insurance coverage, including for financial loss in certain circumstances, among other liability insurance coverage. The Group's insurance coverage may prove to be inadequate, and future policies may not be available on acceptable terms or in sufficient amounts, if at all. If a material claim is successfully brought against the Group relating to a self-insured liability or a liability that is in excess of insurance coverage, or for which insurance coverage is denied or limited, the Group could have to pay substantial damages, which could have a material adverse effect on the Group's business, financial position, results of operations, reputation or prospects.

1.3.5 The Group may be unable to obtain, protect or effectively enforce IP rights and may be required to engage in costly litigation as a protective measure.

The Group's success in maintaining its competitive position depends, to a significant extent, on its ability to obtain, protect and enforce IP rights worldwide. The Group places considerable emphasis on obtaining relevant protections of its IP and proprietary rights through a combination of patents, utility models, registered design rights, trademarks, domain names, copyrights, know-how, trade secrets and similar protections. The Group pursues a policy of generally obtaining IP protection for protectable subject matter in key jurisdictions, such as the EU for trademarks and designs, member countries of the European Patent Convention (EPC) for European Patents and the U.S. It also attempts to review third-party IP and applications to the extent publicly available to develop effective IP strategies, avoid infringement of third-party IP, identify licensing opportunities and monitor the claims of others.

However, the laws of certain jurisdictions may not adequately protect the Group's IP to the same extent as the laws of the countries within Europe and the U.S. If the Group cannot adequately secure protection of its IP in these countries, third parties, including its competitors, may be able to use the technology behind the Group's products and services without a license and compete more successfully. IP rights protection may not be granted for any pending or future applications owned by or licensed to the Group (*e.g.*, for patent applications due to validity issues such as lack of novelty, clarity or inventive step), and the claims allowed under any issued IP right may not be sufficiently broad to protect the Group's products and services. Further, certain IP rights apply only for a limited period of time or require regular renewals including the payment of renewal fees to ensure continuous protection.

Any issued IP owned by or licensed to the Group may be challenged, invalidated or circumvented, and the rights under these IP may not provide the Group with effective competitive advantages. In addition, due to the duty to renumerate inventors adequately, renumeration claims exceeding the standard companies renumeration scheme may arise. In particular, there is a risk that the Group may not be in a position to secure all necessary IP rights with respect to the development of new technologies, in particular when such technologies are developed in the context of a collaborative partnership. See also "*1.1.5 The Group has numerous strategic partnerships and, in certain cases, has entered into development and other types of collaboration agreements as part of such strategic partnerships, to maximize the potential of its products and services, and it may not realize the anticipated benefits of such collaborations or strategic partnerships.*" The defense of its IP rights in litigation in which the Group may assert its IP against others, policing the unauthorized use of the Group's IP, IP cancellation or opposition proceedings as well as related legal and administrative proceedings may be both costly and time-consuming. For instance, the Group is currently enforcing three of its U.S. patents in a patent infringement case. On June 20, 2024, Brainlab AG and its wholly owned U.S. subsidiary, Brainlab, Inc. filed a complaint in the U.S. District Court for the District of Delaware, asserting that the defendant manufactures products that infringe the Group's U.S. patents and trademarks and that the defendant competes against the Group using unlawful and deceptive trade practices. This litigation is in its earliest stages. The Group does not at this time have enough information to value the litigation. Although the Group does not expect a negative outcome of these proceedings to have a material adverse effect on its financial situation, an unfavorable outcome of any such or other litigation proceeding could materially adversely affect the Group's business, financial condition and results of operations, reputation or prospects.

The Group also significantly relies on proprietary know-how and trade secrets with which it seeks to protect its technology, products and services and/or their manufacture. Know-how and trade secrets are not patentable and to

safeguard its interest, the Group relies on confidentiality agreements and trade secret protections with employees, consultants and other third parties. The Group may not be successful in employing adequate protection and confidentiality measures and these measures may be breached, and the Group may not have adequate remedies for any breach. In addition, there is no guarantee that the confidentiality agreements or other precautions will provide sufficient protection in the case of any unauthorized access or use, misappropriation or disclosure of such information or technology. Defending against any unauthorized access or use, misappropriation or disclosure of the Group's technology, trade secrets, proprietary know-how, and other IP and technology may result in lengthy and costly litigation or administrative proceedings with uncertain outcomes and could cause significant disruption to the Group's business and operations. If the Group is unable to protect or effectively enforce its IP, this could have a material adverse effect on its business, financial condition and results of operations, reputation or prospects.

1.3.6 The Group may be subject to claims of infringement of third-party intellectual property rights that may cause it to incur significant costs or impair its ability to sell certain products.

There is a substantial amount of litigation over IP in the medical technology industry. Competitors continually review other companies' activities for possible conflicts with their own IP. Competitors, many of which have substantially greater resources than the Group and have made substantial investments in competing products or technologies, may have or obtain patents that could prevent or limit the Group's ability to make and sell new or existing products or technologies. Determining whether a product infringes a third-party's IP involves complex legal and factual issues, and the outcome of this type of litigation is often uncertain and inconsistent, particularly across various jurisdictions.

Third parties may claim that the Group is infringing their IP. The Group may not be aware of infringing on IP of others that relate to its products. The large number of existing patents, the rapid rate of new technology developments and patent issuances as well as the increase in the number of competitors can make it difficult to avoid infringement. From time to time in the ordinary course of its business, the Group has received notices from third parties asserting infringement and the Group has been subject to lawsuits alleging infringement of third-party IP. If any such claims are asserted, the Group may seek to obtain a license under the third-party's IP. There can be no assurance that any or all of the necessary licenses will be obtainable on satisfactory terms, if at all. In the event that the Group cannot obtain a license, these third parties may file lawsuits seeking damages or an injunction against the development, use, import, marketing, sale or operation of the Group's products and services that incorporate or otherwise use allegedly infringed IP. Such lawsuits could result in an increase in the costs of selling certain products or services, the need to partially or completely redesign or rebrand them or stop the sale or operation of some or all of them and may result in damage to the Group's reputation as well as the termination of agreements by customers, suppliers or distributors or other financial losses. For instance, at the date of this Prospectus, three trademark cancellation proceedings and one patent opposition proceeding are pending against the Group.

Regardless of the merits or outcome, of which there can be no assurance that it will be in the Group's favor, any dispute or litigation could require significant financial and management resources. Costs of defense, whether or not the Group succeeds in defending against an infringement claim, may be borne by the Group and could be significant. If the Group is unsuccessful in defending or appealing an infringement claim, it may be subject to significant damages and the Group's financial position, results of operations or cash flows could be materially adversely affected, particularly if actual liabilities significantly exceed the Group's estimates regarding potential liabilities. The award of damages, including material royalty payments, or the entry of an injunction against the development, use, import, marketing, sale or operation of some or all of the Group's products or services, or entry into some other agreement could affect the Group's ability to compete and have a material adverse effect on the Group's business, financial condition and results of operations, reputation or prospects.

1.3.7 The Group is subject to complex and evolving privacy, data protection and information security laws and obligations that may increase costs or with which it may fail to comply.

The Group processes personal data in a variety of circumstances as part of its business operations. Apart from the processing of personal data of employees and business partners, the Group's products and operations process, receive,

generate and store significant and increasing volumes of personal and sensitive information, including patient data and medical information, and are therefore subject to stringent privacy and information security regulations with respect to, among other things, the use and disclosure of such data and information and its confidentiality, integrity and availability. In addition, in the increasingly important field of AI, the Group actively seeks access to medical information, including patient data, through research and development partnerships and collaborations or otherwise. Moreover, the Group's digital ecosystem, which is intended to provide customers with greater access to a broad array of personal and sensitive information to improve their provision of care to their patients, heightens the risks associated with the protection and security of such information.

The Group is subject, in the various jurisdictions and markets where it operates, to privacy and security regulations (including professional secrecy obligations) which establish complex, multijurisdictional regulatory frameworks on a variety of subjects, including:

- the circumstances under which the Group may access, process and use the relevant data, including potentially conflicting privacy laws and regulations in different countries;
- the circumstances under which use or disclosure of personal data, including health information, is permitted;
- the circumstances under which cross-border data transfer is permitted due to different privacy laws;
- data subjects' rights to access, amend, erase, and receive an accounting of certain disclosures of personal data, including health and medical information;
- data subjects' rights to opt out of the sale of their personal data, or the requirement to obtain express consent prior to selling sensitive personal data, such as health and medical information;
- the requirements to notify data subjects and patients of privacy practices for personal data, including health information;
- administrative, technical and physical safeguards required of entities that process, use or receive personal data, including health and medical information;
- the requirements for the retention and deletion periods for personal data;
- the requirements to conduct privacy risk assessments before engaging in certain high-risk data processing activities;
- the obligations to report data breaches within statutory notification periods to data protection authorities and/or individuals;
- the requirements for obtaining, documenting and managing consent from individual data subjects for data processing activities; and
- the requirements on regulatory approval of AI-driven diagnostics or treatment involving processing of protected health information.

Information security and data protection legislation has become and is still becoming increasingly comprehensive and complex and there has been a recent trend toward more stringent enforcement of requirements regarding information security and protection and confidentiality of personal data. Further, in some instances, requirements across jurisdictions may be different and even contradictory.

In the EU, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the General Data Protection Regulation – the "**GDPR**") applies. The national data protection laws of EU Member States (*e.g.*, the German Federal Data Protection Act (*Bundesdatenschutzgesetz – BDSG*)) also supplement the

GDPR. Data protection authorities from the different EU Member States may further interpret legislation differently, which adds to this complexity, and data protection is a dynamic field where guidance is often revised, sometimes with limited, if any, regard to legacy equipment or systems in use. The Directive (EU) 2022/2555 of the European Parliament and of the Council of December 14, 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 ("**NIS 2 Directive**") aims to strengthen cybersecurity requirements for providers of critical infrastructure and essential services and harmonize (including certain health care service providers) the related sanction regimes of the EU Member States. The Directive (EU) 2024/2847 of the European Parliament and of the Council of October 23, 2024 on horizontal cybersecurity requirements for products with digital elements and amending Regulations (EU) No 168/2013 and (EU) No 2019/1020 and Directive (EU) 2020/1828 (Cyber Resilience Act) aims to enhance the cybersecurity of digital products and, in particular, requires manufacturers and providers to address cybersecurity risks throughout the product life cycle, ensure timely updates, and strengthen the resilience of digital products against cyber threats.

In the United States, a complicated patchwork of state and federal information security laws set baseline security requirements for sensitive personal data, mandating physical, technical, and administrative safeguards, as well as data breach reporting obligations in the event of an incident. To the extent the Group is treated as a "business associate" that processes protected health information ("**PHI**") on behalf of a "covered entity" under the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), the Group would be required to comply with the HIPAA security rule. The HIPAA security rule requires business associates and covered entities to ensure the confidentiality, integrity, and availability of all PHI they create, receive, maintain, or transmit; protect against reasonably anticipated threats to the security or integrity of PHI; protect against reasonably anticipated, impermissible uses or disclosures of PHI; and ensure compliance by their workforce.

If the Group fails to comply with applicable privacy or information security law (including a compromise of the Group's information security controls, or those of the businesses with whom the Group interacts as a result), this could result in claims for damages and other liabilities, significant fines, enforcement actions or other penalties. For example, the GDPR provides for substantial fines for breaches of the data protection rules (up to EUR 20 million or up to 4% of the total worldwide annual group turnover of the preceding fiscal year, whichever is higher, for each infringement), significant powers for regulators, enhanced rights for individuals, and rules on judicial remedies and collective redress. Third parties, such as regulatory bodies and individual data subjects, may claim that the Group or the Group's employees or independent contractors inadvertently or otherwise breached GDPR and related data protection rules, which may lead to substantial fines and/or liability for damages towards data subjects and the Group could suffer significant reputational harm.

Despite security measures, it cannot be ruled out that the confidentiality of data and information may be breached, as a result of cybersecurity attacks or otherwise, or that doubts may arise regarding the security of the data and information collected and managed by or for the Group (see "*1.2.2 Cyber risk and the failure or disruption of the Group's IT or security systems or products, which in certain cases handle highly confidential information and legally protected personal and medical information, including patient data, or those of third parties with whom it conducts business, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects*").

Further, the Group is exposed to the risk of significant and increasing compliance efforts and costs as a result of new regulations, heightened scrutiny and requirements or novel interpretations of current regulations and stricter enforcement by authorities globally. A substantial number of new laws and regulations related to personal and non-personal data in various contexts have been passed recently or are on the horizon.

If any of the foregoing risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.3.8 Changes in accounting standards or audits by enforcement bodies applicable to the Group or management changes to its discretionary decisions, estimates or assumptions used in preparation of the consolidated financial statements could adversely impact the Group.

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Commission for application in the EU as of the end of the reporting period and the additionally applicable commercial law accounting rules pursuant to section 315a of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**"). These standards and principles are subject to change by the standard setter and/or the legislative authority.

Changes in accounting standards could make it necessary for the Group to change its financial reporting practices. This presents the risk that such revised accounting standards could have a material adverse effect on the financial condition and results of operations of the Group.

The accounting practices of companies listed on the regulated market in Germany are also subject to regular audit by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* or "**BaFin**"). Should any such review of the Group's accounting practices result in a finding that such accounting practices are being incorrectly applied, this would require the Group to revise its accounting practices.

Furthermore, the preparation of the consolidated financial statements requires the Group's management to make certain discretionary decisions, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as on the disclosure of contingent assets and contingent liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Estimates form the basis of the Group's assessment of the carrying amounts of assets and liabilities, which are not apparent from other sources. The Group bases its estimates and assessments on past experience and on other assumptions that it believes are reasonable under the circumstances. Changes in these estimates and assumptions could have a significant effect on the financial position of the Group, for instance on the carrying amounts of the affected assets or liabilities of the Group in the future.

If any of the foregoing risks were to materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.3.9 The Group's insurance coverage may not be sufficient to cover all risks associated with the operation of its business and increases in insurance costs could adversely affect operating results.

The Group holds a number of insurance policies in various jurisdictions, including public and product liability insurance, property damage and business interruption insurance, stock and transit insurance and director and officer insurance, travel health and accident insurance. If the costs of maintaining adequate insurance coverage increase significantly in the future, the Group's operating results could be materially adversely affected. If any of the Group's current insurance coverage should become unavailable or become economically impractical, the Group would be required to operate its business without indemnity from commercial insurance providers. If the Group operates without insurance, it could be responsible for paying claims or judgments that would have otherwise been covered by insurance, which could adversely affect the Group's results of operations or financial condition. There can be no assurance that the coverage limits under the Group's insurance policies will be adequate to protect against future claims or litigations, in particular in connection with product liability claims.

Despite efforts by the Group to regularly review its insurance coverage and perform insurance benchmarking exercises, the Group's business may be adversely affected if, in the future, insurance coverage proves to be inadequate or unavailable or there is an increase in liability for which the Group self-insures. The occurrence of any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

1.3.10 The Group's employees are exposed to occupational health and safety risks, and may be insufficiently trained to respond to dangerous conditions; non-compliance with applicable laws may also expose the Group to fines.

As the Group performs the final assembly of an array of hardware, the Group's employees are exposed to certain occupational risks. Additionally, customer service employees who regularly carry out installation, maintenance and repair work on the Group's products and equipment at customer sites are exposed to health and safety risks. Measures and trainings that the Group has implemented or may implement may prove to be inadequate to protect against these risks.

In all jurisdictions in which it operates, the Group must comply with applicable laws and regulations to protect employees against occupational injuries. Under such laws and regulations, employers typically must establish and maintain working conditions that effectively prevent danger to employees. In particular, employers must comply with certain medical and hygiene standards and meet certain health and safety requirements at work, such as carrying out risk assessments and deriving measures for the safety of employees. This is based, for example, on permissible maximum values for ionizing radiation, monitored by personal dosimeters at the workplace and customer site, regulations for the use of personal protective equipment and requirements for safe use of equipment such electrical safety testing equipment, forklifts or ladders, as well as working time and work break regulations.

At the EU level, Directive 2014/27/EU, *inter alia*, seeks to protect employees from hazards relating to dangerous substances. In Germany, the Occupational Health and Safety Act (*Arbeitsschutzgesetz*), the Industrial Safety Regulation (*Betriebssicherheitsverordnung*), the Hazardous Substances Ordinance (*Gefahrstoffverordnung*), the Ordinance on Workplaces (*Arbeitsstättenverordnung*) and the Technical Rules for Hazardous Substances (*Technische Regel für Gefahrstoffe*) as well as further specific regulations, in part based on EU directives, regulate aspects of the Group's facilities. In the United States, engineers performing certain service activities are required to hold certifications to do so; performing service activities without such certification constitutes a violation of FDA regulations and may lead to enforcement in the form of warning letters from the FDA, as well as potential danger for the engineers themselves and patients and users.

Failure to comply with these or other applicable regulations could expose the Group to regulatory action that could disrupt operations or could have a material adverse effect on the Group's business, financial condition and results of operations.

1.3.11 The scope of the Group's operations may expose it to potentially adverse tax consequences.

As a result of the Group's international operations, the Group is subject to tax laws in numerous jurisdictions in which it operates. The various domestic and international income, sales, value-added and other tax laws, rules and regulations are complex and subject to changes and interpretation. The Group relies on available interpretations of tax laws and regulations to determine the existence, scope and level of its liability with respect to tax in the various jurisdictions. The Group takes positions in the course of its business activities in respect of relevant tax matters, including, but not limited to, the tax-deductibility of business expenses, interest and other costs, the depreciation or amortization of its assets for tax purposes, deferred tax positions, foreign permanent establishments, withholding taxes and the conduct of internal business dealings at arm's length terms (including suitable transfer pricing policies and transfer pricing documentation). In addition, the Group enters into many transactions and calculations in the ordinary course of business where the ultimate tax determination may be uncertain. Combined and interrelated effects of the application and interpretation of laws and regulations in the various jurisdictions could have materially adverse consequences. This includes, in particular, any effects from the application of double taxation treaties and interpretations addressing cross-border situations and guidelines on transfer pricing. The above may, for example, apply to cross-border payments of fees for intra-group licensing agreements of the Group or interest under intra-group financing relationships of the Group. Although the Group believes that these are arm's lengths transactions, it cannot be ruled out that the tax authorities in the various jurisdictions do not agree with the Group's interpretation or

that stricter standards will be applied to changes in legislation regarding the arm's length nature of the transactions, which may lead to additional taxes.

Changes in tax laws or regulations, tax treaties, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations, including change of tax rates, tax reporting requirements or change in tax compliance regulations, either in Germany or in any applicable jurisdiction, in which the Group operates, could potentially result in higher taxes or administrative expenses for tax compliance requirements (prospectively or retrospectively) made by the Group. While the Group believes that the tax positions and interpretation of tax laws it applies are appropriate and respective potential risks are adequately monitored, there can be no guarantee that the tax authorities in the various jurisdictions agree with the Group's interpretation of the laws or with the various positions it takes. Uncertainties regarding the tax environments in various countries could limit the Group's ability to enforce its rights in certain cases. Further, international tax initiatives, such as the OECD Base Erosion and Profit Shifting (BEPS) Project, Pillar 2 or the OECD Multilateral Instrument (MLI), generally can make the international tax environment increasingly more complex. Even though, in certain cases such initiatives have already been implemented in various jurisdictions, many details remain uncertain. It is therefore currently not possible to fully determine what implications these initiatives have for the future tax planning and overall tax burden of the Group. Furthermore, the United States Senate Finance Committee has recently released proposed legislation that, if enacted into law, may increase rates of U.S. federal income tax and withholding tax for certain individuals and entities resident in, or owned by residents of, countries ("**applicable persons**") that have enacted any unfair foreign tax, as defined in the bill. Among other things, the bill provides for escalating rates of tax on payments to applicable persons of up to 15% above otherwise applicable rates. The likelihood of the bill or other similar legislation being enacted is uncertain, and the provisions of the bill or other similar legislation may change prior to enactment. As the Company is incorporated and tax resident in Germany, it is expected that the Company and members of the Group will be treated as applicable persons. Accordingly, if the bill is enacted substantially in the form as proposed by the Senate, such change to U.S. tax laws is likely to affect the Group adversely.

In addition, the Group is from time to time subject to periodic tax audits by local tax authorities in the countries in which it operates. The Group's tax burden could therefore also increase for previous periods as a result of future tax audits. As of the date of this Prospectus, tax audits of the Company and other German members of the Group have only been completed for periods up to and including 2017, while a tax audit is currently ongoing for periods up to and including 2021. Ongoing and future tax audits could result in significant additional tax and interest and penalty payments.

The tax authorities in Germany may for example challenge the income tax group and the profit and loss transfer agreements which have been entered into by the Company and other German members of the Group, which are subject to strict formal and material requirements. The same may apply for other non-German tax consolidation schemes, which the Group may make use of. Should such fiscal unities, tax groups and other tax consolidation schemes not be accepted or should any profit and loss transfer agreements be challenged by the tax authorities and/or a tax court, any taxes, interest and penalties, which may be imposed against entities of the Group, could have adverse tax consequences.

If any of the foregoing risks materialize, this could have a material adverse effect on the Group's reputation, business, results of operations, cash flow, financial condition or prospects.

1.3.12 The Group's compliance, internal control and risk management systems may prove to be inadequate to prevent and discover non-compliance.

The Group's compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks. In connection with the Group's international business operations, it must comply with a broad range of legal and regulatory requirements in numerous jurisdictions and local operational business processes, particularly relating to

sales and marketing practices; these regulations may frequently change. While the Group has established compliance and risk management systems that support its operational business processes, help to address compliance with legislative provisions and, where necessary, initiate appropriate countermeasures to misconduct, there can be no assurance that internal controls and compliance systems are adequate to address all applicable risks in every jurisdiction. Similarly, there can be no assurance that similar controls and systems of joint ventures, distributors and other partners can be aligned with the Group's own, and the Group may have to rely on their controls and systems for compliance with respect to their business practices.

The Group has also put in place policies intended to prevent direct or indirect acts of corruption, bribery, anticompetitive behavior, money laundering, terrorist financing, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct. The Group also maintains internal policies and procedures regarding preparation of financial statements, disclosures and accounting documents. However, such policies may be insufficient or individual employees may not adhere to their letter or spirit. Members of the Company's governing bodies of other Group companies as well as employees, authorized representatives, agents or resellers may intentionally or unintentionally violate applicable laws and internal policies, standards and procedures. The Group may not be able to timely identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, the Group's compliance and risk management systems may not be appropriate for its size, complexity and geographical diversification or may otherwise fail for various reasons.

The occurrence of any of these risks may result in reputational loss and materially adverse legal consequences, such as the imposition of fines or sanctions and penalties on the Group or the members of its governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could also have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

1.4 Risks in connection with the Group's ownership structure and the Snke Spin-Off

1.4.1 Certain Selling Shareholders will continue to exercise substantial influence on the decisions reached by the general meeting of the Company and their interests may conflict with those of other shareholders of the Group.

Upon the completion of the Offering, assuming the placement of (i) 2,000,000 New Offer Shares, (ii) 2,000,000 Existing Offer Shares, (iii) 600,000 Over-Allotment Shares (and full exercise of a greenshoe option in connection with a potential over-allotment) and (iv) 600,000 Additional Shares, Stefan Vilsmeier will hold, indirectly through SV2019 GmbH, 42.6% of the Brainlab Shares, Michael Bertram will directly hold 0.4% of the Brainlab Shares and BMB Verwaltungsgesellschaft mbH will directly hold 10.7% of the Brainlab Shares.

Stefan Vilsmeier, SV2019 GmbH, Michael Bertram and BMB Verwaltungsgesellschaft mbH have agreed to generally exercise their voting rights in alignment in a voting commitment agreement dated March 31, 2025, with the exception of certain matters on which voting rights may be exercised at the parties' own discretion if no unanimous decision can be reached (the "**Voting Commitment Agreement**").

Due to their large shareholdings in combination with the Voting Commitment Agreement, Stefan Vilsmeier, Michael Bertram and BMB Verwaltungsgesellschaft mbH will be in a position to exert substantial influence on the general meeting (Hauptversammlung) (the "**General Meeting**") and, consequently, on matters decided by the General Meeting, such as the distribution of dividends or any proposed capital increase.

Such influence may have a significant adverse effect on the price of the Brainlab Shares and thus adversely affect the Company's ability to raise further capital, irrespective of whether or not the Selling Shareholders participate in a future capital increase of the Company. The concentration of share ownership could also delay or prevent certain major corporate actions, including a change of control in the Company, and could thus deter mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

Furthermore, the interests of the parties to the Voting Commitment Agreement may not be aligned with each other, which could lead to delays to or the prevention of corporate actions. Further, the interests of the parties to the Voting Commitment Agreement and of other shareholders of the Company may not be aligned. The parties to the Voting Commitment Agreement may have economic or business interests or goals that could turn out to be inconsistent with the Group's interests or goals or with those of other shareholders which in turn could have a material adverse effect on the Group's reputation, business, results of operations, cash flow, financial condition or prospects. See also "*1.4.2 Future sales by the Company's shareholders, or the perception that such sales occur, could depress the price of the Company's shares.*"

1.4.2 Future sales by the Company's shareholders, or the perception that such sales occur, could depress the price of the Company's shares.

Upon the completion of the Offering, assuming the placement of (i) 2,000,000 newly issued Brainlab Shares from a capital increase against cash contributions expected to be implemented on or about June 30, 2025, (ii) 2,000,000 existing Brainlab Shares from the holdings of the Selling Shareholders, (iii) 600,000 Over-Allotment Shares from the holdings of certain Selling Shareholders (and full exercise of a greenshoe option in connection with a potential over-allotment) and (iv) 600,000 Additional Shares, Stefan Vilsmeier will hold 42.6%, BMB Verwaltungsgesellschaft mbH 10.7%, EMH Digital Growth Fund GmbH & Co. KG 8.8%, EMH Invest II GmbH & Co. KG 7.6% and EMH Invest I GmbH & Co. KG 3.3% of the Brainlab Shares. If any of the Selling Shareholders (directly or indirectly) or one or more other shareholders of the Company sell a substantial number of the Brainlab Shares they hold, directly and indirectly, following completion of the Offering, or a consensus is formed in the market that such a sale is imminent, this could have a material adverse effect on the share price of the Brainlab Shares. While the Brainlab Shares that are, directly and indirectly, held by the Selling Shareholders are subject to lockup commitments, such arrangements are only contractual obligations and are only binding for the agreed lockup period of 360 days and provide for certain exceptions. If such arrangements among the parties are amended or waived, shareholders will not have any right of action against the parties. A sale of the relevant Brainlab Shares before the expiration of the lockup period therefore cannot be ruled out. Any proposed or perceived sale of Brainlab Shares in the future may significantly depress the Company's share price, particularly at the point in time when the lockup arrangement expires.

1.4.3 The Group may not realize potential benefits from the Snke Spin-Off

The Group may be unable to realize the potential benefits that it expects by the Snke Spin-Off. These benefits include the Group's ability to focus on a strategic and operational plan without the activities of the Snke Group, a more efficient allocation of capital for the Group, a distinct investment identity allowing investors to evaluate the merits, performance, future prospects of the Group separately from those of the activities of the Snke Group and the Snke Group's ability to attract additional original equipment manufacturer (OEM) customers, to which it sells its products and services. The Group may not achieve these and other anticipated benefits for a variety of reasons. If the Group is unable to achieve some or all of the benefits expected to result from the Snke Spin-Off, or if such benefits are delayed, this could have a material adverse effect on the Group's business, assets, results of operations, financial condition and prospects. If the Snke Group is unable to achieve the aforementioned potential benefit, the Snke Group's ability to invest in research and development may decline and accordingly the Company may not be able to include the latest technologies from the Snke Group in its portfolio. This may force the Company to invest itself in research and development to have access to the latest technologies. Furthermore, if the Snke Group becomes subject to restricting data regulation in future, the Company's ability to profit from the Snke Group's services (*e.g.*, data infrastructure) may also be adversely affected. Additionally, the Snke Group may also fail to perform maintenance as contracted and may develop products in another strategic direction or with another commercial partner than the Group, which may also affect the realization of the benefits described above. The Group has also made loans to the Snke Group, which the Snke Group could fail to repay, and the Group's investment in the Snke Group could decline in value, either or both of which could result in write-downs for the Group that would negatively affect its financial position.

1.4.4 The Group may be subject to claims under the German Transformation Act as a consequence of the Snke Spin-Off (so called continued liability (*Nachhaftung*) and right of creditors to request security)

Pursuant to Section 133 para. 1 and 3 of the UmwG, the Company is jointly and severally liable for the performance of the liabilities transferred to Snke Holding SE (the acquiring entity in the context of the Snke Spin-Off) that have already been established prior to the effective date of the Snke Spin-Off, if they become due within five years of the announcement of the entry of the Snke Spin-Off in the commercial register competent for the Company and claims against the Company are established in court or in another manner described in Section 133 UmwG. Conversely, pursuant to Section 133 para. 1 and 3 UmwG, Snke Holding SE is jointly and severally liable for the performance of the liabilities remaining with the Company that have already been established before the Snke Spin-Off takes effect, if it becomes due within five years of the announcement of the entry of the Snke Spin-Off in the commercial register competent for the Company and establishes claims against Snke Holding SE in court or in another manner described in Section 133 UmwG.

Furthermore, the Company and Snke Holding SE are jointly and severally liable pursuant to Section 133 para. 2 UmwG for the fulfilment of the obligation to grant equivalent rights pursuant to Section 125 para. 1 UmwG in conjunction with Section 23 UmwG. However, such rights to be granted under Section 125 para. 1 UmwG in conjunction with Section 23 UmwG do not exist.

In addition, Section 133 para. 3 sentence 2 UmwG provides that the joint liability period for pension obligations established before the Snke Spin-Off takes effect is ten years.

Pursuant to Sections 22, 125 para. 1 and 133 UmwG, creditors of the Company and Snke Holding SE may, within a period of six months after the announcement of the entry of the Snke Spin-Off in the commercial register competent for the Company and Snke Holding SE, respectively, demand security for their claims from the Company against which their respective claims are directed. The prerequisite is that the creditors are unable to achieve satisfaction at the respective time and register their claims in writing in terms of reason and amount and credibly demonstrate that the Snke Spin-Off will jeopardize the fulfilment of their claims. However, the management boards of the Company, prior to its conversion into an SE with a monistic board system, and of Snke Holding SE assumed that the effective date of the Snke Spin-Off will not jeopardize any claims of creditors of the Company or Snke Holding SE and that there will therefore be no obligation to provide security by the Company or Snke Holding SE pursuant to Sections 22, 125 para. 1 and 133 UmwG. This applies to claims against Snke Holding SE, in particular against the background that it was not operationally active until the Snke Spin-Off took effect and has no outside creditors.

1.4.5 The Group may be subject to additional tax obligations as a consequence of reorganizations and/or acquisitions, in particular if the requirements for a tax-neutral Snke Spin-Off are challenged by the German tax authorities

The Group has in the past carried out reorganization and acquisition measures, is currently doing so and will in the future carry out reorganization and acquisition measures. Reorganizations and acquisitions may in principle trigger taxes but may, where applicable, be carried out tax-neutrally subject to certain requirements under the tax law of the applicable jurisdiction. It cannot be ensured that it will always be possible to carry out such reorganization and acquisition measures tax neutrally. It is further possible that the Group treats such reorganization or acquisition measures as tax-neutral, but the tax authorities retroactively challenge the requirements to carry out a specific reorganization or acquisition measure tax neutrally. In addition, even if such reorganization or acquisition measures can be carried out tax neutrally, such measures can lead to additional material tax risks, for example resulting from the violation of subsequent holding periods for tainted shares. Reorganization measures may lead to additional tax risks, such as real estate transfer taxes, a forfeiture of tax losses and tax loss carry forwards or implications for existing tax groups.

These considerations particularly apply for the contemplated Snke Spin-Off, which could result in significant tax consequences, if the requirements for a tax-neutral spin-off under Section 15 of the German Reorganization Tax Act

(*Umwandlungsteuergesetz*, "**UmwStG**") are challenged by the German tax authorities. Furthermore, the Snke Spin-Off triggered a five-year holding period pursuant to Section 15 para. 2 UmwStG with respect to the Brainlab Shares and the shares in Snke Holding SE (the acquiring entity), which is violated if shares in Snke Holding SE and/or the Brainlab Shares are transferred from the existing shareholders to new shareholders within such five-year holding period, which represent more than 20% of the value of the shareholding in the Company upon the effective date of the Snke Spin-Off. Violation of such holding period would lead to retroactive taxation of the Snke Spin-Off. Provided that new shareholders pay an arm's length premium for newly issued Brainlab Shares under the initial public offering of the Company such transfer should not count for the 20% threshold. However, any transfer of Brainlab Shares and/or Snke Holding SE, which were existing upon the effective date of the Snke Spin-Off, within a five-year period following the effective date of the Snke Spin-Off, would be taken into account for purposes of the 20% threshold. Whether shareholders of the Company or Snke Holding SE transfer their existing Brainlab Shares or shares in Snke Holding SE is outside the control of the Company.

The Snke Spin-Off may further result in the forfeiture of tax loss carry forwards of Snke OS GmbH of approximately EUR 4.4 million. Although the Group believes that the Snke Spin-Off should not have any adverse tax effects, it cannot be ruled out that the tax authorities and/or a tax court may take a different view with respect to specific aspects in connection with the spin-off of the Snke Group, which may result in potentially significant additional taxes, interest and penalties for entities of the Group.

1.4.6 The Unaudited Pro Forma Financial Information may not be representative of the Group's future results of operations and financial condition

This Prospectus includes the pro forma consolidated income statements of the Group for the fiscal year ended September 30, 2024 and for the six months ended March 31, 2025, and the pro forma consolidated statement of financial position of the Group as of March 31, 2025, each as accompanied by the related pro forma notes thereto (the "**Unaudited Pro Forma Financial Information**"). The purpose of the Unaudited Pro Forma Financial Information is to illustrate the material effect on the profit or loss of the historical consolidated income statement of the Company for the fiscal year ended September 30, 2024, collectively of the Snke Spin-Off and that, on September 9, 2024, Level Ex, Inc., a subsidiary of Brainlab SE, executed an asset purchase agreement for the sale of its pharmaceutical and life science business to Relevate Health Games, LLC (and as per the agreement, Level Ex transferred specific assets and liabilities associated with the pharmaceutical and life science business ("**Pharma Business**") by way of an asset deal ("**Level Ex Pharma Sale**")) on a pro forma basis (i) on the historical consolidated income statement of the Company for the fiscal year ended September 30, 2024, as if the Snke Spin-Off and Level Ex Pharma Sale had occurred on October 1, 2023, (ii) on the historical consolidated income statement of the Company for the six months ended March 31, 2025, as if the Snke Spin-Off and Level Ex Pharma Sale had occurred on October 1, 2023, and (iii) on the historical consolidated statement of financial position of the Company as of March 31, 2025, as if the Snke Spin-Off and Level Ex Pharma Sale had occurred on March 31, 2025.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and shows a hypothetical situation and, therefore, does not represent the actual financial position or results of the Group if the Snke Spin-Off and Level Ex Pharma Sale had occurred on October 1, 2023 for purposes of consolidated income statements of the Group for the fiscal year ended September 30, 2024 and for the six months ended March 31, 2025, or on March 31, 2025 for purposes of the pro forma consolidated statement of financial position of the Group as of March 31, 2025. The Unaudited Pro Forma Financial Information is based on factually supportable pro forma adjustments described in the accompanying notes, which the Group considers reasonable. It does not include incremental revenues or costs that are not directly related to the Snke Spin-Off or Level Ex Pharma Sale, the Offering or any related financing arrangements, and does not reflect the results of any future initiatives. Future results of operations may differ materially from those presented in the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information may not give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

1.5 Risks Related to the Brainlab Shares and the Admission to Trading

1.5.1 Prior to the Offering, there has been no public market for the Brainlab Shares and an active trading market for the Brainlab Shares may fail to develop or continue after the Offering and the market price for the Brainlab Shares may be volatile following the Offering.

Prior to the Offering, there was no public trading market for the Brainlab Shares. As a consequence, there can be no assurance that (i) an active and liquid trading market will develop or continue after the Offering, (ii) the share price will not decline below the offer price (the "**Offer Price**"), or (iii) prospective investors will be able to sell their Brainlab Shares at an appropriate price. After a book-building process, the Offer Price will be determined by the Selling Shareholders and the Company after consultation with Joh. Berenberg, Gossler & Co. KG ("**Berenberg**"), and Deutsche Bank Aktiengesellschaft ("**Deutsche Bank,**" and together with Berenberg, the "**Joint Global Coordinators,**" and, each, a "**Joint Global Coordinator**") and may not be indicative of the market price after the Brainlab Shares have been admitted to trading. Low liquidity of the Brainlab Shares may also entail high volatility regarding the share price. Investors may not be able to sell the Brainlab Shares at the final Offer Price, at a higher price or at all under certain circumstances.

1.5.2 The market price and trading volume of the Brainlab Shares may fluctuate significantly and could decline upon completion of the offering, and investors could lose some or all of their investment. There is no assurance that the price at which the Brainlab Shares will be traded following the Offering will be equivalent to or above the Offer Price.

The trading volume and price of the Brainlab Shares may fluctuate significantly. The share price is determined by the supply of and demand for the Brainlab Shares and may not necessarily reflect the fair value of the Company. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of the Brainlab Shares include, for example, the inability to achieve the Group's targets as disclosed in this Prospectus, *ad hoc* developments, fluctuations in the Group's actual or projected operating results, variations in quarterly results, failure to meet securities analysts' expectations, the contents of published research reports about the Company or the Group or the industry segments or securities analysts failing or ceasing to cover the Company or the Group following the Offering, actions by institutional shareholders and general market conditions or special factors influencing companies in the industry in general. Fluctuations in the equity markets could also cause the share price to decline, though such general fluctuations may not necessarily have any particular basis in the Group's business, results of operations and prospects.

In addition, as of the date of this Prospectus, only a small number of the listed companies in Germany have the legal form of an SE with a monistic board system. Some investors may be unfamiliar with a monistic board system of an SE governed by EU and German law, even where they have comparable structures in their home countries. The lack of familiarity of capital markets investors with the monistic board system of an SE governed by EU and German law or other aspects of the Company's corporate structure could adversely affect trading in the Brainlab Shares. There is no assurance that the price at which the Brainlab Shares will be traded following the Offering will be equivalent to or above the Offer Price. Investors might therefore only be able to sell their Brainlab Shares at a price below the Offer Price. If the price for the Brainlab Shares declines, investors may be unable to resell their Brainlab Shares at or above their purchase price and may lose some or all of their investment in the Brainlab Shares.

1.5.3 As a publicly listed company, the Company will face additional regulation, necessitating increased administrative effort and costs that may strain resources and distract management.

After the Offering, the Company will be subject to the legal requirements for a publicly listed company on the regulated market of a public exchange, the German Securities Trading Act (*Wertpapierhandelsgesetz*) and the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse ("**MAR**") as well as supervision by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*—BaFin). These requirements include periodic financial reporting and other public disclosures of information (including those required by the stock exchange listing authorities), regular calls and

meetings with securities and industry analysts, and other required disclosures. There can be no assurance that the Company's accounting, controlling and legal or other corporate administrative functions will be capable of responding to these requirements without difficulties and inefficiencies that cause the Company to incur significant additional expenditures and/or expose the Company to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conducting of General Meetings and the Company's regular communications with shareholders and potential investors will entail substantial expenses.

The Company's management may also need to devote time and other resources to these requirements that it could have otherwise devoted to other aspects of managing the Group's operations, and these requirements could also entail substantially increased time commitments and costs for the accounting, controlling, legal and investor relations departments and other Group administrative functions. In addition, the Company may be required to hire additional employees or engage outside consultants to comply with such requirements, which could increase the Company's costs and expenses. Any of the foregoing could have a material adverse effect on the Group's reputation, business, results of operations, cash flow, financial condition or prospects.

1.5.4 The future issuance of equity securities, or debt securities that are convertible into equity, by the Group could immediately and substantially dilute investors' ownership interest.

The Group may require further capital in the future to finance its business operations or planned growth. Therefore, the Company may seek to raise capital through offerings of equity or debt securities (potentially including convertible debt securities) in the future. The issuance of additional equity securities or securities with rights to convert into equity could have a material adverse effect on the market price of the Company's shares and would dilute the economic position and voting rights of existing shareholders if made without granting subscription rights to existing shareholders. Because the timing and nature of any future offering would depend on market conditions at the time of such an offering, the Company cannot predict or estimate the amount, timing or nature of future offerings. Thus, holders of the Company's shares bear the risk of future offerings reducing the market price of the Brainlab Shares and/or diluting their shareholdings in the Company. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Brainlab Shares, as well as the exercise of share options by the Group's employees in the context of future share option programs or the issuance of new shares to employees in the context of employee equity programs, such as restricted shares or employee share participation programs, could lead to such dilution. Any additional offering of Brainlab Shares by the Company, or the public perception that an offering may occur, could also have a negative impact on, or increase the volatility of, the market price of the Brainlab Shares.

1.5.5 Shareholders outside of Germany may not be able to participate in future rights offerings.

In the case of certain increases in the Company's issued share capital, the Company's existing shareholders are generally entitled to subscribe to the new Brainlab Shares issued unless such subscription rights are specifically excluded. Shareholders outside Germany, including in the United States, may not be able to exercise their subscription rights unless the Company decides to comply with applicable local laws and regulations. The Company cannot assure any shareholder outside of Germany that steps will be taken to enable them to exercise their subscription rights, or to permit them to receive any proceeds or other amounts relating to their subscription rights. This could result in dilution of those shareholders' proportionate interests in the Company. Open market purchases to counteract such dilution could be on terms less favorable than those offered to other shareholders in connection with such a capital increase.

2 GENERAL INFORMATION

2.1 Responsibility for the Contents of this Prospectus

Brainlab AG, a German stock corporation (*Aktiengesellschaft*) to be converted into Brainlab SE, a European stock corporation (*Europäische Aktiengesellschaft; Societas Europaea, SE*), then governed by European and German law, in particular the Regulation (EC) No. 2157/2001, as amended from time to time (the "**SE Regulation**"), with its registered seat (*Sitz*) in Munich, Germany, and its business address (*Geschäftsanschrift*) at Olof-Palme-Straße 9, 81829 Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under HRB 135401, telephone +49 (89) 9915680 (the "**Company**") as well as Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 ("**Berenberg**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI 7LTWFZYICNSX8D621K86 ("**Deutsche Bank,**" and together with Berenberg, the "**Joint Global Coordinators**" and, each, a "**Joint Global Coordinator**") and COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI 851WYGNLUQLFZBSYGB56 ("**COMMERZBANK**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany, LEI 5493004I3LZM39BWHQ75 ("**Jefferies**") and UniCredit Bank GmbH, Arabellastrasse 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170 ("**UniCredit**") (the "**Joint Bookrunners**," and, each, a "**Joint Bookrunner**" and, together with the Joint Global Coordinators, together the "**Underwriters**" and, each, an "**Underwriter**") each assumes responsibility for the content of this Prospectus pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*, "**WpPG**"), as well as Article 11 para. 1 of the Prospectus Regulation and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

This Prospectus was approved on June 23, 2025 in accordance with Art. 20 para. 2 of the Prospectus Regulation by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108 0; website: www.bafin.de), as competent authority under the Prospectus Regulation. BaFin only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Company or the quality of its shares. Investors should make their own assessment as to the suitability of investing in the Company's shares.

The LEI of the Company is: LZL5OMI84ZIT44MHOH61.

The Company's website is www.brainlab.com. Information contained on the Company's website is not incorporated by reference in this Prospectus and is not part of this Prospectus.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as the plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the EEA.

Prospective investors should read the entire document and, in particular, the section headed "*1 Risk Factors*" when considering an investment in the Company.

The Offer Shares will be offered by the Company and the Underwriters. The Company will apply for Admission to Trading together with Deutsche Bank. Neither the Company nor the Underwriters are required by law to update the Prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake, or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the period during which investors may submit purchase orders for the Offer Shares, expected to commence on June 24, 2025 and to expire on July 1, 2025 (the "**Offer Period**"), or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a

supplement to the prospectus without undue delay. In any event, the obligation to supplement a prospectus no longer applies when a prospectus is no longer valid. The closing of the Offer Period is expected to occur on July 1, 2025, and the time when trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) begins is expected to occur on July 3, 2025. Accordingly, the validity of the Prospectus is expected to expire with the beginning of the trading of the shares in the Company on the regulated market of the Frankfurt Stock Exchange (Prime Standard).

2.2 Purpose of this Prospectus

This Prospectus relates to the public offering of the Offer Shares (as defined below) in Germany and the admission of the Brainlab Shares (as defined below) to trading.

The Offering of the ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*), each representing a notional share of EUR 1.00 in the Company's share capital per Brainlab Share, consists of:

- 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved upon by the Management Board with the consent of the Supervisory Board respectively, after the SE-Conversion, the Administrative Board on or about June 30, 2025 by way of utilizing the authorized capital (the "**New Offer Shares**");
- 2,000,000 ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of the Selling Shareholders (the "**Existing Offer Shares**"); and
- 600,000 ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of certain Selling Shareholders in connection with a potential over-allotment (the "**Over-Allotment Shares**")
- 600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of SV2019 GmbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG subject to the exercise of the Upsize Option (the "**Additional Shares**" and, together with the New Offer Shares, the Existing Offer Shares and the Over-Allotment Shares, the "**Offer Shares**").

In addition, this Prospectus relates to the admission of the entire issued share capital of the Company comprising up to 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved upon by the Management Board with the consent of the Supervisory Board respectively, after the SE-Conversion, the Administrative Board on or about June 30, 2025 by way of utilizing the authorized capital and 18,864,457 existing ordinary registered shares with no-par value (the "**Brainlab Shares**" and, each, a "**Brainlab Share**") to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (the "**Admission to Trading**"). It is expected that the Management Board with the consent of the Supervisory Board respectively, after the SE-Conversion, the Administrative Board will resolve, on June 30, 2025, to increase the Company's share capital by 2,000,000 newly issued no-par value registered shares by utilising the Authorized Capital 2025 (as defined below).

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

2.3 Validity of this Prospectus

The validity of this Prospectus will expire with the beginning of the trading of the Brainlab Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is expected to occur

on July 3, 2025 and no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will apply when this Prospectus is no longer valid.

2.4 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to present or historical facts and events. Statements in this Prospectus containing information relating to, among other things, (i) the Group's future earnings, cash flows, capital expenditures and profitability (including the targets set out under "*23 Recent Developments and Outlook*"), (ii) the Group's plans and expectations regarding its business, and (iii) projected industry growth in the markets in which the Group operates are all examples of forward-looking statements. Statements made using the words "aims," "anticipates," "will," "expects," "plans," "predicts," "targets," "intends" or the negative of these words indicate forward-looking statements.

The forward-looking statements in this Prospectus are subject to uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. Accordingly, investors are strongly advised to consider this Prospectus as a whole and particularly ensure that they have read the following sections of this Prospectus: "*9 Pro Forma Consolidated Financial Information*" "*10 Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*11 Industry Overview,*" "*12 Business,*" and "*23 Recent Developments and Outlook.*" These sections include more detailed descriptions of factors that might have an impact on the Group's business and the business environment in which the Group operates.

In light of these factors, future events mentioned in this Prospectus might not occur and future projections may prove to be inaccurate. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (see "*2.6 Sources of Market Data*" for more information on third-party sources used in this Prospectus).

Forward-looking statements included in this Prospectus speak only as of the date of this Prospectus.

2.5 Presentation of Financial Information

2.5.1 Background

Unless otherwise indicated, financial information contained in this Prospectus has been prepared on the basis of IFRS.

2.5.2 Financial Information

This Prospectus includes the following financial information:

- the unaudited condensed consolidated interim financial statements of the Company as of and for the six months ended March 31, 2025, prepared in accordance with IFRS on Interim Financial Reporting (IAS 34) (the "**Unaudited Condensed Consolidated Interim Financial Statements**");
- the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2024, prepared in accordance with IFRS (the "**Audited 2023/2024 Consolidated Financial Statements**");
- the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2023, prepared in accordance with IFRS (the "**Audited 2022/2023 Consolidated Financial Statements**");
- the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2022, prepared in accordance with IFRS (the "**Audited 2021/2022 Consolidated Financial Statements**," and, together with the Audited 2022/2023 Consolidated Financial Statements and the Audited 2023/2024 Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); and

- the audited annual financial statements of the Company as of and for the fiscal year ended September 30, 2024, prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**") (the "**Audited 2023/2024 Unconsolidated Financial Statements**," and, together with the Audited Consolidated Financial Statements, the "**Audited Financial Statements**").

The aforementioned financial statements are included in the following section of this Prospectus "*21 Financial Information*" beginning on page F-1.

For purposes of comparing figures for H1 2024/2025 with figures from H1 2023/2024 for income statement line items and for comparing balances as of March 31, 2025 with balances as of September 30, 2024, the interim consolidated financial information for H1 2023/2024 as well as balances as of September 30, 2024 have been taken or derived from the Unaudited Condensed Consolidated Interim Financial Statements, as amended in accordance with IAS 8. The error (concerning goodwill impairment and deferred tax assets) was corrected by adjusting the relevant items in the 2023/2024 Fiscal Year (please refer to "*General Information – Correction of errors*" in the Unaudited Condensed Consolidated Interim Financial Statements). Accordingly, the financial information as of September 30, 2024 may differ from the corresponding figures in the published Group's Audited 2023/2024 Consolidated Financial Statements.

For purposes of comparing figures for the 2023/2024 Fiscal Year with figures from the 2022/2023 Fiscal Year, consolidated financial information as of and for the 2022/2023 Fiscal Year has been taken or derived from the comparative information as of and for the 2022/2023 Fiscal Year included in the Group's Audited 2023/2024 Consolidated Financial Statements, as amended in accordance with IAS 8 and IAS 1.41 (please refer to Notes 13 and 14 in the Group's Audited 2023/2024 Consolidated Financial Statements for further information). Accordingly, the financial information as of and for the 2022/2023 Fiscal Year may differ from the corresponding figures in the published Group's Audited 2022/2023 Consolidated Financial Statements.

For purposes of comparing figures for the 2022/2023 Fiscal Year with figures from the 2021/2022 Fiscal Year, consolidated financial information as of and for the 2021/2022 Fiscal Year has been taken or derived from the comparative information as of and for the 2021/2022 Fiscal Year included in the Group's Audited 2022/2023 Consolidated Financial Statements, as amended in accordance with IAS 1.41, except for amounts reclassed in later consolidated financial information (please refer to Note 13 of the Group's Audited 2023/2024 Consolidated Financial Statements for further information). Accordingly, the financial information as of and for the 2021/2022 Fiscal Year may differ from the corresponding figures in the published Group's Audited 2021/2022 Consolidated Financial Statements.

Furthermore, following the management board decision of the Company to spin off its shares in the Snke Group on March 17, 2025, the assets and liabilities of Snke Group, and the assets and liabilities of Snke Holding SE, respectively, are presented separately as held for distribution in the consolidated statement of financial position, and the results of Snke Group, and Snke Holding SE, respectively, as discontinued operations in the consolidated income statement in the Unaudited Condensed Consolidated Interim Financial Statements, including re-stated comparative income statement financial information required under IFRS 5 ("**Discontinued Operations**"). The remainder of the results of the Group or assets and liabilities, excluding results from Discontinued Operations or assets or liabilities held for distribution, respectively, constitute continued operations ("**Continued Operations"**). Consequently, previously existing intercompany transactions between Snke Group and the Company are presented as if these transactions were conducted between unrelated third parties. The Group's segment reporting in the Unaudited Condensed Consolidated Interim Financial Statements reflects the Group's consolidated results, including results from Continued Operations and Discontinued Operations; the corresponding figures are used this Prospectus where applicable. For further details on segment reporting and Discontinued Operations, please refer to Notes 1 and 5 of the Unaudited Condensed Consolidated Interim Financial Statements. The financial information encompassing Continued Operations in this Prospectus are not prepared on a pro forma basis. As a result, they may not reflect

relevant adjustments for events or transactions that have occurred or may occur in the future, including, for example, the impact of transitional services agreements or other contractual arrangements entered into as part of or subsequent to the separation of the Discontinued Operations (see also "*14.1.1 Relationships with the Snke Group*"). Therefore, these figures should not be regarded as necessarily indicative of the Group's future results of operations, financial position or cash flows, nor do they purport to represent what the results of operations or financial condition would have been if the separation had occurred at an earlier date or what the Group's results may be in any future period.

Where financial data in this Prospectus is presented as "audited," it indicates that the financial data has been taken from the Audited Consolidated Financial Statements or from the Audited 2023/2024 Unconsolidated Financial Statements. Where financial data in this Prospectus are presented as "unaudited," it indicates that the financial information has not been taken but derived from the Audited Consolidated Financial Statements or from the Audited 2023/2024 Unconsolidated Financial Statements, or has been taken or derived either from the Unaudited Condensed Consolidated Interim Financial Statements or the accounting records or the internal reporting systems of the Company or has been calculated based on figures from the aforementioned sources.

2.5.3 Unaudited Pro Forma Financial Information

The Group has prepared the pro forma consolidated income statements of the Group for the fiscal year ended September 30, 2024 and for the six months ended March 31, 2025, and the pro forma consolidated statement of financial position of the Group as of March 31, 2025, each as accompanied by the related pro forma notes thereto (the "**Unaudited Pro Forma Financial Information**") in accordance with the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 because the Snke Spin-Off and Level Ex Pharma Sale collectively had a material effect on the profit or loss of the historical consolidated income statement of the Company for the fiscal year ended September 30, 2024.

The Unaudited Pro Forma Financial Information was prepared on the basis of the *Institut der Wirtschaftsprüfer in Deutschland e. V.* (Institute of Public Auditors in Germany) ("**IDW**") Accounting Practice Statement: Preparation of the Pro Forma Financial Information (*IDW AcPS AAB 1.004*) (*IDW Rechnungslegungshinweis: Erstellung von Pro Forma Finanzinformationen (IDW RH HFA 1.004)*) as published by IDW. The examination of the Unaudited Pro Forma Financial Information by KPMG has been carried out in accordance with IDW Auditing Practice Statement: Examination of Pro Forma Financial Information (*IDW AuPS 9.960.1*) (*IDW Prüfungshinweis: Prüfung von Pro-Forma-Finanzinformationen (IDW PH 9.960.1)*) promulgated by IDW. The Unaudited Pro Forma Financial Information has not been prepared in accordance with Regulation S-X under the Securities Exchange Act of 1934 and the auditing standards generally accepted in the United States, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or any other standards besides the standards mentioned above.

2.6 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, market and economic growth rates, market trends and competition in the markets in which the Group operates is based on the Company's assessments and estimates. These assessments and estimates are, in turn, based in part on internal market observations and on various third-party studies or estimates that are also primarily based on data or figures from publicly available sources, but which may also be based on non-public data or figures.

In March 2025, the Company commissioned an independent market study from Roland Berger GmbH ("**Roland Berger**") on, *inter alia*, certain markets relevant to the Group, which is dated April 19, 2025 (including back-up material and the underlying sources and data used for the preparation of such report, the "**Roland Berger Report**"). The Roland Berger Report is not a report attributed to a person as an expert (within the meaning of Item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019). The Roland Berger Report was prepared in the context of the Company's proposed initial public offering in accordance with the instructions of the Company.

The statements taken from the Roland Berger Report are utilized in the Prospectus, in the form and context in which they are included, with the consent of Roland Berger.

In preparing the Prospectus, the following third-party sources were used:

- Federal Ministry of Health (*Bundesministerium für Gesundheit*), *Questions and Answers about Hospital Reform* (*Fragen und Antworten zur Krankenhausreform)*, dated December 6, 2024, available at https://www.bundesgesundheitsministerium.de/themen/krankenhaus/krankenhausreform/faq-krankenhausreform.html ("**Hospital Reform Answers 2025**");
- Federal Ministry of Health (*Bundesministerium für Gesundheit*), *Statutory health insurance: Members, co-insured dependents, and sick leave* (*Gesetzliche Krankenversicherung: Mitglieder, mitversicherte Angehörige und Krankenstand*), dated May 5, 2025, available at https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/Statistiken/GKV/Mitglieder_Versicherte/KM1_Januar_bis_April_2025.pdf ("**Federal Health Statistics 2025**");
- Federal Statistical Office (*Statistisches Bundesamt - Destatis*), *Gross domestic product down 0.2% in 2024*, dated January 15, 2025, available at https://www.destatis.de/EN/Press/2025/01/PE25_019_811.html ("**Destatis 2025**");
- IMF, *World Economic Outlook*, dated April 2025, available at https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025 ("**IMF April 2025**");
- Journal of Craniovertebral Junction and Spine, *Trends in spinal implant utilization and pricing*, dated December 2024, available at https://journals.lww.com/jcjs/fulltext/2024/15040/trends_in_spinal_implant_utilization_and_pricing.5.aspx ("**Journal of Craniovertebral Junction & Spine October 2024**");
- Kaufman Hall, *The Numbers Behind the Numbers*, dated February 21, 2024, available at https://www.kaufmanhall.com/insights/thoughts-ken-kaufman/numbers-behind-national-hospital-flash-report;
- Newsweek, *World's Best Specialized Hospitals 2025*, available at https://rankings.newsweek.com/worlds-best-specialized-hospitals-2025/neurosurgery ("**Newsweek 2025**");
- OECD Economic Outlook, *Volume 2024 Issue 2*, dated December 4, 2025, available at https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2024-issue-2_d8814e8b-en.html ("**OECD December 2024**");
- OECD Economic Outlook, *Interim Report March 2025*, dated March 17, 2025, available at https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025_89af4857-en.html ("**OECD March 2025**");
- Roland Berger Report; and
- Spectaris, *Die deutsche Medizintechnik-Industrie - Spectaris Jahrbuch 2024/2025*, available at https://www.spectaris.de/fileadmin/Content/Medizintechnik/Zahlen-Fakten-Publikationen/SPECTARIS_Jahrbuch_202425 _10-2024_final.pdf ("**Spectaris 2024**").

Third-party sources such as the above may state that the information they contain originates from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on assumptions.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Underwriters (see "*2.1 Responsibility for the Contents of this Prospectus*"), neither the Company nor the Underwriters have independently verified the market data and other information on which third parties have based their studies or the external sources on which the Company's own estimates are based or make any representation or give any warranty as to the accuracy or completeness of such information. The information from third-party sources that is cited here has been reproduced accurately. As far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information, included in this Prospectus, inaccurate or misleading. The fact that information from the aforementioned third-party sources has been included in the Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to, the Brainlab Shares, and prospective investors should not place undue reliance on such information.

Prospective investors are advised to consider the industry and market data sourced from market studies such as the Roland Berger Report with caution. Market studies are usually based on certain assumptions and expectations at the time of preparation of the relevant studies which may turn out not to be accurate or appropriate, and their methodology is inherently predictive and speculative. The market data and other information included in market studies is typically partially based on other industry publications as well as market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Accordingly, market studies such as the Roland Berger Report generally state that the information contained therein is believed to be accurate but that no representation or warranty is made by the market study provider as to the accuracy or completeness of such information or that any projections or estimates will be realized.

2.7 Documents Available for Inspection

For the period during which this Prospectus is valid, the following documents, or copies thereof, will be available for inspection on the Company's website at www.brainlab.com under the section "Investor Relations:"

- the Company's articles of association (the "**Articles of Association**");
- the Unaudited Condensed Consolidated Interim Financial Statements; and
- the Audited Financial Statements.

The future annual consolidated financial statements and half-year condensed consolidated interim financial statements of the Company, as well as annual unconsolidated financial statements of the Company, will be made available on the Company's website after the commencement of trading in the Brainlab Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company's future annual consolidated and annual unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website at www.brainlab.com and on the websites of any of its affiliates, and information accessible via these websites, is neither part of nor incorporated by reference into this Prospectus.

2.8 Note on Currency

The following table explains the denotation of currencies used in this Prospectus:

Symbol used	**Legal currency of**
"**EUR**," "**€**" or "**Euro**"	the participating member states in the third stage of the European Economic Union pursuant to the Treaty establishing the European Community
"**USD**," "**$**" or "**U.S. Dollar**"	United States of America

The abbreviation "t" preceding currency data stands for "thousand," the abbreviation "m" stands for "million" and the abbreviation "bn" stands for billion.

2.9 Measures not defined by IFRS (Alternative Performance Measures)

2.9.1 Overview

In accordance with the Commission Delegated Regulation (EU) 2019/979 and the European Securities and Markets Authority (the "**ESMA**") Guidelines on alternative performance measures ("**APMs**") published on October 5, 2015 (the "**ESMA Guidelines**"), the following list sets out information related to certain financial measures of the Group that are not required by, or not presented in accordance with, IFRS or HGB or any generally accepted accounting principles, which the Group regards as APMs within the meaning of the ESMA Guidelines:

- EBITDA;
- EBITDA Margin;
- EBIT Margin
- Net Debt;
- Leverage Ratio;
- Adjusted Cash Contribution;
- Cash Conversion Rate; and
- Net Working Capital.

For the figures and definitions of these APMs, see the table further below. For a reconciliation of these APMs to results presented in accordance with IFRS, see "*2.9.2 Reconciliation and Relevance.*"

These APMs are presented as (i) they are used by the Company's management to measure operating performance and liquidity and identify trends, including in presentations to the management board and the supervisory board, respectively to the Administrative Board after the conversion of the Company's legal form from a German Stock Corporation Company (*Aktiengesellschaft;* "**AG**") into a European Stock Corporation Company (*Europäische Aktiengesellschaft – Societas Europaea,* "***SE***"*; see "16.1.2 Conversion into a European Stock Corporation company*"), and as a basis for making strategic decisions, and/or (ii) management believes that these measures provide an enhanced understanding of the Group's underlying results and related trends, and/or (iii) management believes they represent similar measures that are widely used by securities analysts, investors and other interested parties as supplemental measures of operating and financial performance. These APMs may enhance management's and investors' understanding of the Group's financial performance and liquidity by excluding items that are outside of the Group's ongoing operations, such as taxes on income, costs of capital and non-cash expenses.

However, these APMs are not measures defined by IFRS, HGB or any other generally accepted accounting principles, and should not be considered as an alternative to the historical financial results or other indicators of the Group's performance based on measures defined by IFRS. They should not be considered as alternatives to net income or income from operations as indicators of the Group's performance or profitability or as alternatives to cash flows from operating, investing or financing activities as an indicator of the Group's liquidity. The APMs, as defined by the Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group's APMs are calculated. Even though the APMs are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of the Group's results or cash flows as reported under IFRS. Limitations on the APMs include the following:

- they exclude certain tax payments that may represent a reduction in cash available to the Group;

- they do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- they do not reflect changes in, or cash requirements for, the Group's working capital needs; and
- they do not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Group's debts.

The table below sets out the figures for the Group's APMs that are based on the Audited Consolidated Financial Statements, Unaudited Condensed Consolidated Interim Financial Statements and the Company's accounting records as of the reporting dates and for the reporting periods indicated:

	As of/for September 30,			As of/for the six-month period ended	
	2022	**2023**	**2024**	**March 31, 2024[2]**	**March 31, 2025[3]**
	(unaudited, unless otherwise indicated)			*(unaudited)*	
	(EUR thousands)				
EBITDA[1]	53,592	75,382	77,650	32,610	41,454
EBITDA Margin	14.7%	17.6%	16.5%	14.9%	17.1%
EBIT Margin	2.2%	3.0%	1.2%	(2.1)%	3.3%
Net Debt	131,633	166,672	210,736	—	222,450
Leverage Ratio (as a multiple)[4]	2.5	2.2	2.7	—	2.6[5]
Adjusted Cash Contribution	1,656	13,870	18,756	—	16,620
Cash Conversion Rate	3.1%	18.4%	24.2%	—	40.1%
Net Working Capital	63,343	69,791	89,936	—	91,427

Notes:

(1) Audited for the 2021/2022 Fiscal Year, the 2022/2023 Fiscal Year and the 2023/2024 Fiscal Year. For the purposes of the covenants under certain of its loan agreements, the Group calculates EBITDA according to definitions which in some cases result in different EBITDA amounts for the periods described in this table. For more information, please see Note 14 to the Audited 2023/2024 Consolidated Financial Statements and Note 12 to Audited 2022/2023 Consolidated Financial Statements.

(2) Comparative information for the six-month period ended March 31, 2024 has been adjusted in accordance with IAS 8.41 et seq. to reflect an impairment of goodwill amounting to EUR 8,562 thousand in the Healthcare Platform segment, of which EUR 4,082 thousand is attributable to Continued Operations (other operating expenses). Furthermore, an impairment of deferred tax assets in the amount of EUR 4,644 thousand (of which EUR 4,421 thousand are attributable to the six-month period ended March 31, 2024) has increased income tax expense for the comparative period. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

(3) Figures include Continued Operations and Discontinued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements. Refer to Note 5 of the Unaudited Condensed Consolidated Interim Financial Statements.

(4) The Leverage Ratio is calculated using the last twelve months EBITDA.

(5) Calculated using EBITDA from the last twelve months, which amounts to EUR 86,493 thousand for the period ending March 31, 2025 (based on EBITDA for the fiscal year ended September 30, 2024 less EBITDA for the six-month period ended March 31, 2024 plus EBITDA for the six-month period ended March 31, 2025).

2.9.2 Reconciliation and Relevance

2.9.2.1 EBITDA and EBITDA Margin

EBITDA for the Group is defined as earnings before income taxes plus financial expense, plus amortization and depreciation of intangible assets, property, plant and equipment and amortization of right of use assets as well as impairment of non-current assets, less financial income, while EBITDA Margin is defined as EBITDA as a percentage of total Company revenue. The Company believes that EBITDA and EBITDA Margin are meaningful financial measures to evaluate the Group's operating performance over time. The Company understands that these financial measures are also broadly used by analysts, rating agencies and investors in assessing other companies' operating performance.

The table below shows the reconciliation of the APMs EBITDA and EBITDA Margin for the Group (Continued Operations and Discontinued Operations) with respect to the six-month period ended March 31, 2024 and March 31, 2025 as derived from the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements, and Audited Consolidated Financial Statements respectively, for the periods indicated:

	As of September 30,			**As of the six-month period ended**	
	2022	**2023**	**2024**	**March 31, 2024[(1)]**	**March 31, 2025**
	(audited, unless otherwise indicated)			*(unaudited)*	
	(EUR thousands)				
Earnings before income taxes	4,145	4,097	(5,934)	(10,669)	5,173
Financial expense	5,313	9,989	12,794	6,803	6,263
Amortization of intangible assets	24,426	34,844	37,563	17,518	21,900
Depreciation of property, plant and equipment	9,024	9,720	9,838	4,667	4,891
Amortization of right of use assets	12,007	12,881	13,323	6,475	6,698
Impairment of non-current assets	0	5,132	11,051	8,562	0
Financial income	(1,323)	(1,281)	(986)	(747)	(3,471)
EBITDA	**53,592**	**75,382**	**77,650**	**32,610**	**41,454**
/Revenue	364,299	429,228	470,267	218,897	242,455
EBITDA Margin (*unaudited*)	**14.7%**	**17.6%**	**16.5%**	**14.9%**	**17.1%**

Note:

(1) Comparative information for the six-month period ended March 31, 2024 has been adjusted in accordance with IAS 8.41 et seq. to reflect an impairment of goodwill amounting to EUR 8,562 thousand in the Healthcare Platform segment, of which EUR 4,082 thousand is attributable to Continued Operations (other operating expenses). Furthermore, an impairment of deferred tax assets in the amount of EUR 4,644 thousand (of which EUR 4,421 thousand are attributable to the six-month period ended March 31, 2024) has increased income tax expense for the comparative period. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

EBITDA derived above for the six-month period ended March 31, 2024 and March 31, 2025 encompasses the Group as a whole including Discontinued Operations and Continued Operations and it is therefore not indicative of the Group's Continued Operations' performance (see also "*2.5.2 Financial Information*"). The table below shows the reconciliation of the APMs EBITDA and EBITDA Margin for Continued Operations as derived from the Group's Unaudited Condensed Consolidated Interim Financial Statements, including the restated comparative period for the six-month period ended March 31, 2024:

	As of the six-month period ended	
	March 31, 2024[(1)(2)]	**March 31, 2025**
	(unaudited)	
	(EUR thousands)	
Earnings before income taxes	4,895	24,622
Financial expense	6,783	6,245
Amortization of intangible assets	14,920	19,061
Depreciation of property, plant and equipment	4,525	4,806
Amortization of right of use assets	6,114	6,506
Impairment of non-current assets	4,082	-
Financial income	(4,083)	(5,064)
EBITDA	**37,237**	**56,175**
/Revenue	213,383	243,328
EBITDA Margin	**17.5%**	**23.1%**

Notes:

(1) The comparative information was adjusted due to the presentation of Discontinued Operations (see Note 5 in the Unaudited Condensed Consolidated Interim Financial Statements).

(2) Comparative information for the six-month period ended March 31, 2024 has been restated in accordance with IAS 8.41 et seq. to reflect an impairment of goodwill amounting to EUR 8,562 thousand in the Healthcare Platform segment, of which EUR 4,082 thousand is attributable to Continued Operations (other operating expenses). Furthermore, an impairment of deferred tax assets in the amount of EUR 4,644 thousand (of which EUR 4,421 thousand are attributable to the six-month period ended March 31, 2024) has increased income tax expense for the comparative period. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

2.9.2.2 EBIT Margin

EBIT Margin is defined as operating result (also presented as earnings before interest and tax or "EBIT") as a percentage of total Company segment revenue. The Company believes that EBIT Margin is a meaningful financial measure to evaluate the Group's performance over time. The table below shows the reconciliation of the APMs EBIT and EBIT Margin for the Group (Continued Operations and Discontinued Operations) with respect to the six-month period ended March 31, 2024 and March 31, 2025 as derived from the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements, and the Audited Consolidated Financial Statements, respectively, for the periods indicated:

	As of September 30,			As of the six-month period ended[3]	
	2022	**2023**	**2024**	**March 31, 2024[1][2]**	**March 31, 2025**
	(audited, unless otherwise indicated)			*(unaudited)*	
	(EUR thousands)				
Earnings before income taxes	4,145	4,097	(5,934)	(10,669)	5,173
Financial expense	5,313	9,989	12,794	6,803	6,263
Financial income	(1,323)	(1,281)	(986)	(747)	(3,471)
Operating result (EBIT)[4]	**8,135**	**12,805**	**5,874**	**(4,612)**	**7,965**
/Revenue	364,299	429,228	470,267	218,897	242,455
EBIT Margin (*unaudited*)	**2.2%**	**3.0%**	**1.2%**	**(2.1)%**	**3.3%**

Notes:

(1) The comparative information was adjusted due to the presentation of discontinued operations (see Note 5 in the Unaudited Condensed Consolidated Interim Financial Statements).

(2) Comparative information for the six-month period ended March 31, 2024 has been adjusted in accordance with IAS 8.41 et seq. to reflect an impairment of goodwill amounting to EUR 8,562 thousand in the Healthcare Platform segment, of which EUR 4,082 thousand is attributable to Continued Operations (other operating expenses). Furthermore, an impairment of deferred tax assets in the amount of EUR 4,644 thousand (of which EUR 4,421 thousand are attributable to the six-month period ended March 31, 2024) has increased income tax expense for the comparative period. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

(3) Figures for the six-month period ended March 31, 2025 and March 31, 2024 include Continued Operations and Discontinued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements.

(4) Audited for the 2021/2022 Fiscal Year, the 2022/2023 Fiscal Year and the 2023/2024 Fiscal Year.

2.9.2.3 Net Debt and Leverage Ratio

Net Debt is defined as the Group's interest-bearing loans (non-current and current) less cash and short-term deposits plus current and non-current lease liabilities and other current and non-current liabilities to banks. Leverage Ratio is defined as the ratio of Net Debt to EBITDA. The Company believes that Net Debt and Leverage Ratio are meaningful financial measures to evaluate financial indebtedness and capital structure, as well as for lenders to evaluate the Group's creditworthiness since these measures are often used to gauge the ability of a borrower to service its indebtedness. The Company understands that these financial measures are also broadly used by analysts, rating agencies and investors in assessing other companies' indebtedness.

The table below shows the reconciliation of the APMs Net Debt and Leverage Ratio for the Group (including assets and liabilities held for distribution) as of the six-month period ended March 31, 2025 and for the Group as of the fiscal years indicated:

	As of September 30,			As of the six-month period ended
	2022	**2023**	**2024**	**March 31, 2025** [(2)]
		(audited)		*(unaudited)*
		(EUR thousands)		
Interest-bearing loans (non-current and current).....	111,947	183,852	221,915	230,621
Cash and short-term deposits.....	(66,740)	(86,336)	(78,989)	(76,440)
Current lease liabilities	11,389	11,421	12,374	12,844
Non-current lease liabilities.....	54,860	50,597	46,311	45,802
Other current liabilities to banks.....	19,259	6,778	8,378	9,172
Other non-current liabilities to banks	918	360	747	451
**Net Debt..... **	**131,633**	**166,672**	**210,736**	**222,450**
/EBITDA[(1)]	53,592	75,382	77,650	86,493[(3)]
Leverage Ratio (as a multiple).....	**2.5**	**2.2**	**2.7**	**2.6[(3)]**

Notes:

(1) Calculated using EBITDA from the last twelve months. Audited for the 2021/2022 Fiscal Year, the 2022/2023 Fiscal Year and the 2023/2024 Fiscal Year.

(2) Figures include current assets and current liabilities, respectively, held for distribution, and EBITDA including Continued Operations and Discontinued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements.

(3) Calculated using EBITDA from the last twelve months, which amounts to EUR 86,493 thousand for the period ending March 31, 2025 (based on EBITDA for the fiscal year ended September 30, 2024 less EBITDA for the six-month period ended March 31, 2024 plus EBITDA for the six-month period ended March 31, 2025).

2.9.2.4 Adjusted Cash Contribution

Adjusted Cash Contribution is defined as EBITDA less investments in intangible assets and property, plant and equipment. The Company believes Adjusted Cash Contribution is a meaningful financial measure for ongoing cash flow performance since it indicates cash flow generation after outflows for sustaining and expanding operations.

The table below shows the reconciliation of the APM Adjusted Cash Contribution for the Group (including results from Continued Operations and Discontinued Operations) as of the six-month period ended March 31, 2025 and for the Group as of the fiscal years indicated:

	As of September 30,			As of the six-month period ended
	2022	**2023**	**2024**	**March 31, [1] 2025**
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
EBITDA[2]	53,592	75,382	77,650	41,454
Investments in intangible assets	(42,613)	(53,197)	(50,879)	(20,320)
Investments in property, plant and equipment	(9,323)	(8,315)	(8,015)	(4,514)
Adjusted Cash Contribution (*unaudited*)	**1,656**	**13,870**	**18,756**	**16,620**

Notes:

(1) Figures include Continued Operations and Discontinued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements.

(2) Audited for the 2021/2022 Fiscal Year, the 2022/2023 Fiscal Year and the 2023/2024 Fiscal Year.

2.9.2.5 Cash Conversion Rate

Cash Conversion Rate is defined as Adjusted Cash Contribution as a percentage of EBITDA. The Company believes Cash Conversion Rate is a meaningful financial measure for ongoing cash flow performance since it indicates the ability of the Group to turn profits into cash flows.

The table below shows the reconciliation of the APM Cash Conversion Rate for the Group (including results from Continued Operations and Discontinued Operations) as of the six-month period ended March 31, 2025 and for the Group as of the fiscal years indicated:

	As of September 30,			As of the six-month period ended
	2022	**2023**	**2024**	**March 31, 2025**
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
Adjusted Cash Contribution.....	1,656	13,870	18,756	16,620
/EBITDA[(1)]	53,592	75,382	77,650	41,454
**Cash Conversion Rate ..... **	**3.1%**	**18.4%**	**24.2%**	**40.1%**

Note:

(1) Audited for the 2021/2022 Fiscal Year, the 2022/2023 Fiscal Year and the 2023/2024 Fiscal Year. Figures for H1 2024/2025 include Continued Operations and Discontinued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements.

2.9.2.6 Net Working Capital

Net Working Capital is defined as current trade receivables, current inventories and current contract assets less current trade payables and current contract liabilities. The Company believes Net Working Capital is a meaningful financial measure as it provides insight into the Company's short-term liquidity, operational efficiency, and ability to manage its obligations by reflecting the interaction between current assets and current liabilities.

The table below shows the reconciliation of the APM Net Working Capital for the Group (including assets and liabilities held for distribution) as of the six-month period ended March 31, 2025 and for the Group as of the fiscal years indicated:

	As of September 30,			As of the six-month period ended
	2022	2023	2024	March 31, [(1)] 2025
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
Current trade receivables	58,071	72,482	83,526	74,837
Current inventories	59,742	64,830	68,262	63,704
Current contract assets	48,561	52,935	61,548	74,464
Current trade payables	(33,261)	(48,973)	(49,186)	(41,956)
Current contract liabilities	(69,770)	(71,483)	(74,214)	(79,622)
Net Working Capital (*unaudited*)	**63,343**	**69,791**	**89,936**	**91,427**

Note:

(1) Figures include assets and liabilities held for distribution. Refer to Note 5 of the Unaudited Condensed Consolidated Interim Financial Statements.

2.10 Negative Numbers and Rounding

Unless otherwise indicated, financial information presented in the text and tables in this Prospectus is shown in thousands or millions of Euro, rounded to a whole number. Percentage changes and ratios, as well as subtotals and totals in the text and tables of this Prospectus, are calculated based on the respective unrounded underlying numbers and then rounded to a whole percentage. Because of rounding, figures shown in tables in this Prospectus do not necessarily add up exactly to the respective totals or sub-totals presented, and aggregated percentages may not exactly equal 100%. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in this Prospectus. The financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

2.11 Time Specifications

References to "**CET**" in this Prospectus refer to Central European Time. References to time in this Prospectus refer to CET unless stated otherwise.

2.12 Enforcement of Civil Liabilities

The Company is a German Stock Corporation (*Aktiengesellschaft*) governed by German law and, following SE-Conversion, will be a European stock corporation (*Europäische Aktiengesellschaft; Societas Europaea, SE*) governed by European and German law, in particular the SE Regulation, and the majority of its assets are located outside the United States. In addition, the majority of the members of the Management Board, the Supervisory Board and, after the SE-Conversion, the Administrative Board are non-residents of the United States and substantially all of their assets are located outside the United States.

As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon United States' federal securities laws, may not be enforceable, either in whole or in part, in Germany. Furthermore, mandatory provisions of German law may apply regardless of any other law that would otherwise apply.

However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to rehear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany.

3 THE OFFERING

3.1 Subject Matter of the Offering

The Offering of ordinary registered shares of the Company with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*), each representing a notional share of EUR 1.00 in the Company's share capital (referenced as capital stock in the Audited Consolidated Financial Statements) and with full dividend rights in EUR as of October 1, 2024, consists of:

(i) 2,000,000 New Offer Shares;

(ii) 2,000,000 Existing Offer Shares;

(iii) 600,000 Over-Allotment Shares; and

(iv) 600,000 Additional Shares.

The price range is EUR 80.00 to EUR 100.00 per Offer Share (the "**Price Range**"). For a description of the proceeds of the Offering see "*4 Proceeds and Costs of the Offering and Admission to Trading*" and a more detailed use of proceeds of the Offering see "*5 Reasons For The Offering and Admission To Trading and Use Of Proceeds.*"

The Offer Shares will be offered through a public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933 (the "**Securities Act**"), in transactions exempt from the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

The Offer Shares have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction of the United States and may not be offered, sold or otherwise transferred to or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

As of the date of this Prospectus, Stefan Vilsmeier ("**SV**"), through SV2019 GmbH as his wholly owned subsidiary, holds just over 50.0% of the issued and outstanding share capital of the Company, EMH Digital Growth Fund GmbH & Co. KG holds 19.4% of the issued and outstanding share capital of the Company, which is attributed to Maximilian Kuss as its ultimate shareholder, BMB Verwaltungsgesellschaft mbH holds 12.6% of the issued and outstanding share capital of the Company, EMH Invest II GmbH & Co. KG holds 8.5% of the issued and outstanding share capital of the Company, EMH Invest I GmbH & Co. KG holds indirectly 7.3% of the issued and outstanding share capital of the Company, and other shareholders directly hold in total 2.2% of the issued and outstanding share capital of the Company.

The Company will only receive the proceeds from the sale of the New Offer Shares. The Selling Shareholders will receive any proceeds from the sale of the Existing Offer Shares, the Over-Allotment Shares, if and to the extent that the Greenshoe Option (as defined below) is exercised and the Additional Shares. The Company will not receive any proceeds from the sale of the Existing Offer Shares, the Over-Allotment Shares and the Additional Shares. For a detailed description of the shareholder structure following the Offering, see "*15 Shareholder Information*."

Berenberg and Deutsche Bank are acting as Joint Global Coordinators. COMMERZBANK, Jefferies and UniCredit are acting as Joint Bookrunners. The Joint Global Coordinators and the Joint Bookrunners are acting together as the Underwriters.

The Offer Shares will be offered by the Company and the Underwriters.

3.2 Price Range, Offer Period, Offer Price and Allotment and Payment

The Price Range for the Offering in which purchase orders may be placed is EUR 80.00 to EUR 100.00 per Offer Share.

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 24, 2025, and to expire on July 1, 2025 (the "**Offer Period**"). Offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) (CET) by private investors; and (ii) until 2:00 p.m. (CET) by institutional investors on the last day of the Offer Period. Price limits for purchase orders in EUR from private investors must be expressed in full EUR amounts.

Subject to the publication of a supplement to this Prospectus, if required, and publication by means of electronic media and, if required, by the provisions of MAR, as an *ad hoc* release via an electronic information dissemination system, the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators as representatives of the Underwriters, reserve the right to (i) increase or decrease the total number of Offer Shares; (ii) increase or decrease the upper limit and/or the lower limit of the Price Range; and/or (iii) extend or shorten the Offer Period.

Decreases or increases in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, pursuant to Article 23 para. 1 of the Prospectus Regulation in conjunction with Article 21 para. 2 of the Prospectus Regulation, investors who submitted purchase orders prior to the publication of the supplement have the right, exercisable within two working days of the publication of such supplement, to withdraw their offers to purchase, provided that the significant new factor, material mistake or material inaccuracy requiring the publication of a supplement to this Prospectus arose or was noted before the closing of the Offer Period or the delivery of the Offer Shares. Instead of withdrawing their offers to purchase Offer Shares placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two working days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the provisions of MAR, as an *ad hoc* release via an electronic information dissemination system, on the Company's website at www.brainlab.com under the section "Investor Relations" and as a supplement to this Prospectus. Upon the occurrence or non-occurrence of certain customary events, the Joint Global Coordinators, on behalf of the Underwriters, may terminate the underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters on June 23, 2025 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) in the Brainlab Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*19.5 Termination and Indemnification*").

The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the Offer Period by a bookbuilding process by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators as representatives of the Underwriters. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during the bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at achieving the highest possible Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market, given the demand for the Offer Shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing Offer Shares at a particular price, but also to the composition of the Company's shareholder structure that would be expected to result at a given price and expected investor behavior. The Company,

the Selling Shareholders and the Underwriters will not charge investors any expenses and taxes related to the Offering.

The Offer Price will be determined in Euros.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the results of the Offering) are expected to be published on or about July 1, 2025, by means of an *ad hoc* release on an electronic information dissemination system and the Company's website at www.brainlab.com under the section "Investor Relations." Investors who have placed orders to purchase Offer Shares with one of the Underwriters can obtain information from that Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. As the commencement of trading (*Aufnahme des Handels*) in the Brainlab Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange is expected to take place on the second business day following the setting of the Offer Price, investors may not have obtained information about the number of Offer Shares allotted to them when trading commences. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place on or about July 7, 2025. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders or to only accept them in part.

3.3 Expected Timetable for the Offering

The anticipated timetable for the Offering, which may be extended or shortened and remains subject to change, is as follows:

June 23, 2025	Approval of this Prospectus by BaFin. Publication of the approved Prospectus on the Company's website at www.brainlab.com under the section "Investor Relations." Application for admission of the Brainlab Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.
June 24, 2025	Commencement of the Offer Period.
June 30, 2025	Registration of the consummation of the capital increase in connection with the offering of the New Offer Shares based on the final number of New Offer Shares in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, and creation of the New Offer Shares.
July 1, 2025	Expiry of the Offer Period, which will occur at (i) 12:00 p.m. (noon) (CET) for private investors; and (ii) 2:00 p.m. (CET) for institutional investors on the last day of the Offer Period. Determination of the Offer Price and the final number of Offer Shares to be allocated. Publication of the Offer Price in the form of an *ad hoc* release on an electronic information dissemination system and on the Company's website at www.brainlab.com under the section "Investor Relations."
July 2, 2025	Admission to Trading for the Brainlab Shares to be granted by the Frankfurt Stock Exchange.
July 3, 2025	Commencement of trading in the Brainlab Shares on the Frankfurt Stock Exchange.

On or about July 7, 2025	Book-entry delivery of the Offer Shares against payment of the Offer Price (closing).

3.4 Information on the Brainlab Shares

3.4.1 Share Capital; Form of the Brainlab Shares

As of the date of this Prospectus, the share capital of the Company amounts to EUR 18,864,457.00 and is divided into 18,864,457 ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*). Each Brainlab Share represents a notional share of EUR 1.00 in the Company's share capital per Brainlab Share. All Brainlab Shares are fully paid up.

3.4.2 Voting rights

Each Brainlab Share carries one vote at the Company's general meeting (*Hauptversammlung*) (the "**General Meeting**"). All of the Brainlab Shares confer the same voting rights. There are no restrictions on voting rights.

3.4.3 Dividend and liquidation rights

The Brainlab Shares carry full dividend rights in EUR as of October 1, 2024. Shareholders who hold the Brainlab Shares on the day of the respective General Meeting's resolution on the allocation of the distributable profits is validly passed are entitled to dividend payments. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Brainlab Shares in proportion to their interest in the Company's share capital.

3.4.4 Form, certification of the Brainlab Shares and currency of the Brainlab Shares

The Brainlab Shares are represented by global share certificates (the "**Global Share Certificates**"), which are or will be deposited with Clearstream Banking AG ("**Clearstream**"). There will be no separate global dividend coupon (*Globalgewinnanteilschein*) or renewal coupon (*Erneuerungsschein*).

Prior to the SE-Conversion, Section 5 para. 3 of the Articles of Association and following the SE-Conversion, Section 6 para. 3 sentence 1 of the Articles of Association excludes the shareholders' right to receive individual share certificates. Following the SE-Conversion, The Administrative Board will be authorized to issue Global Share Certificates pursuant to Section 6 para. 3 sentence 2 of the Articles of Association. All Brainlab Shares provide holders thereof with the same rights and no Brainlab Shares provide any additional rights or advantages.

The Brainlab Shares are denominated in Euros.

3.4.5 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price and customary security commissions is expected to take place on or about July 7, 2025. The Offer Shares will be made available to investors as co-ownership interests (*Miteigentum*) in the Global Share Certificates through Clearstream.

The Offer Shares purchased in the Offering will be credited in the form of co-ownership interests in the Global Share Certificates deposited with Clearstream to a securities deposit account maintained by a German bank with Clearstream.

3.4.6 ISIN/WKN/Ticker Symbol

International Securities Identification Number ("**ISIN**")	DE0005207906
German Securities Code (*Wertpapierkennnummer*) ("**WKN**")	520790
Ticker Symbol	BNLB

3.5 Identification of Target Market

Solely for the purpose of the product governance requirements contained in: (i) the EU Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any responsibility and liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment, the Offer Shares do not offer guaranteed income and no capital protection, and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) have at least informed knowledge and experience with financial instruments and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators will only procure investors who meet the criteria of professional clients and eligible counterparties in the private placement parts of the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, purchase or take any other action whatsoever with respect to the Offer Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

3.6 Transferability of the Brainlab Shares and Lock-up

The Brainlab Shares are freely transferable in accordance with the legal requirements for registered shares (*auf den Namen lautende Stammaktien*). Except for the restrictions set forth in "*19.6 Selling Restrictions*," and other than the lock-up agreements entered into between the Company, the Selling Shareholders, EMH Invest II GmbH & Co. KG, Rainer Birkenbach and the Underwriters (see "*3.10 Lock-Up Agreements and Limitations on Disposal*") there are no prohibitions on disposals or restrictions with respect to the transferability of the Brainlab Shares.

3.7 Selling Shareholders

As of the date of this Prospectus, the Selling Shareholders have the following shareholdings in the Company: SV2019 GmbH holds just over 50.0%, EMH Digital Growth Fund GmbH & Co. KG holds 19.4%, BMB Verwaltungsgesellschaft mbH holds 12.6% and EMH Invest I GmbH & Co. KG holds 7.3% of the issued and outstanding share capital of the Company. As part of the Offering (including Over-Allotment Shares and Upsize Option), SV2019 GmbH offers 350,000 Existing Offer Shares, BMB Verwaltungsgesellschaft mbH offers 150,000 Existing Offer Shares, EMH Digital Growth Fund GmbH & Co. KG offers 1,088,686 Existing Offer Shares and EMH Invest I GmbH & Co. KG offers 411,314 Existing Offer Shares. EMH Digital Growth Fund GmbH & Co. KG offers 435,474 Over-Allotment Shares and EMH Invest I GmbH & Co. KG offers 164,526 Over-Allotment Shares. In connection with the Upsize Option, SV2019 GmbH may decide to sell 200,000 Additional Shares, EMH Digital Growth Fund GmbH & Co. KG may decide to sell 290,316 Additional Shares and EMH Invest I GmbH & Co. KG may decide to sell 109,684 Additional Shares.

For a discussion of the ownership structure of the Company, see "*15 Shareholder Information*."

3.8 Allotment Criteria

No agreement exists between the Company, the Selling Shareholders and the Underwriters as to the allotment procedure. The allotment of Offer Shares to private investors and institutional investors will be decided by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators as representatives of the Underwriters. The decision ultimately rests with the Company and the Selling Shareholders. Allotments will be made on the basis of the quality of the individual investors, such as the expected investment horizon and expected trading behavior of the investor, and individual orders and other important allotment criteria to be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators as representatives of the Underwriters. The allocation to private investors in the public offering in Germany will be compatible with the "Principles for the allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued on June 7, 2000, by the German Commission of Stock Exchange Experts published by the Stock Exchange Expert Committee (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). "Qualified investors" (*qualifizierte Anleger*) pursuant to the Prospectus Regulation as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) under the WpPG are not viewed as "private investors" within the meaning of the allocation rules.

3.9 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg, or its affiliates, acting in its own name and for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager**") and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse ("**MAR**") in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Brainlab Shares, thus alleviating sales pressure generated by short-term investors and maintaining an orderly market in the Brainlab Shares (the "**Stabilization Measures**").

The Stabilization Manager is under no obligation to take any Stabilization Measures. Therefore, no assurance can be provided that any Stabilization Measures will be taken. Where Stabilization Measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Brainlab Shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and must end no later than 30 calendar days thereafter (the "**Stabilization Period**").

Stabilization Measures are intended to provide support for the price of the Brainlab Shares during the Stabilization Period. These measures may result in the market price of the Brainlab Shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level. Stabilization Measures must not be executed above the Offer Price.

To facilitate such Stabilization Measures, investors may, in addition to the New Offer Shares and the Existing Offer Shares, be allocated up to 600,000 Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of such potential Over-Allotment, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG have agreed to make available to the Stabilization Manager, acting in its own name and for the account of the Underwriters, up to 600,000 Over-Allotment Shares in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the final number of New Offer Shares and Existing Offer Shares placed with investors. EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG have granted the Underwriters an option to acquire a number of Brainlab Shares equal to the number of allotted Over-Allotment Shares at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). The Stabilization Manager, acting in the name and for the account of the Underwriters, is entitled to exercise the Greenshoe Option during the Stabilization Period to the extent that Over-Allotment Shares were allocated to investors in the Offering.

Within one week of the end of the Stabilization Period, an announcement will be published by the Stabilization Manager via various media outlets distributed across the entire EEA (*Medienbündel*) as to (i) whether Stabilization Measures were undertaken; (ii) the date on which stabilization started and when it last occurred; (iii) the Price Range within which stabilization transactions were carried out (the latter will be made known for each date on which a price stabilization transaction was carried out); and (iv) the trading venues on which stabilization transactions were carried out, where applicable. Exercise of the Greenshoe Option will also be disclosed to the public promptly, together with all appropriate details, including, in particular, the date of exercise of the Greenshoe Option and the number of Over-Allotment Shares involved.

3.10 Lock-Up Agreements and Limitations on Disposal

3.10.1 Lock-up agreement with the Company

In the Underwriting Agreement, the Company has agreed with each Underwriter that, for a period of 180 days after the Brainlab Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 3, 2025), without the prior written consent of the Joint Global Coordinators, the Company, to the extent legally permissible, will not:

(i) announce or effect an increase of its share capital from authorized capital; or

(ii) submit a proposal to its General Meeting for an increase of its share capital; or

(iii) announce, effect, or propose the issuance of securities with conversion or option rights on shares of the Company; or

(iv) enter into a transaction or perform any action economically similar to those described in (i) through (iii) above.

The Company may, however, (i) issue or sell any shares or other securities (including actual or virtual options) under current and future management participation plans to former, current and future employees or members of executive bodies of the Company or its subsidiaries as well as to service providers and business partners of the Company and its subsidiaries or their respective investment vehicles, and (ii) pursue any corporate actions for the purpose of entering into any agreement regarding or resolution upon, the entering into any joint venture, other forms of cooperations or the acquisition of any companies, provided that in the case of (ii), the respective other parties to which such shares will be issued, agree towards the Underwriters to be bound by the same lock-up undertaking as the Company.

3.10.2 Lock-up agreement with the Selling Shareholders and others

(a) For the period of 360 days after the Brainlab Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 3, 2025), each of the Selling Shareholders, EMH Invest II GmbH & Co. KG, and Mr. Rainer Birkenbach has undertaken to each Underwriter that it will not and will not agree to without the prior written consent of the Joint Global Coordinators:

(i) offer, pledge, allot, sell, contract to sell, distribute, transfer or otherwise dispose of, directly or indirectly, any of their shares or securities in the Company, or

(ii) grant, issue or sell any option or conversion rights on the shares of the Company, or

(iii) enter into other transactions or perform any actions with a similar economic effect to those described in (i) and (ii), in particular enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of the shares, whether any such transaction is to be settled by delivery of the shares, in cash or otherwise.

The foregoing shall not apply to (i), in relation to the Selling Shareholders, transactions contemplated by Underwriting Agreement, (ii), in relation to the Selling Shareholders, the sale of any Offer Shares in the Offering,

(iii) a disposal in accordance with a court order or as required by law or regulation, (iv) any disposal of shares pursuant to a general offer made to all holders of shares of the Company made in accordance with takeover regulations on terms which treat all such holders alike, (v) off-market transactions among the Selling Shareholders or, in case of EMH Invest II GmbH & Co. KG and Mr. Rainer Birkenbach, off-market transactions with any other shareholder of the Company selling shares in the Offering, (vi) transfers to affiliates or legal successors of such Selling Shareholder, EMH Invest II GmbH & Co. KG, or Mr. Rainer Birkenbach, (vii) any future disposal for the purpose of pledging, charging or otherwise granting any security interest over any Shares or assigning any rights in relation to any shares ("**Security Interest**") to or for the benefit of any finance provider(s), including any margin loan lender(s) (and if applicable, its or their permitted assignees and transferees), or any security agent or trustee acting for any such finance provider(s) ("**Margin Loan Lender**"), in connection with a financing pursuant to and following any enforcement of any Security Interest over, or in relation to, shares granted by the respective Selling Shareholder, EMH Invest II GmbH & Co. KG, or Mr. Rainer Birkenbach to or for the benefit of any Margin Loan Lender, (ix) any disposal of shares for the purposes of selling, transferring or granting a Security Interest over (or enforcing such Security Interest by way of transfer, sale and/or appropriation) any shares that have previously been transferred, sold and/or appropriated to or by any person in accordance with (vii) above, and (ix) transfers or disposals of shares acquired after the date of the Underwriting Agreement, provided in each case of (v) through (vii) that each transferee or purchaser has agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period, by execution and delivery to the Joint Global Coordinators of a letter of adherence, which may only be waived with the consent of the Joint Global Coordinators.

3.10.3 Orderly Marketing Agreement

The Selling Shareholders and EMH Invest II GmbH & Co. KG intend to enter into an agreement amongst themselves regulating any disposal of Brainlab Shares by any of them for a period of 180 days following the end of the lock-up period described in section "*3.10.2 Lock-up agreement with the Selling Shareholders and others*" above, with a view to coordinating and conducting any disposals of Brainlab Shares in this period in an orderly manner. The agreement terminates with immediate effect with respect to a particular party, if that party ceases to have an interest of 3% or more of the Brainlab Shares in issue from time to time.

3.11 Admission to Trading on the Frankfurt Stock Exchange and Commencement of Trading

The Company will apply for the admission of the Brainlab Shares to trading, together with Deutsche Bank, on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on or about June 23, 2025.

The Admission to Trading for the Brainlab Shares is expected to be granted on July 2, 2025. The decision on the Admission to Trading will be made solely by the management (*Geschäftsführung*) of the Frankfurt Stock Exchange at its discretion. Trading in the Brainlab Shares on the Frankfurt Stock Exchange is expected to commence on July 3, 2025.

3.12 Designated Sponsor

Berenberg has been mandated as designated sponsor of the Brainlab Shares traded on the Frankfurt Stock Exchange. Pursuant to the designated sponsor agreement concluded between the designated sponsor and the Company, the designated sponsor will, among other things, place limited buy and sell orders for the Brainlab Shares in the electronic trading system XETRA of the Frankfurt Stock Exchange during regular trading hours. This is intended to achieve greater liquidity in the market for the Brainlab Shares.

3.13 Interests of Parties Participating in the Offering

In connection with the Offering of the Offer Shares and the Admission to Trading of the Brainlab Shares, the Underwriters entered into an underwriting agreement with the Company and the Selling Shareholders (for details, see "*19 Underwriting*").

The Underwriters are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering and on coordinating the structuring and execution of the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients, nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein. Upon successful implementation of the Offering, the Underwriters will receive a commission and the size of this commission depends on the results of the Offering. Pursuant to the Underwriting Agreement, the Company (in relation to the New Offer Shares sold in the Offering) and the Selling Shareholders (pro rata in relation to the Existing Offer Shares, Over-Allotment Shares and Additional Shares placed in the Offering (to the extent that the Greenshoe Option and the Upsize Option have been exercised)) have agreed to pay the Underwriters a base fee equal to 2.0% of the gross proceeds of the Offering (together the "**Base Fee**"). In addition, the Company (in relation to the New Offer Shares sold in the Offering) and the Selling Shareholders (pro rata in relation to the Existing Offer Shares, the Over-Allotment Shares and the Additional Shares placed in the Offering (to the extent that the Greenshoe Option and the Upsize Option have been exercised)) may, in their sole discretion, decide to award the Underwriters a discretionary fee of up to 1.0% of the gross proceeds of the Offering (together, the "**Discretionary Fee**"). The final amount of the Discretionary Fee (if any) to be awarded to each individual Underwriter will be determined by the Company and the Selling Shareholders at their sole discretion. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms.

The Underwriters or their affiliates may have, and may from time to time in the future continue to have, business relations with the Company and the Selling Shareholders, including lending, corporate finance, advisory, investment banking, commercial banking, corporate broker and trading activities, or may perform services for the Company and the Selling Shareholders in the ordinary course of business for which they have received or may receive customary fees and commissions. In particular, COMMERZBANK, as well as affiliates of UniCredit and Deutsche Bank, are lenders under a facility agreement with the Company and certain of its subsidiaries in an amount of EUR 180.0 million (see "*12.21.3.1 Syndicated Loan Agreement*") and UniCredit is a lender under a promissory note loan (*Schuldscheindarlehen*) in the amount of EUR 22.0 million (see "*12.21.3.3 German Promissory Note*"). In addition, SV and Berenberg have entered into a loan agreement pursuant to which Berenberg granted SV a loan of up to EUR 30 million in connection with an investment in real estate. The loan agreement provides for mandatory repayment upon certain cash events for SV, including completion of the Offering. Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates may take up a portion of the Brainlab Shares in the Offering as a principal position and, in that capacity, may retain, purchase or sell such Brainlab Shares or related investments for its own account and may offer or sell such Brainlab Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Brainlab Shares being offered or placed should be read as including any offering or placement of Brainlab Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Brainlab Shares. None of the Underwriters or any of their respective affiliates intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, Berenberg has been mandated to act as designated sponsor for the Brainlab Shares and COMMERZBANK has been mandated to act as paying agent.

Members of the Supervisory Board and Management Board or, after the SE-Conversion, the Administrative Board may decide to place an order to purchase Offer Shares in the Offering. As a result, such members would have an interest in the completion of the Offering. Stephan Vilsmeier and Sebastian Kuss, who are members of the Supervisory Board and Management Board or, after the SE-Conversion, the Administrative Board, hold functions at a Selling Shareholder. Certain members of the Supervisory Board and Management Board or, after the SE-Conversion, the Administrative Board will also receive an IPO-Bonus upon successful completion of the Offering.

Accordingly, their interests with respect to the Offering and Admission to Trading may not be aligned with those of the Company or the Company's other shareholders, which constitutes a potential conflict of interest.

The Company will receive the proceeds from the sale of the New Offer Shares (after deduction of fees and commissions). Accordingly, the Company has an interest in the success of the Offering on the best possible terms.

The Selling Shareholders will receive the proceeds from the sale of the Existing Offer Shares and the shares sold under the Greenshoe Option (after deduction of fees and commissions). Accordingly, the Selling Shareholders have an interest in the success of the Offering on the best possible terms.

None of the aforementioned interests in the Offering constitute a conflict of interest that is material to the Offering.

4 PROCEEDS AND COSTS OF THE OFFERING AND ADMISSION TO TRADING

The Company will only receive the proceeds from the sale of the New Offer Shares. The Selling Shareholders will receive any proceeds from the sale of the Existing Offer Shares, the Over-Allotment Shares, if and to the extent the Greenshoe Option is exercised and the Additional Shares, if and to the extent that the Upsize Option is exercised. The Company will not receive any proceeds from the sale of the Existing Offer Shares, the Over-Allotment Shares and the Additional Shares.

The Company estimates that, at the low end, mid-point and high end of the Price Range, net proceeds attributable to the Company would amount to EUR 152.59 million, EUR 171.99 million and EUR 191.39 million, respectively, after deducting the costs and expenses related to the Offering and Admission to Trading related to such number of New Offer Shares that include Underwriters' commissions (assuming the full payment of both a base fee and a discretionary fee) and other estimated expenses, (in each case attributable to such number of New Offer Shares being placed) of estimated EUR 7.41 million, EUR 8.01 million and EUR 8.61 million, respectively.

Assuming placement of the maximum number of Existing Offer Shares, Over-Allotment Shares (and full exercise of the Greenshoe Option) and Additional Shares, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds attributable to the Selling Shareholders would amount to approximately EUR 256.00 million, EUR 288.00 million and EUR 320.00 million, respectively.

Assuming placement of the maximum number of Existing Offer Shares, Over-Allotment Shares (and full exercise of the Greenshoe Option) and Additional Shares, the Company estimates that at the low end, mid-point and high end of the Price Range, net proceeds attributable to the Selling Shareholders would amount to approximately EUR 238.95 million, EUR 269.99 million and EUR 301.03 million, respectively, after deducting the costs and expenses related to the Offering and Admission to Trading related to the maximum number of Existing Offer Shares, Over-Allotment Shares (full exercise of the Greenshoe Option) and Additional Shares which include Underwriters' commissions (assuming the full payment of both a base fee and a discretionary fee) and other estimated expenses, in each case attributable to the maximum number of Existing Offer Shares, Over-Allotment Shares (full exercise of the Greenshoe Option) and Additional Shares of estimated EUR 17.05 million, EUR 18.01 million and EUR 18.97 million, respectively.

Assuming an Offer Price at the mid-point of the Price Range, placement of 2,000,000 New Offer Shares, placement of the maximum number of Existing Offer Shares, Over-Allotment Shares (full exercise of the Greenshoe Option) and Additional Shares and assuming the full payment of both a base fee and a discretionary fee attributable to such number of Offer Shares, the costs and expenses of the Company and the Selling Shareholders related to the Offering and the Admission to Trading are expected to amount to approximately EUR 26.03 million: thereof, the Selling Shareholders will bear approximately EUR 18.01 million and the Company will bear approximately EUR 8.01 million.

Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriters in connection with their role as underwriters. Investors may, however, have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

5 REASONS FOR THE OFFERING AND ADMISSION TO TRADING AND USE OF PROCEEDS

The Company intends to pursue the Offering and to list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the sale of the New Offer Shares and to gain access to the capital markets. The Company believes that this access will support the execution of the Group's growth strategy and strengthen its balance sheet, thereby enhancing its financial flexibility to further pursue accelerated profitable growth.

The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the sale of the Existing Offer Shares, the Over-Allotment Shares, if and to the extent that the Greenshoe Option is exercised, and the Additional Shares and to allow the Company to gain more efficient access to the capital markets.

Assuming completion of the Offering at the mid-point of the Price Range, the Company estimates that net proceeds attributable to the Company would amount to EUR 171.99 million, after deducting the costs and expenses related to the Offering and Admission to Trading related to such number of New Offer Shares which include Underwriters' commissions (assuming the full payment of both a base fee and a discretionary fee) and other estimated expenses (for more details regarding the net proceeds and related cost and expenses resulting from the sale of the New Offer Shares see "*4 Proceeds and Costs of the Offering and Admission to Trading*"). The Company intends to use the net proceeds in the following order of priority:

(i) Commercialization of the Group's integrated product suite, with a focus on up- and cross-selling in the Group's core segments: Spinal and Cranial Surgery as well as Radiosurgery.

(ii) Expansion into adjacent verticals grouped under the Group's Other Surgery segment, including orthopedics, sports medicine, ear, nose and throat (ENT), and interventional cardiology.

(iii) Strengthening of the Group's sales and clinical support organization, by leveraging the existing salesforce and adding specialized application consultants across both existing and new clinical domains.

(iv) Piloting of go-to-market strategies for ambulatory surgery centers, including the deployment of dedicated direct sales teams in selected test markets and entry into adjacent and distributor markets.

(v) Partial deleveraging, by reducing currently outstanding tranches under the Group's revolving credit facility, with the aim of enhancing strategic and financial headroom to support long-term growth (see "*10.9.1 Financial Liabilities*").

Until used as intended, the proceeds will be kept as cash or cash equivalent demand deposits.

6 DILUTION

According to the Unaudited Condensed Consolidated Interim Financial Statements, the Group's Net Asset Value, which is calculated as total assets less total non-current and current liabilities, amounted to EUR 190.592 million as of March 31, 2025, and would amount to EUR 10.10 per Brainlab Share based on 18,864,457 outstanding Brainlab Shares immediately prior to the capital increase in connection with the offering of the New Offer Shares.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price at the low-point, mid-point and high-point of the Price Range exceeds the adjusted net book value attributable to shareholders per share after completion of the Offering assuming that the capital increase of the maximum amount of 2,000,000 Brainlab Shares in connection with Offering had taken place on March 31, 2025, and therefore assuming 20,864,457 outstanding Brainlab Shares of the Company upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity attributable to Shareholders per Share**"). In this respect, the Net Asset Value is adjusted by the total net proceeds to the Company in the amount of EUR 152,588,937.73 at the low-end, EUR 171,988,937.73 at the mid-point and EUR 191,388,937.73 at the high-end of the Offering, resulting in an adjusted net asset value of EUR 343,180,937.73, EUR 362,580,937.73 and EUR 381,980,937.73 respectively (being referred to as "**Post-IPO Equity**").

	As of March 31, 2025 *(unaudited)*		
	Low-end	Mid-point	High-end
Net Asset Value (in EUR million)		190.592	
Net Asset Value per share based on 18,864,457 outstanding shares of the Company immediately prior to the capital increase in connection with the Offering (in EUR)		10.10	
Offer Price per share (in EUR)	80.00	90.00	100.00
Total gross proceeds to the Company (in EUR million)	160.00	180.00	200.00
Estimated total costs and expenses of the Offering to be borne by the Company (including underwriting and placement commissions payable to the Underwriters and assuming further payment in full of the Discretionary Fee) (in EUR million)	7.41	8.01	8.61
Total net proceeds to the Company (in EUR million)	152.59	171.99	191.39
Post-IPO Equity (in EUR million)	343.18	362.58	381.98
Post-IPO Equity attributable to Shareholders per Share (in EUR) (assuming 20,864,457 outstanding shares of the Company upon completion of the Offering)	16.45	17.38	18.31
Amount by which the Offer Price per share exceeds the Post-IPO Equity attributable to Shareholders per Share (immediate dilution to the new shareholders of the Company per share) (in EUR)	63.55	72.62	81.69
Percentage by which the Offer Price per share exceeds the Post-IPO Equity attributable to Shareholders per Share (in %)	386%	418%	446%
Amount by which the Post-IPO Equity attributable to Shareholders per Share exceeds the Net Asset Value per	6.34	7.27	8.20

	As of March 31, 2025 *(unaudited)*		
	Low-end	Mid-point	High-end
share based on 18,864,457 outstanding shares of the Company immediately prior to the capital increase in connection with the offering of the New Offer Shares (in EUR) (immediate accretion to the existing shareholders of the Company)			
Percentage by which Post-IPO Equity attributable to Shareholders per Share exceeds the Net Asset Value per share based on 18,864,457 outstanding shares of the Company immediately prior to the capital increase in connection with the offering of the New Offer Shares (in %)	63%	72%	81%

Each of the New Offer Shares will have the same voting rights as the Company's existing Brainlab Shares.

Prior to the Offering the existing shareholders held 100.0% of the voting rights of the outstanding Brainlab Shares. Upon completion of the Offering (including full exercise of the Greenshoe Option and the Upsize Option), the aggregate voting rights held by the existing shareholders would amount to 75.1% (see also "*15.1 Current Shareholders*").

7 DIVIDEND POLICY

As of the date of this Prospectus, the Company is organized in the legal form of an AG (as defined below). Therefore, the descriptions that relate to the Administrative Board apply mutatis mutandis to the Supervisory Board (as defined below) and the descriptions that relate to the Managing Directors apply mutatis mutandis to the Management Board.

7.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of profits in the Company is determined based on their respective interest in the Company's share capital.

The distribution of dividends for any given fiscal year, and the amount and payment date thereof, are resolved by the ordinary general meeting (*ordentliche Hauptversammlung*) of the subsequent fiscal year, based upon a proposal by the Administrative Board. The annual General Meeting must be held within the first six months of each fiscal year.

Dividends may only be distributed from a distributable balance sheet profit (*Bilanzgewinn*) of the Company which is calculated based on the Company's unconsolidated (separate) financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch,* "**HGB**"). Such accounting principles differ from IFRS in material respects.

When determining distributable profits, the profit or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit or loss carryforwards (*Gewinn-/Verlustvorträge*) from the previous fiscal year, withdrawals from or transfers to capital reserves (retained earnings). Certain reserves are required to be set up by law and amounts mandatorily allocated to these reserves in the relevant fiscal year must be deducted when calculating the balance sheet profit available for distribution. Certain additional limitations apply pursuant to Section 268 para. 8 HGB if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. Subject to certain statutory restrictions, the General Meeting is entitled to transfer additional amounts to the reserves or carry them forward.

The Company's managing directors (the "**Managing Directors**", geschäftsführende Direktoren) must prepare, *inter alia*, unconsolidated (separate) financial statements for the previous fiscal year by the statutory deadline and present these to the Company's Administrative Board and the auditors immediately after preparation. At the same time, the Company's Managing Directors must present to the Company's Administrative Board a proposal for the allocation of the Company's net retained profits. The Company's Administrative Board must review and endorse (*billigen*) the unconsolidated financial statements and the proposal for the allocation of the distributable balance sheet profit or make its own proposal and report to the General Meeting in writing on the results of such review.

The General Meeting's resolution on the allocation of the distributable balance sheet profit requires a simple majority of the votes cast to be passed without being bound by the proposal from the Administrative Board. The General Meeting may also resolve to transfer amounts to the surplus reserves or to carry forward any profits. The General Meeting may also, to the extent permitted by law and the Articles of Association, approve the distribution of non-cash dividends (*Sachdividende*) instead of cash dividends or on another use of the distributable balance sheet profit including a use other than a distribution among the shareholders.

Dividends resolved by the General Meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant General Meeting, unless a longer due date is provided for in the dividend resolution or the Articles of Association. Since all of the dividend entitlements attached to the Brainlab Shares will be evidenced by Global Share Certificates deposited with Clearstream, dividends as a result of dividend rights attached to the Brainlab Shares will be paid via Clearstream to the shareholders' custodian banks for the benefit of shareholders. German custodian banks are under an obligation to distribute the respective funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank about the terms and conditions applicable in their case. Details on dividend payments and the respective payment agent will be published in the German Federal Gazette (*Bundesanzeiger*). To the extent that dividends can be distributed

by the Company in accordance with the AktG and the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*20.2.2 Taxation of Dividends.*"

Dividend payment claims are subject to a three-year limitation period. Once time-barred after three years, the relevant dividend payment claims pass to the Company.

7.2 Dividend Policy

Subject to the distributable balance sheet profit (*Bilanzgewinn*) of the Company on an unconsolidated basis and subject to prevailing market conditions and the economic situation at the time of the distribution, the Company currently is targeting to pay a dividend in the medium term.

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Group's results of operations, financial condition, contractual restrictions and capital requirements. Any proposals of the Company's Administrative Board to pay dividends is subject to the approval of the General Meeting. The Company depends to a significant extent on the transfer of distributable profits from its operating subsidiaries. The Company can make no predictions as to the size of any future profits available for distribution, and hence the Company cannot guarantee that dividends will be paid in the future.

8 CAPITALIZATION, INDEBTEDNESS AND STATEMENT ON WORKING CAPITAL

*The following tables set forth the Group's actual capitalization and indebtedness as of March 31, 2025 derived from the Company's Unaudited Condensed Consolidated Interim Financial Statements or from the Company's accounting records as well as adjusted as if the Snke Spin-Off and the Level Ex Pharma Sale and the capital increase in connection with the issuance of the New Offer Shares had occurred as of March 31, 2025 ("**Adjusted Capitalization**" and "**Adjusted Indebtedness**," respectively). Investors should read these tables in conjunction with "10 Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2025, including the notes thereto, contained in this Prospectus.*

The Adjusted Capitalization and the Adjusted Indebtedness are based on certain assumptions and are presented for illustrative purposes only. Due to their nature, the Adjusted Capitalization and the Adjusted Indebtedness describe only a hypothetical situation and, therefore, do not purport to represent what the actual results of operations or financial position of the Company would have been if the Snke Spin-Off and the Level Ex Pharma Sale and the capital increase in connection with the issuance of the New Offer Shares had occurred as of March 31, 2025 nor are necessarily indicative of the Company's results of operations or financial position after the completion of the Snke Spin-Off and the Level Ex Pharma Sale and the capital increase in connection with the issuance of the New Offer Shares. Therefore, the Company's actual results of operations and financial position after the completion of the Snke Spin-Off and the Level Ex Pharma Sale and the capital increase in connection with the issuance of the New Offer Shares may differ significantly from those reflected in the Adjusted Capitalization and the Adjusted Indebtedness.

8.1 Capitalization

		Adjustments for		
	As of March 31, 2025*	**the Offering****	**the accounting effects of the Snke Spin-Off and Level Ex Pharma Sale*****	**Adjusted Capitalization as of March 31, 2025********
	(unaudited)			
	(in EUR thousands)			
Total current debt[1][2] (including current portion of non-current debt)	**215,174**	—	**(18,581)**	196,593
of which guaranteed	—	—	—	—
of which secured	—	—	—	—
of which unguaranteed/unsecured	215,174	—	(18,581)	196,593
Total non-current debt[3] (excluding current portion of non-current debt)	**333,589**	—	—	**333,589**
of which guaranteed	—	—	—	—
of which secured	—	—	—	—
of which unguaranteed/unsecured	333,589	—	—	333,589
Total shareholders' equity[4][5]	**190,592**	**152,589**	**118**	**343,299**
of which share capital[6]	18,864	2,000	—	20,864

	As of March 31, 2025*	Adjustments for the Offering**	Adjustments for the accounting effects of the Snke Spin-Off and Level Ex Pharma Sale***	Adjusted Capitalization as of March 31, 2025****
		(unaudited)		
		(in EUR thousands)		
of which legal reserve(s)[7]	32,535	161,425	—	193,960
of which other reserves[8][9]	139,193	(10,836)	118	128,475
Total	**739,355**	**152,589**	**(18,463)**	**873,481**

Notes:

(*) Extracted or derived from the Company's unaudited interim consolidated statement of financial position in the Unaudited Condensed Consolidated Interim Financial Statements or the Company's accounting records.

(**) Reflects adjustments for the effects of the Offering (i) assuming the placement of 2,000,000 New Offer Shares at the low-point of the Price Range, (ii) expected net proceeds from the Offering of EUR 152.6 million based on the gross proceeds of the issuance of New Offer Shares attributable to the Company which amount to EUR 160.0 million, minus the costs and expenses related to the Offering and Admission to Trading related such number of New Offer Shares attributable to the Company of approximately EUR 16.8 million, of which EUR 5.9 million are deductible, EUR 9.4 million reimbursable (assuming full exercise of the Upsize Option), and EUR 10.8 million are recognized under other reserves (assuming payment of the Company's discretionary fee in full). The adjustments in this column do not reflect any tax effects.

(***) Reflects the net impact on the Company's Unaudited Condensed Consolidated Interim Financial Statements derived from the pro forma consolidated statement of financial position as of March 31, 2025 as presented in "*9 Pro Forma Consolidated Financial Information.*"

(****) Adjusted Capitalization as of March 31, 2025 considering capitalization as extracted or derived from the Company's unaudited interim consolidated statement of financial position in the Unaudited Condensed Consolidated Interim Financial Statements or the Company's accounting records as well as adjustments thereto as set forth in (**) and (***).

(1) Total current debt corresponds to the Company's unaudited consolidated interim statements of financial position item "total current liabilities" in the Unaudited Condensed Consolidated Interim Financial Statements.

(2) Total current debt as adjusted corresponds to the pro forma interim consolidated statement of financial position item "total current liabilities" as presented in "*9 Pro Forma Consolidated Financial Information.*"

(3) Total non-current debt corresponds to the Company's unaudited interim consolidated statement of financial position item "total non-current liabilities" in the Unaudited Condensed Consolidated Interim Financial Statements.

(4) Shareholder equity corresponds to the Company's unaudited interim consolidated statement of financial position item "total equity" in the Unaudited Condensed Consolidated Interim Financial Statements.

(5) Shareholder equity as adjusted corresponds to the pro forma interim consolidated statement of financial position item "total equity" as presented in "*9 Pro Forma Consolidated Financial Information.*"

(6) Share capital corresponds to the Company's unaudited interim consolidated statement of financial position item "Issued capital" in the Unaudited Condensed Consolidated Interim Financial Statements.

(7) Legal reserves correspond to the Company's unaudited interim consolidated statement of financial position item "capital reserves" in the Unaudited Condensed Consolidated Interim Financial Statements.

(8) Calculated as the sum of the Company's unaudited interim consolidated statement of financial position items "revenue reserves," "other comprehensive income" and "non-controlling interests" in the Unaudited Condensed Consolidated Interim Financial Statements.

(9) Calculated as the sum of the pro forma interim consolidated statement of financial position items "revenue reserve," "other comprehensive income" and "non-controlling interests" as presented in "*9 Pro Forma Consolidated Financial Information.*"

8.2 Indebtedness

	As of March 31, 2025*	Adjustments for the Offering**	Adjustments for the accounting effects of the Snke Spin-Off and Level Ex Pharma Sale***	Adjusted Indebtedness as of March 31, 2025****
		(unaudited)		
		(in EUR thousands)		
A. Cash[(1)(2)]	54,492	152,589	—	207,081
B. Cash equivalents[(1)]	—	—	—	—
C. Other current financial assets[(3)(4)]	10,874	—	22,103	32,977
D. Liquidity (A)+(B)+(C)	65,366	152,589	22,103	240,058
E. Current financial debt[(5)] (including debt instruments, but excluding current portion of non-current financial debt)	30,036	—	—	30,036
F. Current portion of non-current financial debt	—	—	—	—
G. Current financial indebtedness (E+F)	30,036	—	—	30,036
H. Net current financial indebtedness (G-D)	(35,330)	(152,589)	(22,103)	(210,022)
I. Non-current financial debt[(6)] (excluding current portion and debt instruments)	50,643	—	—	50,643
J. Debt instruments[(7)]	220,615	—	—	220,615
K. Non-current trade and other payables	—	—	—	—
L. Non-current financial indebtedness (I+J+K)	271,258	—	—	271,258
M. Total financial indebtedness (H+L)	235,927	(152,589)	(22,103)	61,236

Notes:

(*) Extracted or derived from the Company's unaudited interim consolidated statement of financial position as of and for the six months ended March 31, 2025 or the Company's accounting records.

(**) Reflects adjustments for the effects of the Offering (i) assuming the placement of 2,000,000 New Offer Shares at the low-point of the Price Range, (ii) expected net proceeds from the Offering of EUR 152.6 million based on the gross proceeds of the issuance of New Offer Shares attributable to the Company which amount to EUR 160.0 million, minus the costs and expenses related to the Offering and Admission to Trading related such number of New Offer Shares attributable to the Company of approximately EUR 16.8 million (assuming payment of the Company's discretionary fee in full), of which EUR 9.4 million reimbursable (assuming full exercise of the Upsize Option).

(***) Reflects the net impact on the Company's Unaudited Condensed Consolidated Interim Financial Statements derived from the pro forma consolidated statement of financial position as of March 31, 2025 as presented in "*9 Pro Forma Consolidated Financial Information*."

(****) Adjusted indebtedness as of March 31, 2025 considering indebtedness as extracted or derived from the Company's unaudited interim consolidated statement of financial position in the Unaudited Condensed Consolidated Interim Financial Statements or the Company's accounting records as well as adjustments thereto as set forth in (**) and (***).

(1) The sum of Cash and Cash equivalents corresponds to the Company's unaudited consolidated statement of financial position item "cash and short-term deposits" in the Unaudited Condensed Consolidated Interim Financial Statements.

(2) Cash comprises primarily bank balances. Cash is not separately reported in the Company's unaudited interim consolidated statement of financial position in the Unaudited Condensed Consolidated Interim Financial Statements.

(3) Other current financial assets are included in the Company's unaudited interim consolidated statement of financial position item current "other financial assets" in the Unaudited Condensed Consolidated Interim Financial Statements. Other financial assets comprise research grants (EUR 2,406 thousand), a short-term loan (EUR 7,615 thousand) and sundry financial assets (EUR 853 thousand).

(4) Other current financial assets as adjusted are included in the pro forma interim consolidated statement of financial position item current "other financial assets" as presented in "*9 Pro Forma Consolidated Financial Information.*" Other financial assets comprise research grants (EUR 2,406 thousand), short-term loans (EUR 29,718 thousand) and sundry financial assets (EUR 853 thousand).

(5) Current financial debt is included in the Company's unaudited interim consolidated statement of financial position item current "other financial liabilities" in the Unaudited Condensed Consolidated Interim Financial Statements. Current financial debt is related to contingent considerations (EUR 6,514 thousand) and derivatives (EUR 1,289 thousand). Furthermore, in the position of current financial debt are lease liabilities (EUR 12,498 thousand) and the current position of "Interest-bearing loans and borrowings" of the Company's unaudited interim consolidated statement of financial position in the Unaudited Condensed Consolidated Interim Financial Statements, which is mainly related to bank loans/syndicated loan and promissory notes (*Schuldscheindarlehen*).

(6) Calculated as the sum of the Company's unaudited interim consolidated statement of financial position item non-current "lease liabilities" (EUR 45,012 thousand) in the Unaudited Condensed Consolidated Interim Financial Statements, other non-current financial liabilities related to derivatives (EUR 451 thousand) and liabilities in connection with business combinations (EUR 5,180 thousand) included in the Company's unaudited consolidated statement of financial position item non-current "other financial liabilities" in the Unaudited Condensed Consolidated Interim Financial Statements.

(7) Debt instruments correspond to the Company's unaudited interim consolidated statement of financial position item "Interest-bearing loans and borrowings" in the Unaudited Condensed Consolidated Interim Financial Statements and comprise bank loans/syndicated loan and promissory notes (*Schuldscheindarlehen*) (EUR 220,615 thousand).

8.3 Lease Liabilities

As of March 31, 2025, current financial debt included current lease liabilities in the amount of EUR 12,498 thousand and non-current financial-debt included non-current lease liabilities in the amount of EUR 45,012 thousand.

8.4 Indirect and Contingent Indebtedness

The Group had contingent liabilities and other obligations in the amount of EUR 23.8 million as of March 31, 2025.

Except as set out above, the Group did not have any other commitments or contingencies as of March 31, 2025, that would have a material negative impact on the Group's net assets, financial position and results of operations.

8.5 Statement on Working Capital

In the Company's opinion, the working capital of the Group is sufficient to meet the Group's present requirements over at least the next 12 months from the date of this Prospectus. The receipt of any proceeds from the Offering has not been taken into account by the Company in connection with the aforementioned statement.

9 PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

9.1 Introduction

The following Pro Forma Consolidated Financial Information (as defined below) has been prepared in connection with the spin-off of the shares in Snke OS GmbH, as well as the profit and loss transfer agreement concluded on December 22/23, 2021 between Brainlab AG (a German stock corporation (*Aktiengesellschaft*), hereinafter "**Brainlab AG**", or "**Company**") and Snke OS GmbH, and the profit and loss transfer agreement concluded on December 22/23, 2021 between the Company and Mint Medical GmbH, a wholly owned subsidiary of Snke OS GmbH (together "**PLTAs**"), from the Company to Snke Holding SE by inclusion (the spin-off of the Snke OS GmbH shares together with the PLTAs to the absorbing entity Snke Holding SE, hereinafter the "**Snke Spin-Off**"), as well as the sale of the Level Ex Pharma Business (as defined below).

On March 17, 2025, the management board of the Company adapted a draft spin-off and acquisition agreement for the transfer of all of its 25,003 shares in Snke OS GmbH, with its registered office in Munich and registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 258098 ("**Snke OS GmbH**", and together with its controlled companies within the meaning of Section 17 AktG ("**Snke Group**")), as well as the PLTAs, by way of a spin-off for absorption in accordance with section 123 para. 2 no. 1 of the German Transformation Act (*Umwandlungsgesetz*, "**UmwG**") to Snke Holding SE, with its registered office in Munich, registered in the commercial register of the local court (Amtsgericht) of Munich under HRB 297907 ("**Snke Holding SE**") as the acquiring entity. The Snke Group comprises the legal entities Snke OS GmbH, Mint Medical GmbH, Mint Medical Inc., Immersive Surgical Ltd and Snke Inc.

Prior to the Snke Spin-Off, Snke OS GmbH and Snke Holding SE were each wholly owned subsidiaries of the Company. Snke Holding SE was initially founded as a shelf company under Blitz 24-896 SE with a share capital of EUR 120,000.00, representing 120,000 shares, until its acquisition by the Company on March 14, 2025, for the purpose of the Snke Spin-Off. On March 31, 2025, Brainlab AG as sole shareholder of Snke Holding SE, adopted a resolution at the extraordinary general meeting of Snke Holding SE to increase the share capital of Snke Holding SE against cash contributions by EUR 1,265,170.00 to EUR 1,385,170.00 by issuing 1,265,170 new shares in Snke Holding SE and to subscribe for these new shares in Snke Holding SE at the issue price of EUR 15.80 ("**Cash Capital Increase**") and to change the company name from Blitz 24-896 SE to Snke Holding SE. Both resolutions came into effect with the entry into the Snke Holding SE's commercial register on April 15, 2025.

In preparation of the Snke Spin-Off, the Company has executed several agreements with Snke Group. In addition, the Company has agreed to the change of employment of certain former employees of the Company on an individual basis, and the transfer of related external R&D services, to Snke Group. The Company entered into a License and Supply Agreement with Snke, Inc. under which Snke, Inc. licensed the product Snke Forms ("**Snke Forms**"), and an Asset Transfer Agreement with Snke OS GmbH under which the Company sells, transfers, and licenses back certain assets related to the Quentry Technology ("**Quentry**"). In addition, during March 2025, additional contracts were entered into, including (i) a set-off agreement in connection with Snke Forms between the Company and Snke, Inc. by an amount of EUR 12.5 million effective March 26, 2025, and (ii) a debt waiver ("**Remission Agreement**") to the amount of USD 10.0 million (EUR 9.2 million) between the Company and Snke, Inc. on March 31, 2025.

On April 29, 2025, the Company's extraordinary general meeting resolved on the Snke Spin-Off and approved the draft spin-off and acquisition agreement (**"Spin-Off and Acquisition Agreement"**) between the Company and Snke Holding SE. The Spin-Off and Acquisition Agreement was concluded and notarized on May 26, 2025. The Snke Spin-Off was entered into Snke Holding SE's commercial register on June 5, 2025, and became effective with the entry into the Company's commercial register on June 6, 2025. As from this date, Snke Holding SE holds all 25,003 shares in Snke OS GmbH and assumed all rights and obligations of the Company under the PLTAs.

In the course of the Snke Spin-Off, the shareholders of the Company received for each share in the Company one new no-par value registered share of Snke Holding SE issued by way of a capital increase against contribution in

kind carried out at Snke Holding SE for the purpose of the Snke Spin-Off. Overall, 18,864,457 new shares of Snke Holding SE were granted to the shareholders of the Company. As a result, the shareholders of the Company directly hold approx. 93.16% of the shares in Snke Holding SE while the remaining interest of approx. 6.84% in Snke Holding SE, corresponds to the shares that the Company acquired as part of the acquisition of all shares in Snke Holding SE and as part of the Cash Capital Increase. The participation of the Company in Snke Holding SE of approx. 6.84% does not result in any change in the indirect shareholding ratio in Snke OS GmbH. This interest in Snke Holding SE of approx. 6.84% is held indirectly by the shareholders of the Company through their participation in the Company.

Following the Snke Spin-Off, the retained interest of approx. 6.84% in Snke Holding SE is being accounted for as investment within other financial assets measured at fair value through Other Comprehensive Income ("**OCI**") in accordance with IFRS 9. For the purposes of this Pro Forma Consolidated Financial Information, the other financial asset is measured applying the Company's current interest at the fair value of approx. 6.84% in Snke Holding SE as of March 31, 2025, determined in accordance with IFRS 13.

Effective with the entry of the Snke Spin-Off into the commercial register on June 6, 2025, the Company has lost control over the Snke Group, together with the absorbing entity Snke Holding SE. As a result, the Company is no longer required to fully consolidate Snke Group, nor Snke Holding SE, in the Company's consolidated financial statements.

Following the management board decision of the Company to spin off its shares in the Snke Group on March 17, 2025, the assets and liabilities of Snke Group, and the assets and liabilities of Snke Holding SE, respectively, are presented separately as held for distribution in the consolidated statement of financial position, and the results of Snke Group, and Snke Holding SE, respectively, as discontinued operations in the consolidated income statement in the unaudited condensed consolidated interim financial statements of Brainlab AG as of and for the six months ended March 31, 2025, including re-stated comparative income statement financial information required under IFRS 5.

On September 9, 2024, Level Ex, Inc. ("**Level Ex**"), a subsidiary of the Company, executed an asset purchase agreement for the sale of its pharmaceutical and life science business to Relevate Health Games, LLC. As per the agreement, Level Ex transferred specific assets and liabilities associated with the pharmaceutical and life science business ("**Pharma Business**") by way of an asset deal ("**Level Ex Pharma Sale**"). The disposal included internally developed software and a portion of customer relationships. As a result of the Level Ex Pharma Sale, the corresponding disposal of assets and liabilities has been presented in accordance with IFRS 5 as non-current assets held for sale in the historical consolidated financial statements of Brainlab AG for the fiscal year ended September 30, 2024.

Subsequently, on September 30, 2024, Level Ex executed an asset purchase agreement for the sale of its remaining assets and liabilities of its medical device business ("**MedDevice Business**") by way of an asset deal ("**MedDevice Sale**") to Snke, Inc. (formerly known as VisionTree Software, Inc., and part of the consolidated Snke Group). As the transaction has been executed via asset deal, Level Ex as a company did not become part of Snke Group and ownership has been retained by the Company.

The Snke Spin-Off and the Level Ex Pharma Sale (together "**Transactions**") have had collectively a material effect on the profit or loss of the consolidated income statement of Brainlab AG for the fiscal year ended September 30, 2024. Therefore, the Company has prepared the following pro forma consolidated financial information, comprising pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, pro forma consolidated statement of financial position as of March 31, 2025, and the basis of preparation of the pro forma consolidated financial information (together "**Pro Forma Consolidated Financial Information**").

The purpose of the Pro Forma Consolidated Financial Information is to present material effects of Transactions on a pro forma basis

- on the historical consolidated income statement of Brainlab AG for the fiscal year ended September 30, 2024, as if the Snke Spin-Off and the Level Ex Pharma Sale had occurred on October 1, 2023,
- on the historical unaudited consolidated income statement of Brainlab AG for the six months ended March 31, 2025, as if the Snke Spin-Off and the Level Ex Pharma Sale had occurred on October 1, 2023,
- on the historical unaudited consolidated statement of financial position of Brainlab AG as of March 31, 2025, as if the Snke Spin-Off and the Level Ex Pharma Sale had occurred on March 31, 2025.

The Level Ex Pharma Sale is not separately shown in the pro forma consolidated income statement for the six months ended March 31, 2025, and the pro forma consolidated statement of financial position as of March 31, 2025, as it was already no longer part of the consolidated group of the Company.

The Pro Forma Consolidated Financial Information has been prepared based upon the available information and management estimates and is subject to assumptions and adjustments described below and in the accompanying basis of preparation of the Pro Forma Consolidated Financial Information. They are not intended to be a complete presentation of the Company's financial position or results of operations as if the Transactions had occurred as of and for the periods indicated. In addition, the Pro Forma Consolidated Financial Information is provided for illustrative and informational purposes only and is not necessarily indicative of the Company's future results of operations or financial condition as if the Transactions had been completed on the dates assumed. The Pro Forma Consolidated Financial Information describes only a hypothetical situation and thus, due to its nature, the presentation does not reflect the actual financial position and results of operations of the Transactions. Management believes these assumptions and adjustments are reasonable. In addition, the Pro Forma Consolidated Financial Information neither presents a forecast nor is it indicative of the future development of the Company's financial condition and results of operation at any future time.

The Pro Forma Consolidated Financial Information is only meaningful if read in conjunction with the historical consolidated financial statements of Brainlab AG for the fiscal year ended September 30, 2024, and the historical unaudited condensed consolidated interim financial statements of Brainlab AG as of and for the six months ended March 31, 2025.

9.2 Pro Forma Consolidated Income Statement for the Fiscal Year ended September 30, 2024

	Historical financial information						
	Brainlab AG (Historical - restated)	**Snke Spin-Off (Historical)**	**Pharma Business (Historical)**	**Total**	**Pro Forma Adjustments**		**Pro Forma Consolidated Income Statement**
	(audited, unless otherwise indicated)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*		*(unaudited)*
				(EUR thousands)			
Revenue	470,267	8,928	5,812	455,527	(1,513)	**D**	454,014
Cost of goods sold	(176,402)	2,803	(1,683)	(177,522)	(2,661)	**E**	(180,183)
Gross profit	**293,865**	**11,731**	**4,129**	**278,005**	**(4,174)**		**273,831**
Selling, general and administrative expenses	(193,443)	(13,033)	(2,846)	(177,564)	-		(177,564)
Research and development expenses	(86,095)	(13,723)	(2,639)	(69,733)	5,734	**D,J**	(63,999)
Other operating income	22,265	(2,315)	-	24,580	3,530	**J,K**	28,110
Other operating expense	(29,026)	5,650	-	(34,676)	8,044	**A,B,I**	(26,632)
Share of profit/loss in companies accounted for using the equity method	(1,692)	-	-	(1,692)	-		(1,692)
Operating result	**5,874**	**(11,690)**	**(1,356)**	**18,920**	**13,134**		**32,054**
Finance income	986	(7,035)	-	8,021	(5,611)	**C,I**	2,410
Finance expense	(12,794)	(39)	-	(12,755)	-		(12,755)
Earnings before income tax	**(5,934)**	**(18,764)**	**(1,356)**	**14,186**	**7,523**		**21,709**
Income tax expense / tax income	(12,144)[1]	(191)	-	(11,953)	(1,564)	**H,M**	(13,517)
Net profit/loss for the period from continuing operations	**(18,078)**[1]	**(18,955)**	**(1,356)**	**2,233**	**5,959**		**8,192**
Discontinued operations							
Loss from discontinued operations, net of tax	-	-	-	-	(4,480)	**A**	(4,480)
Net profit/loss for the period	**(18,078)**[1]	**(18,955)**	**(1,356)**	**2,233**	**1,479**		**3,712**
of which attributable to:							
Shareholders of the parent company	(18,703)[1]	(19,408)	(1,356)	2,061	1,479		3,540
Non-controlling interests	625	453	-	172	-		172
Earnings per Share in EUR							
Basic earnings per share	(0.99)[1]					**N**	0.19
Diluted earnings per share	(0.99)[1]					**N**	0.19
Earnings per Share from continued operations in EUR							
Basic earnings per share	(0.99)[1]					**N**	0.43
Diluted earnings per share	(0.99)[1]					**N**	0.43

[1] Unaudited; as restated in accordance with IAS 8 and as described in the section General Information of the condensed notes accompanying the unaudited condensed interim consolidated financial statements of Brainlab AG as of and for the six months ended March 31, 2025.

9.3 Pro Forma Consolidated Income Statement for the Six Months ended March 31, 2025

	Historical financial information					
	Brainlab AG (Historical)	**Snke Spin-Off (Historical)**	**Total**	**Pro Forma Adjustments**		**Pro Forma Consolidated Income Statement**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*		*(unaudited)*
			(EUR thousands)			
Revenue	243,328	-	243,328	(3,900)	**D**	239,428
Cost of goods sold	(90,638)	-	(90,638)	-		(90,638)
Gross profit	**152,690**	**-**	**152,690**	**(3,900)**		**148,790**
Selling, general and administrative expenses	(94,974)	-	(94,974)	511	**A**	(94,463)
Research and development expenses	(45,508)	-	(45,508)	5,424	**A,D,J**	(40,084)
Other operating income	24,378	-	24,378	(3,586)	**A,D,F,I,J,K**	20,792
Other operating expense	(10,365)	-	(10,365)	-		(10,365)
Share of profit/loss in companies accounted for using the equity method	(418)	-	(418)	-		(418)
Operating result	**25,803**	**-**	**25,803**	**(1,551)**		**24,252**
Finance income	5,064	-	5,064	(590)	**I**	4,474
Finance expense	(6,245)	-	(6,245)	-		(6,245)
Earnings before income tax	**24,622**	**-**	**24,622**	**(2,141)**		**22,481**
Tax expense	(10,106)	-	(10,106)	226	**H,M**	(9,880)
Net earnings for the period from continuing operations	**14,516**	**-**	**14,516**	**(1,915)**		**12,601**
Discontinued operations						
Loss from discontinued operations, net of tax	(13,928)	(13,928)	-	-		-
Net profit/loss for the period	**588**	**(13,928)**	**14,516**	**(1,915)**		**12,601**
of which attributable to:						
Shareholders of the parent company	756	(13,561)	14,317	(1,915)		12,402
Non-controlling interests	(168)	(367)	199	-		199
Earnings per Share in EUR						
Basic earnings per share	0.04				**N**	0.66
Diluted earnings per share	0.04				**N**	0.66
Earnings per Share of continued operations in EUR						
Basic earnings per share	0.76				**N**	0.66
Diluted earnings per share	0.76				**N**	0.66

9.4 Pro Forma Consolidated Statement of Financial Position as of March 31, 2025

	Historical financial information					
	Brainlab AG (Historical)	**Snke Spin-Off (Historical)**	**Total**	**Pro Forma Adjustments**		**Pro Forma Consolidated Statement of Financial Position**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*		*(unaudited)*
			(EUR thousands)			
ASSETS						
Current assets						
Cash and short-term deposits	54,492	-	54,492	-		54,492
Trade receivables	72,731	-	72,731	4,404	**O**	77,135
Contract assets	74,464	-	74,464	-		74,464
Tax receivables	3,436	-	3,436	-		3,436
Other financial assets	12,332	-	12,332	22,103	**O**	34,435
Other non-financial assets	18,725	-	18,725	-		18,725
Prepaid expenses	267	-	267	9,482	**O**	9,749
Inventories	63,704	-	63,704	-		63,704
Asset held for distribution	97,945	97,945	-	-		-
Total current assets	**398,096**	**97,945**	**300,151**	**35,989**		**336,140**
Non-current assets						
Goodwill	38,108	-	38,108	-		38,108
Capitalized development costs	113,169	-	113,169	-		113,169
Other intangible assets	14,529	-	14,529	12,477	**O**	27,006
Property, plant and equipment	25,012	-	25,012	-		25,012
Right of use	57,690	-	57,690	-		57,690
Investments in associates (at equity)	4,708	-	4,708	-		4,708
Trade receivables	804	-	804	-		804
Contract assets	61,152	-	61,152	-		61,152
Other financial assets	12,277	-	12,277	31,016	**O**	43,293
Other non-financial assets	2,579	-	2,579	-		2,579
Deferred taxes	11,231	-	11,231	-		11,231
Total non-current assets	**341,259**	**-**	**341,259**	**43,493**		**384,752**
Total assets	**739,355**	**97,945**	**641,410**	**79,482**		**720,892**

	Historical financial information					
	Brainlab AG (Historical)	**Snke Spin-Off (Historical)**	**Total**	**Pro Forma Adjustments**		**Pro Forma Consolidated Statement of Financial Position**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*		*(unaudited)*
			(EUR thousands)			
LIABILITIES						
Current liabilities						
Trade payables	41,260	-	41,260	1,242	**P**	42,502
Interest-bearing loans and borrowings	9,735	-	9,735	-		9,735
Lease liabilities	12,498	-	12,498	-		12,498
Provisions	3,146	-	3,146	-		3,146
Other financial liabilities	16,314	-	16,314	-		16,314
Other non-financial liabilities	27,508	-	27,508	-		27,508
Tax payables	6,067	-	6,067	-		6,067
Contract liabilities	78,823	-	78,823	-		78,823
Liabilities held for distribution	19,823	19,823	-	-		-
Total current liabilities	**215,174**	**19,823**	**195,351**	**1,242**		**196,593**
Non-current liabilities		-				
Interest-bearing loans and borrowings.	220,615	-	220,615	-		220,615
Lease liabilities	45,012	-	45,012	-		45,012
Provisions	940	-	940	-		940
Other financial liabilities	5,631	-	5,631	-		5,631
Other non-financial liabilities	1,618	-	1,618	-		1,618
Employee benefits	4,082	-	4,082	-		4,082
Contract liabilities	15,642	-	15,642	-		15,642
Deferred taxes	40,049	-	40,049	-		40,049
Total non-current liabilities	**333,589**	**-**	**333,589**	**-**		**333,589**
Equity						
Issued capital	18,864	-	18,864	-		18,864
Capital reserves	32,535	-	32,535	-		32,535
Revenue reserve	120,411	78,929	41,482	78,240	**O,P**	119,722
Other comprehensive income	15,191	-	15,191	-		15,191
Equity attributable to shareholders of the parent company	**187,001**	**78,929**	**108,072**	**78,240**		**186,312**
Non-controlling interests	3,591	(807)	4,398	-		4,398
Total equity	**190,592**	**78,122**	**112,470**	**78,240**		**190,710**
Total liabilities and equity	**739,355**	**97,945**	**641,410**	**79,482**		**720,892**

9.5 Historical Financial Information included in the Pro Forma Consolidated Financial Information

9.5.1 Historical Financial Information

The Pro Forma Consolidated Financial Information is based on the following historical financial information:

- the audited consolidated financial statements of Brainlab AG as of and for the fiscal year ended September 30, 2024, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional requirements of the German commercial law pursuant to Section 315e (1) HGB, as restated in accordance with IAS 8 and as described in the section General Information of the condensed notes accompanying the unaudited condensed consolidated interim financial statements of Brainlab AG as of and for the six months ended March 31, 2025;
- the unaudited condensed consolidated interim financial statements of Brainlab AG as of and for the six months ended March 31, 2025, prepared in accordance with IAS 34;
- the unaudited and unpublished consolidated income statement of Level Ex after adjustments for intercompany transactions between Level Ex and the remainder of the consolidated group of the Company, (see Section 9.5.2), resulting in unaudited and unpublished carve-out financial information for the Pharma Business and the MedDevice Business, respectively, as of and for the fiscal year ended September 30, 2024, prepared in accordance with IFRS; extracted from the group reporting as prepared for the audited consolidated financial statements of Brainlab AG as of and for the fiscal year ended September 30, 2024; and
- the unaudited and unpublished combined income statement of the Snke Group, including the MedDevice Business, after adjustments for intercompany transactions between Snke Group and the remainder of the consolidated group of the Company (see Section 9.5.2) as of and for the fiscal year ended September 30, 2024, prepared in accordance with IFRS; extracted from the group reporting as prepared for the audited consolidated financial statements of Brainlab AG as of and for the fiscal year ended September 30, 2024.

The Pro Forma Consolidated Financial Information has been prepared based on the principles of presentation, recognition and measurement in accordance with IFRS, and the accounting policies consistently applied by the Company as described in the notes to its consolidated financial statements as of and for the fiscal year ended September 30, 2024 and its unaudited condensed consolidated interim financial statements as of and for the six months ended March 31, 2025, respectively.

9.5.2 Adjustments to Historical Financial Information to derive Carve-Out Financial Information and Eliminate Intercompany Transactions

For the purposes of the pro forma consolidated income statement for the fiscal year ended September 30, 2024 and the historical information presented therein related to the Transactions, carve-out financial information was prepared for the Pharma Business and MedDevice Business, respectively, based on the group reporting package for Level Ex as included in the preparation of the audited consolidated financial statements of Brainlab AG as of and for the fiscal year ended September 30, 2024. Historical financial information presented is based on management's assessment of the carve-out of the Pharma Business, based on and derived from the accounting ledgers and books and records from the accounting system and other related source information, including the allocation of:

- Revenues based on historical sales by customer and underlying projects;
- Cost of goods sold based on historical sales by customer and underlying projects;
- Personnel expenses within R&D, marketing and selling and general & administrative expenses based on association to either Pharma Business or MedDevice Business;

- Non-personnel expenses within R&D, marketing and selling and general & administrative expenses based on identifiable employee, customer and/or project details.

Further, for the purposes of the Pro Forma Consolidated Financial Information, it has been assumed that the Company has lost control over Snke Group, together with the absorbing entity Snke Holding SE, following the effectiveness of the Snke Spin-Off and hence is no longer part of the Company's consolidation scope and procedures. Consequently, previously existing intercompany transactions between Snke Group and the Company are presented for the purposes of the historical information as presented in the pro forma consolidated income statement for the fiscal year ended September 30, 2024, as if these transactions were conducted between unrelated third parties. That is, intercompany transactions during the historical period presented, i.e., underlying elimination entries for group reporting purposes, have been allocated to the historical financial information of Snke Group aligned with the presentation of the discontinued operation in the unaudited condensed consolidated interim financial statements of Brainlab AG as of and for the six months ended March 31, 2025, prepared in accordance with IAS 34. In case intercompany relationships existing prior to the Spin-Off are not continued, a corresponding adjustment is made in the pro forma adjustments.

These consolidation adjustments reflect underlying elimination entries and effects from various intercompany arrangements between the Company and Snke Group. Services provided by the Company to Snke Group under these arrangements include research and development services, and corporate services (such as accounting, human resources), and quality management. Services provided by Snke Group to the Company include the provision of maintenance and development services, as well as the licensing and supply of products. Lastly, intercompany financing charges related to loans extended by the Company to Snke Group have been eliminated during consolidation.

No adjustments have been made to the historical information of the Snke Group for the purposes of the pro forma consolidated income statement for the six months ended March 31, 2025, as such adjustments have already been made and are reflected in the historical financial information for the discontinued operation in accordance with IFRS 5.

Further, following the Level Ex Pharma Sale, the Company has effectively transferred and disposed-of the related internally developed software and a proportion of customer relationships subject to the asset purchase agreement for the Pharma Business. Since no existing intercompany transactions were observed during the historical period between the Pharma Business, the Snke Group and the Company, respectively, no adjustments for existing intercompany arrangements were necessary to the historical information of the carved-out Pharma Business for the purposes of the pro forma consolidated income statement for the fiscal year ended September 30, 2024.

9.6 Basis of Preparation

9.6.1 Preparation Principles

The Pro Forma Consolidated Financial Information has been prepared in accordance with the IDW Accounting Practice Statement: Preparation of Pro Forma Financial Information (IDW AcPS AAB 1.004) *(IDW Rechnungslegungshinweis: Erstellung von Pro-Forma-Finanzinformationen (IDW RH HFA 1.004))*, as promulgated by the Institute of Public Auditors in Germany (*IDW, Institut der Wirtschaftsprüfer in Deutschland e.V.*).

The pro forma adjustments made for purposes of the Pro Forma Consolidated Financial Information are based on information and assumptions management believes are, under the circumstances and given the information available at the time of the preparation of the Pro Forma Consolidated Financial Information and on preliminary estimates as well as certain pro forma assumptions, which are described in the accompanying pro forma notes, and the Company considers reasonable. The Pro Forma Consolidated Financial Information does not reflect standalone company adjustments, e.g., adjustments to the Company's group overhead costs as such will not cease with the Transactions.

The pro forma adjustments are directly attributable to the Transactions, determinable, factually supportable and described in the pro forma notes presented below.

The pro forma adjustments presented in respect of the Snke Spin-Off include (i) the de-recognition of the corresponding net assets held for distribution related to the Snke Spin-Off, the recognition of the retained interest in Snke Holding SE of approx. 6.84% as investment within other financial assets measured at fair value through OCI in accordance with IFRS 9, the recognition of intangible assets, loans receivables, trade receivables and prepayments which had been previously eliminated due to group eliminations procedures and hence not recorded, and, (ii) the presentation of historical impairment losses related to the Snke Spin-Off as part of the net result from the discontinued operation, (iii) the elimination of historical expenses (and related income) related to team shifts between the Company and the Snke Group during the historical period, (iv) the recognition of amortization related to licenses (intangible assets) acquired by the Company from Snke OS GmbH which had been previously eliminated due to group consolidation procedures; and (v) the adjustment of intercompany transactions historically recorded between the Company and Snke Group based on the intercompany funding arrangements and transitional service agreements agreed and entered into between the Company and Snke Group before the effective date of the Snke Spin-Off.

The pro forma adjustments presented in respect of the Level Ex Pharma Sale include the elimination of transaction costs incurred by the Company.

The Pro Forma Consolidated Financial Information is presented in euros (€), and all figures have been rounded to the nearest EUR thousand, unless otherwise stated. For computational reasons, there may be rounding differences to the exact mathematical values in tables and references. Parentheses around any figures in the tables indicate negative values. A dash ("–") means that the relevant figure is not available or not existent, while a zero ("0") means that the relevant figure has been rounded to zero.

9.6.2 Pro forma Assumptions

9.6.2.1 Assumption: Snke Spin-Off: Date of Loss of Control and Recognition of Retained Interest as Other Financial Asset

Effective with the entry of the Snke Spin-Off into the commercial register of the Company on June 6, 2025, the Company has lost control in accordance with IFRS 10 over Snke Group, together with the absorbing entity Snke Holding SE.

In the preparation of the Pro Forma Consolidated Financial Information, the following assumptions were applied in regard to the Snke Spin-Off:

- For the preparation of the pro forma consolidated income statement for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, it is assumed that the Snke Spin-Off had occurred, and the Company has lost control over Snke Group and Snke Holding SE on October 1, 2023, and
- for the preparation of the pro forma consolidated statement of financial position as of March 31, 2025, it is assumed that the Snke Spin-Off had occurred, and the Company has lost control over Snke Group and Snke Holding SE on March 31, 2025.

As a result of the Snke Spin-Off, the Company was no longer required to fully consolidate the Snke Group and Snke Holding SE in Brainlab AG's consolidated financial statements. Therefore, the assets and liabilities of Snke Group (and Snke Holding SE), including the carrying amount of non-controlling interest, have been derecognized for the purpose of the pro forma consolidated statement of financial position as of March 31, 2025. At the same time, the Company has recognized its retained interest in the Snke Holding SE, including the spun-off Snke Group, at fair value through OCI in accordance with IFRS 9.

The book values of the net assets derecognized in relation to the Snke Spin-Off have been derived from the unaudited consolidated financial position of Brainlab AG as of March 31, 2025. The retained interest has been measured at fair

value of Snke Holding SE (incl. Snke Group) applying the Company's share of approx. 6.84%, whereby the fair value derived in accordance with IFRS 13 as of March 31, 2025, has been assumed as acquisition cost.

As a consequence of the Snke Spin-Off, the shareholders of Brainlab AG received for each of their share in Brainlab AG one new no-par value registered share of Snke Holding SE issued by way of a capital increase against contribution in kind carried out at Snke Holding SE for the purpose of the Snke Spin-Off and thus representing an allocation ratio of 1:1 (so called ratio-preserving spin-off). Stefan Vilsmeier („SV") continues to exercise (indirect) control in the Company as well as in Snke Holding SE following the completion of the Snke Spin-Off. For accounting purposes, the Snke Spin-Off is thus considered as a distribution of a non-cash asset that is ultimately controlled by the same party before and after the distribution and hence outside the application scope of IFRIC 17. A spin-off that is not in the scope of IFRIC 17 may be accounted for using either book values or fair values. Management has decided to account for the distribution of net assets at book value without impact on profit or loss.

9.6.2.2 Assumption: Level Ex Pharma Sale: Date of Loss of Control

Effective with the asset purchase agreement for the Pharma Business on September 9, 2024, the Company has lost control over the related assets sold under the agreement and related to the Level Ex Pharma Sale. In the preparation of the Pro Forma Consolidated Financial Information, the following assumptions were applied:

For the preparation of the pro forma consolidated income statement for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, it is assumed that the Level Ex Pharma Sale had occurred on October 1, 2023.

The Level Ex Pharma Sale is not separately shown in the pro forma consolidated income statement for the six months ended March 31, 2025, and the pro forma consolidated statement of financial position as of March 31, 2025, as it was already no longer part of the consolidated group of the Company.

9.6.2.3 Assumption: Shareholder loans and Transitional Service Agreement MedDevice Sale

After the completion of asset transfer of MedDevice Business to Snke, Inc, for a transitional service period of three months, some personnel related to the MedDevice Business was still employed by Level Ex, and transferred by January 1, 2025, to Snke Group eventually. During such transitional service period the personnel performed services under a corresponding transitional service agreement entered into between Level Ex and Snke, Inc.

For purposes of the Pro Forma Consolidated Financial Information, it is assumed that the corresponding personnel costs and other income from the Transitional Service Agreement related to the MedDevice Sale ("**TSA MedDevice**") are treated as already incurred within the Snke Group, as the Snke Spin-Off is assumed to have occurred as of October 1, 2023, with respect to the pro forma consolidated income statement for the six months ended March 31, 2025. There was no corresponding impact on the pro forma consolidated income statement for the fiscal year ended September 30, 2024, as the MedDevice Sale was effective on September 30, 2024, only.

Shareholder loans extended from the Company and Brainlab, Inc., respectively, to Level Ex have not been subject to the MedDevice Sale in 2024 and hence are not part of the Snke Spin-Off. For the purpose of the Pro Forma Consolidated Financial Information all related interest income is treated as if the MedDevice Sale has occurred as of October 1, 2023, and consequentially has been reversed for the pro forma consolidated income statement for the fiscal year ended September 30, 2024. There was no corresponding impact on the pro forma consolidated income statement for the six months ended March 31, 2025, as the MedDevice Sale was effective on September 30, 2024.

9.6.2.4 Assumption: Asset Transfer Agreement "Quentry" and Transitional as well as Reverse Transitional Services for Quentry

Effective March 28, 2025, the Company entered into an Asset Transfer Agreement for the Quentry technology, a cloud-based communication and collaboration platform, with Snke OS GmbH ("**APA Quentry**") under which the Company has sold and transferred certain assets related to the Quentry technology, and Snke OS GmbH grants the

Company a non-exclusive, perpetual back-license to the Quentry technology for specific use cases. As compensation for the APA Quentry the Company receives consideration to the amount of EUR 192 thousand. The compensation agreed for the back-license amounted to EUR 27 thousand. The Company capitalizes the back-license at acquisition costs and subsequently amortizes the back-license over the expected useful life of six years.

Effective March 31, 2025, and in connection with the APA Quentry, in order to enable further development and maintenance of the Quentry technology, the Company and Snke OS GmbH have entered into (i) a Transitional Services Agreement ("**TSA Quentry**") under which the Company provides quality management services for the Quentry technology to Snke OS GmbH, and (ii) a reverse transitional services agreement in order to enable the use of Quentry by the Company in accordance with the back-license for certain use cases.

Since the APA Quentry, and equally the TSA Quentry, was entered into between the Company and Snke OS GmbH prior to, closely connected and in preparation of the Snke Spin-Off, for purposes of the Pro Forma Consolidated Financial Information, it is assumed that the acquisition and the license-back of Quentry (i) occurred as of October 1, 2023 and with respect to the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, and (ii) occurred as of March 31, 2025 for purposes of the consolidated statement of financial position as of March 31, 2025.

9.6.2.5 Assumption: License and Supply Agreement "Snke Forms" and Set-off Agreement

Effective March 26, 2025, the Company entered into a License and Supply Agreement with Snke, Inc. under which Snke, Inc. licenses certain "Snke Forms" products to the Company for sublicensing them to its end customers. The Company is granted with a non-exclusive, non-transferable, irrevocable, and sublicensable license to use the Snke Forms products, which includes, inter alia, the rights to further develop the Snke Forms products, and market, sell, distribute and/or sublicense them either as integrated part of its own products, other Snke, Inc. products or on a standalone basis, and which will terminate on September 30, 2030. As compensation for the license and supply of the products under the agreement, Snke, Inc. receives consideration to the amount of EUR 12.5 million.

At the same time, the Company and Snke, Inc. also entered into a set-off agreement, under which the parties agreed to set-off part of Snke, Inc.'s liability towards the Company under an existing intercompany loan by EUR 12.5 million against the same amount which would otherwise have been payable by the Company under the License and Supply Agreement.

Since the License and Supply Agreement was entered into between the Company and Snke, Inc. prior to, closely connected with, and in preparation of the Snke Spin-Off, for purposes of the Pro Forma Consolidated Financial Information, it is assumed that the acquisition of the license Snke Forms (i) occurred as of October 1, 2023 and with respect to the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, and (ii) occurred as of March 31, 2025 for purposes of the pro forma consolidated statement of financial position as of March 31, 2025.

As the licensed product has been under development until and up to the effective date of the License and Supply Agreement, it is assumed that that the amortization of the acquired license would have started only upon completion of the development which falls together with the effective date of the License and Supply Agreement. Hence, for the purpose of the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, it is assumed that amortization is not material.

9.6.2.6 Assumption: Shareholder loans to Snke Group after the Snke Spin-Off

The Company will continue to provide shareholder loans to the Snke Group after the Snke Spin-Off. Shareholder loans were amended prior to, closely connected with, and in preparation of the Snke Spin-Off during March 2025 to the total amount of EUR 33.0 million and extended to Snke Group entities as follows: Snke OS GmbH (EUR 12.2 million), Mint Medical GmbH (EUR 1.7 million), Immersive Surgical Ltd. (EUR 8.2 million), and Snke, Inc. (EUR 8.6 million). In addition, the Brainlab Inc. will continue to provide a loan to Snke, Inc. (EUR 2.3 million).

The amendments of the respective intercompany loans reduced the outstanding loan balance between the Company and Snke, Inc. by (i) an amount of EUR 12.5 million due to a set-off agreement in connection with the acquisition of Snke Forms (see 9.6.2.5 above) (ii) a nominal amount of USD 10.0 million (EUR 9.2 million) due to a Remission Agreement between the Company and Snke, Inc. entered into March 31, 2025.

For the purpose of the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, it is assumed that the nominal shareholder loan amount outstanding and based on the amended agreements as of March 31, 2025, will replace any prior intercompany funding as of October 1, 2023. Hence, interest income is calculated using an average interest rate over the historical period of 6.38% for the fiscal year ended September 30, 2024, and a fixed interest rate of 6.01% for the six months ended March 31, 2025.

In addition, some of the previous intercompany financing agreements that have been terminated by March 31, 2025, were based on nominal values denominated in a currency other than the group's reporting currency and the issuers functional currency, respectively. As a result, differences in foreign currency rates have been recognized as foreign currency translation differences in the consolidated income statement of the Company. For the Pro Forma Consolidated Financial Information, it is assumed that the amendment of intercompany loans has occurred on October 1, 2023. As such the portion of recognized interest income or expense resulting from foreign currency translations that relate to the extinguished portion of the loan have been eliminated in the pro forma consolidated income statement for the fiscal year ended September 30, 2024, and in the pro forma consolidated income statement for the six months ended March 31, 2025.

The pro forma consolidated statement of financial position as of March 31, 2025, assumes that the Snke Spin-Off took place on March 31, 2025. Hence, the Company will recognize in the pro forma consolidated statement of financial position as of March 31, 2025, the outstanding shareholder loans (incl. accrued interest, if any) which had been previously eliminated due to group consolidation procedures.

9.6.2.7 Assumption: Transitional Service Agreements and Intercompany Contract Amendments

In preparation for and closely connected to the Snke Spin-Off, the Company and Snke Group entered into several Transitional Service Agreements ("**TSAs**"). On May 19, 2025, the Company entered into an agreement with Snke OS GmbH, whereby Brainlab AG will provide certain transitional services on a transitional basis. Service recipients of this agreement are Snke OS GmbH, Snke Holding SE, Mint Medical GmbH, Mint Medical, Inc., Snke, Inc. as well as Immersive Surgical Ltd. Further, on May 8, 2025, Brainlab, Inc. entered into a TSA with Snke, Inc. and Mint Medical, Inc., respectively, as service recipients. Further, on May 6, 2025, Brainlab Ltd. entered into an agreement with Immersive Surgical Ltd. as service recipient. All aforementioned services are provided to Snke Group and/or Snke Holding SE. The TSAs became effective with the entry into the commercial register of the Company on June 6, 2025 (the "**Effective Date**").

Under the respective TSAs corporate services are provided, including office space rental, IT software licenses, subscriptions and IT infrastructure, administrative services (incl. accounting, human resources), and quality management. The Company and Snke OS GmbH also entered into an agreement on access to the development environment. The TSAs modify and/or replace intercompany transactions reflected in the historical financial information. The Company has identified the impacts of these service agreements as part of the pro forma adjustments.

For the purpose of the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, the Company has identified that the service level entered into under the TSAs are comparable to pre-Snke Spin-Off services provided and hence assumes for the pro forma consolidated income statements the historical service level to be consumed by Snke Group, adjusted for the modified pricing mechanism under the TSAs.

To calculate the impact of the concluded TSAs, the historical consumption under existing intercompany service contracts was compared to the calculated costs per FTE (or cost per FTE/hour) prospectively under the TSAs for the respective historical periods. Pro forma adjustments have been derived from differences e.g., additional margin, compared to the historically included charges for the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the and for the six months ended March 31, 2025.

In preparation for and closely connected to the Snke Spin-Off, several employees who were previously employed by the Company to provide R&D services for Snke Group, and for which the Company was reimbursed as part of intercompany service arrangements, have changed their employment to Snke Group; also related external R&D services were transferred to Snke Group. For the preparation of the Pro Forma Consolidated Financial Information such transfers are considered closely connected and conducted in preparation of the Spin-Off and hence are (i) treated as occurred as of October 1, 2023 with respect to the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, and (ii) treated as occurred as of March 31, 2025 for purposes of the pro forma consolidated statement of financial position as of March 31, 2025.

Additionally, intercompany contracts under which Snke Group provides services to the Company have been entered into prior to and closely connected with the Snke Spin-Off. On the one hand, the Development, License and Supply Agreement ("**DLSA**") under which Snke OS GmbH develops, maintains, updates and upgrades new products intended, for example, for integration with medical devices developed by the Company, and on the other hand the Maintenance Service Agreement ("**MSA**") under which Snke OS GmbH provides various maintenance and development services to the Company. As both agreements have been effective as of October 1, 2024, there was no impact on the pro forma consolidated income statement for the six months ended March 31, 2025.

To assess the impact of these contract adjustments on the fiscal year ended September 30, 2024, and the six months ending March 31, 2025, revised intercompany charges have been calculated based on the agreed and modified agreements, applying revised charges to actual consumption of such services during the historical periods, including the consideration of revenue thresholds, minimum compensations, and revenue shares to determine the revised compensations. These revised compensations were then compared with historical compensations to ascertain the additional margin effect.

The pro forma consolidated statement of financial position as of March 31, 2025, assumes that the Snke Spin-Off took place on March 31, 2025. Hence, the Company will recognize in the pro forma consolidated statement of financial position as of March 31, 2025, the outstanding trade receivables (and similar assets) accruing from intercompany relationships which had been previously eliminated due to group consolidation procedures.

9.6.2.8 Assumption: Transaction costs

Snke Spin-Off

As part of the preparation and execution of the Snke Spin-Off, the Company incurred various costs for financial and legal advisors for the six months ended March 31, 2025. For purposes of the Pro Forma Consolidated Financial Information, it is assumed that the transaction costs related to the Snke Spin-Off are (i) treated as incurred prior to October 1, 2023 with respect to the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, and (ii) treated as incurred as of March 31, 2025 for purposes of the pro forma consolidated statement of financial position as of March 31, 2025.

In general, transaction costs in connection with the Snke Spin-Off have been accounted for as expense when incurred and presented as part of the net profit/loss for the period from discontinued operations (net of tax) in the unaudited consolidated financial statements of Brainlab AG as of and for the six months ended March 31, 2025.

Level Ex Pharma Sale

For purposes of the Pro Forma Consolidated Financial Information, it is assumed that the transaction costs related to the Level Ex Pharma Sale are fully tax-deductible and treated as incurred prior to October 1, 2023, with respect to the pro forma consolidated income statement for the fiscal year ended September 30, 2024. There is no impact on the pro forma consolidated income statement for the six months ended March 31, 2025, and the pro forma consolidated statement of financial position as of March 31, 2025, as it was already no longer part of the consolidated group of Brainlab AG.

9.6.2.9 Assumption: Income taxes

Income tax effects are only considered for pro forma adjustments if a material impact on the Pro Forma Consolidated Financial Information was identified and explicitly stated. The pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, assume that the Snke Spin-Off occurred on October 1, 2023 (and for tax purposes as of September 30, 2023). The profit and loss transfer agreements between Mint Medical GmbH and Brainlab AG, and between Snke OS GmbH and Brainlab AG, as consequence of the Snke Spin-Off, will be continued with Snke Holding SE as the new controlling company. This is under the assumption that the legal requirements are fully captured and implemented in the spin-off agreement. From an income tax perspective, the participation in the controlled companies, i.e., Mint Medical GmbH and Snke OS GmbH, should be attributed retroactively from the beginning of the fiscal year of the controlled companies to Snke Holding SE by means of universal succession in accordance with the German Transformation Tax Act. As a result, Snke Holding SE will take over the financial integration that previously existed with the transferring entity (Brainlab AG). Snke Holding SE will be the new controlling entity. Consequently, all profits generated by Snke OS GmbH and Mint Medical GmbH in the fiscal year 2024/2025 must be transferred to Snke Holding SE by September 30, 2025. Conversely, all losses incurred by Snke OS GmbH and Mint Medical GmbH, except those possibly expiring for tax purposes at the spin-off date due to the German change-of-control rules, must be absorbed by Snke Holding SE by September 30, 2025.

As a result, the taxable income of Snke Group for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, adjusted for pro forma adjustments in relation to the Snke Spin-Off, must be excluded from the taxable income of the Company. The taxable income of Snke Group for the six months ended March 31, 2025, must be excluded from the taxable income of the Company since Snke Group has been retrospectively excluded from the tax subject “Brainlab” as of September 30, 2024, according to German tax law. Both, pro forma consolidated income statements and the pro forma consolidated financial statement of financial position as of March 31, 2025, assume that the Spin-Off will not trigger any income tax as upon application due to the Snke Spin-Off being performed at tax book values.

The debt waiver between the Company and Snke, Inc. entered into March 31, 2025, of a nominal amount of USD 10.0 million (EUR 9.2 million) due to the Remission Agreement had no tax impact as for statutory purposes the shareholder receivables credited to the carrying amount of the investment in the German tax group.

U.S. entities are not part of the German tax group and thus were not affected by the transfer of PLTAs described above. Additionally, Brainlab, Inc. (tax group) has significant tax loss carryforwards whose corresponding tax benefits are assumed to survive the Snke Spin-Off. Therefore, in the Pro Forma Consolidated Financial Information, any pro forma adjustment affecting Brainlab, Inc. (tax group) from a taxation perspective is assumed to be offset by a corresponding (de-)recognition of deferred tax assets. Accordingly, for the pro forma consolidated income statement for the fiscal year ended September 30, 2024, and the six months ended March 31, 2025, it is assumed that there is no material tax impact resulting from pro forma adjustments in regard to the Level Ex Pharma Sale.

9.6.2.10 Other Assumptions

For purposes of calculating the earnings per share as part of the Pro Forma Consolidated Financial Information, it is assumed that the pro forma adjustments affect the attributable profit to ordinary shareholders of the Company based on the nature of the individual pro forma adjustment. Further, for purposes of calculating the earnings per share as part of the Pro Forma Consolidated Financial Information, for the period from October 1, 2023, to September 30, 2024, a total of 18,864,457 shares held by the shareholders of the Company and for the period from October 1, 2024, to March 31, 2025, a total of 18,864,457 shares held by the shareholders of the Company is assumed.

9.7 Explanation of the Pro Forma Adjustments

9.7.1 Explanation of the Pro Forma Adjustments of the Pro Forma Consolidated Income Statements for the Fiscal Year ended September 30, 2024, and for the Six Months ended March 31, 2025

Pro Forma Adjustments with a One-Off Effect

A. Reflects the non-recurring reclass of impairment losses of EUR 4.5 million (out of EUR 10.7 million impairment loss recorded in Level Ex for the fiscal year ended September 30, 2024) related to the MedDevice Sale from other operating expense to net profit/loss for the period from discontinued operations, net of tax for the fiscal year ended September 30, 2024. If the Snke Spin-Off had occurred as of October 1, 2023, the impairment loss would have reduced the result recorded in connection with the related transaction.

   The adjustment further reflects the non-recurring reversal of other operating income of EUR 3.8 million related to (i) the intercompany charge for services provided by the Level Ex personnel during the transitional period for the benefit of Snke Group up and until to the transition date of January 1, 2025, and corresponding personnel expenses of EUR 2.9 million (of this EUR 2.4 million impact R&D expenses and EUR 0.5 million impact selling, general and administrative expenses), and (ii) other releases of payroll-related provisions (vacation and bonus accruals) for personnel that transferred to Snke Group of EUR 0.4 million.

B. Reflects non-recurring transaction costs of the company related to the Level Ex Pharma Sale of EUR 3.2 million adjusted to other operating expenses for the fiscal year ended September 30, 2024, as it is assumed that the transaction costs related to the Level Ex Pharma Sale are treated as if incurred prior to October 1, 2023 with respect to the pro forma consolidated income statement for the fiscal year ended September 30, 2024.

   The effect on income taxes due to the aforementioned adjustment amounts to EUR 0.4 million increasing tax expense for the German tax group for the fiscal year ended September 30, 2024.

C. Reflects the non-recurring reversal of interest income to the amount of EUR 5.2 million in the pro forma consolidated income statement for the fiscal year ended September 30, 2024, related to interest income historically accrued on intercompany loans between Brainlab, Inc., and the Company, respectively, and Level Ex as such loans will be retained within the Company, and have not been part of the Snke Spin-Off.

D. Reflects the change of employment of certain former employees of the Company to Snke Group, including the transfer of related external R&D services, and the corresponding reversal of revenue from intercompany R&D services agreements; these employees were previously employed by the Company to provide R&D services for Snke Group, and for which the Company was reimbursed as part of intercompany service arrangements.

   The impacts for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025 are (i) a decrease in revenues by EUR 1.5 million and EUR 3.9 million related to R&D services that will no longer be provided to this extent in the future as employees historically providing these services are

now at Snke Group, (ii) a decrease in R&D expenses by EUR 5.1 million and EUR 2.7 million related to employment changes from Brainlab AG to Snke Group and R&D services under the R&D Service Agreement, that will no longer be provided in the future, respectively, and (iii) a decrease in R&D expenses for the fiscal year ended September 30, 2024, by EUR 0.6 million and a reclass decreasing other income and R&D expenses by EUR 0.3 million for the six months ended March 31, 2025, respectively, both related to a recharge of an external R&D service arrangements exclusively used by Snke OS GmbH.

The effect on income taxes due to the aforementioned adjustments amounts to EUR 1.4 million and EUR 0.4 million, increasing tax expense for the fiscal year ended September 30, 2024, and decreasing tax expense for the six months ended March 31, 2025, respectively.

E. Reflects the increase in costs of goods sold by EUR 2.7 million for the fiscal year ended September 30, 2024, related to additional margin in services provided by Snke OS GmbH to Brainlab AG under DLSA as well as MSA.

The effect on income taxes due to the aforementioned adjustments amounts to EUR 0.9 million decreasing tax expense for the fiscal year ended September 30, 2024.

F. Reflects the reversal of other income of EUR 0.2 million from the sale of Quentry pursuant to APA Quentry for the six months ended March 31, 2025.

The effect on income taxes due to the aforementioned adjustment amounts to EUR 63 thousand decreasing tax expense for the six months ended March 31, 2025.

G. Reflects the reversal of deferred tax expense in the amount of EUR 3.1 million in the pro forma consolidated income statement for the fiscal year ended September 30, 2024, as it is assumed that the Transactions had incurred as of October 1, 2023 and hence as if Snke Group (including Snke Holding SE) would have not been part of the related tax group with respect to the pro forma consolidated income statement for the fiscal year ended September 30, 2024. There has been no impact on the pro forma consolidated income statement for the six months ended March 31, 2025, and the pro forma consolidated statement of financial position as of March 31, 2025, as it has been already reflected in the unaudited condensed consolidated interim financial statements as of and for the six-month period ended March 31, 2025.

H. Reflects the total income tax effects of the pro forma adjustments (described in B, D, E, F, G), calculated using the applicable tax rates in effect during the periods presented. The estimated statutory income tax rate is 32,975% for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, respectively.

Pro Forma Adjustments with a Continuing Effect

I. Reflects the reduction of interest income related to the amendment of intercompany loans extended from Brainlab, Inc. to Snke, Inc. in connection and prior to the Snke Spin-Off, in the amount of EUR 0.4 million and EUR 0.6 million for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, respectively, as if such loans had been settled as of October 1, 2023. In addition, resulting from such amendment of intercompany loans, for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, the expenses related to foreign currency translations decreased in the amount of EUR 0.3 million, and income decreased in the amount of EUR 0.6 million, respectively.

This reflects the portion of interest, and foreign currency translation expense (or income) that is assumed to not have been incurred due to partial extinguishment of the intercompany loan agreements if such amendment would have occurred effective October 1, 2023. The pro forma adjustment is derived by

calculating the interest income, and the foreign currency rate, respectively, multiplying it by the extinguished portion of the debt.

The effect on income taxes due to the aforementioned adjustments amounts to EUR 0.1 million and EUR 0.2 million, decreasing tax expense for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, respectively.

J. Reflects the amortization expense recorded for the acquired and capitalized licenses of Quentry in the amount of EUR 5 thousand, assuming a useful life of six years, for the fiscal year ended September 30, 2024, and in the amount of EUR 2 thousand for the six months ended March 31, 2025. The license has been acquired by the Company from Snke OS GmbH for a purchase price of EUR 27 thousand as part of an asset purchase agreement effective March 28, 2025. Since the APA Quentry is closely related to the Snke Spin-Off, the Company assumes for the pro forma consolidated income statement for the fiscal year ended September 30, 2024, that such transaction would have occurred effective October 1, 2023.

This results, together with the pro forma adjustments as described under A, in depreciation and amortization related to non-current assets in the amount of EUR 60.0 million for the pro forma consolidated income statement for the fiscal year ended September 30, 2024, and in the amount of EUR 30.4 million for the six months ended March 31, 2025.

Additionally, the adjustment consists of other income of EUR 23 thousand for the fiscal year ended September 30, 2024, and EUR 11 thousand for the six months ended March 31, 2025, respectively, related to Quality Management services defined by the TSA Quentry between the Company and Snke OS GmbH. For the purpose of the pro forma consolidated income statements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, it is assumed that the TSA has been effective as of October 1, 2023.

The effect on income taxes due to the aforementioned adjustments amounts to EUR 6 thousand and EUR 3 thousand, increasing tax expense for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, respectively.

K. Reflects the situation if the contractual intercompany service relationships between the Company and the Snke Group had existed as of October 1, 2023. This includes the additional conclusion of contract amendments, the conclusion of TSAs between the Company and Snke Group, the termination of certain service relationships as well as the provision of services which had not been charged through in the past.

As a result of the Snke Spin-Off, a significant portion of the corporate services, including office space rental, IT software licenses and subscriptions, administrative services (incl. accounting, human resources), and quality management have been and will continue to be provided by the Company to Snke Group (including Snke Holding SE). The TSA sets out contractual provisions governing the services and corresponding service terms. For details, please see above section 9.6.2.7.

The impacts of the agreements for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, is an increase in other operating income by EUR 3.5 million and EUR 1.3 million related to the conclusion of TSA's, respectively.

The effect on income taxes due to the aforementioned adjustments amounts to EUR 1.2 million and EUR 0.4 million, increasing tax expense for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, respectively.

L. Reflects the tax impact increasing tax expense in the amount of EUR 2.7 million for the fiscal year ended September 30, 2024, as a result of the transfer of the existing PLTA to the Snke Holding SE. For the purpose of the Pro Forma Consolidated Financial Information, all profits generated by these companies

are treated as if these have been absorbed by Snke Holding SE and consequentially absorptions reflected in the historical financial information of the Company have been reversed for this period. There has been no impact on the pro forma consolidated income statement for the six months ended March 31, 2025, as it has been already reflected in the unaudited condensed consolidated interim financial statements as of and for the six-month period ended March 31, 2025.

M. Reflects the total income tax effects of the pro forma adjustments (described in I, J, K, L), calculated using the applicable tax rates in effect during the periods presented. The estimated statutory income tax rate is 32,975% for the fiscal year ended September 30, 2024, and for the six months ended March 31, 2025, respectively.

Earnings per share ("EPS") in the Pro Forma Consolidated Financial Information

N. The EPS for the Pro Forma Consolidated Financial Information have been calculated with the number of shares of 18.864.457 of the Company, which did not change as a result of the Snke Spin-Off or the Level Ex Pharma Sale.

9.7.2 Explanation of the Pro Forma Adjustments of the Pro Forma Consolidated Statement of Financial Position as of March 31, 2025

O. Reflects the adjustment related to the loss of control over Snke Group as if the transaction had occurred as of March 31, 2025. The adjustment reflects the recognition of the retained interest related to the Snke Spin-Off of approx. 6.84% in Snke Holding SE as investment within other financial assets measured at fair value through OCI in accordance with IFRS 9 at fair value to an amount of EUR 20.1 million, the recognition of intangible assets at fair value to the amount of EUR 12.5 million mainly related to Snke Forms, loans receivables at fair value to the amount of EUR 33.0 million (thereof current EUR 22.1 million, and non-current EUR 10.9 million), current trade receivables at fair value to the amount of EUR 4.4 million relating to services provided under intercompany service arrangements and prepayments at fair value to an amount of EUR 9.5 million relating to the DLSA and MSA between the Company and Snke OS GmbH which (all) had been previously eliminated due to group eliminations procedures and hence not recorded.

P. After March 31, 2025, further transaction costs related to the Snke Spin-Off in the amount of EUR 1.2 million are expected. These transaction costs are recognized as current trade payables in the pro forma consolidated statement of financial position as of March 31, 2025.

9.8 Report on the Examination of the Pro Forma Consolidated Financial Information

To Brainlab AG, Munich

We have examined whether the Pro Forma Consolidated Financial Information prepared on June 20, 2025, of Brainlab AG, Munich (the "Company"), has been properly compiled on the basis stated in the pro forma notes and whether this basis is consistent with the accounting policies of the Company. The Pro Forma Consolidated Financial Information comprises a pro forma consolidated income statement for the period from October 1, 2023, to September 30, 2024, a pro forma consolidated interim income statement for the period from October 1, 2024, to March 31, 2025, a pro forma consolidated statement of financial position as of March 31, 2025, and a basis of preparation of the pro forma consolidated financial information (the "Pro Forma Notes").

The purpose of the Pro Forma Consolidated Financial Information is to present the material effects the transactions described in the Pro Forma Notes would have had on the historical financial statements if the group had existed in the structure created by the transactions throughout the entire reporting period of the pro forma consolidated income statement or at the date of the pro forma consolidated statement of financial position. As pro forma financial information reflects a hypothetical situation, it is not entirely consistent with the presentation that would have resulted had the relevant events actually occurred at the beginning of the reporting period of the pro forma

consolidated income statement and the pro forma consolidated statement of financial position. Therefore, we do not issue an opinion on the actual effects of the transactions described in the Pro Forma Notes.

The compilation of pro forma financial information in accordance with the principles of the IDW Accounting Practice Statement: Preparation of Pro Forma Financial Information (IDW AcPS AAB 1.004) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) is the responsibility of the management of the Company.

Our responsibility is to express an opinion, based on our examination, whether the Pro Forma Consolidated Financial Information has been properly compiled on the basis stated in the Pro Forma Notes and whether this basis is consistent with the accounting policies of the Company. This includes the evaluation of the overall presentation of the Pro Forma Consolidated Financial Information. The subject matter of this engagement does neither include an audit or review of the basic figures including their adjustment to the accounting policies of the Company, nor of the pro forma assumptions stated in the Pro Forma Notes.

We have planned and performed our examination in accordance with the IDW Auditing Practice Statement: Examination of Pro Forma Financial Information (IDW AuPS 9.960.1) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) in such a way that material errors in the compilation of the Pro Forma Consolidated Financial Information on the basis stated in the Pro Forma Notes and in the compilation of this basis consistent with the accounting policies of the Company are detected with reasonable assurance.

In our opinion, the Pro Forma Consolidated Financial Information has been properly compiled on the basis stated in the Pro Forma Notes. This basis is consistent with the accounting policies of the Company.

Munich, June 20, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bergler	Krätschmer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

10 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following section has been taken or derived from the Group's Audited Consolidated Financial Statements, the Unaudited Condensed Consolidated Interim Financial Statements, the Audited 2023/2024 Unconsolidated Financial Statements, or the Company's accounting records or internal reporting systems. The Audited Consolidated Financial Statements were prepared in accordance with IFRS as adopted by the European Union. The Audited 2023/2024 Unconsolidated Financial Statements have been prepared in accordance with HGB.

For purposes of comparing figures for H1 2024/2025 with figures from H1 2023/2024 for income statement line items and for comparing balances as of March 31, 2025 with balances as of September 30, 2024, the interim consolidated financial information for H1 2023/2024 as well as balances as of September 30, 2024 have been taken or derived from the Unaudited Condensed Consolidated Interim Financial Statements, as amended in accordance with IAS 8. The error (concerning goodwill impairment and deferred tax assets) was corrected by adjusting the relevant items in the 2023/2024 Fiscal Year (please refer to "General Information – Correction of errors" in the Unaudited Condensed Consolidated Interim Financial Statements). Accordingly, the financial information as of September 30, 2024 may differ from the corresponding figures in the published Group's Audited 2023/2024 Consolidated Financial Statements.

For purposes of comparing figures for the 2023/2024 Fiscal Year with figures from the 2022/2023 Fiscal Year, consolidated financial information as of and for the 2022/2023 Fiscal Year has been taken or derived from the comparative information as of and for the 2022/2023 Fiscal Year included in the Group's Audited 2023/2024 Consolidated Financial Statements, as amended in accordance with IAS 8 and IAS 1.41 (please refer to Notes 13 and 14 in the Group's Audited 2023/2024 Consolidated Financial Statements for further information). Accordingly, the financial information as of and for the 2022/2023 Fiscal Year may differ from the corresponding figures in the published Group's Audited 2022/2023 Consolidated Financial Statements.

For purposes of comparing figures for the 2022/2023 Fiscal Year with figures from the 2021/2022 Fiscal Year, consolidated financial information as of and for the 2021/2022 Fiscal Year has been taken or derived from the comparative information as of and for the 2021/2022 Fiscal Year included in the Group's Audited 2022/2023 Consolidated Financial Statements, as amended in accordance with IAS 1.41, except for amounts reclassed in later consolidated financial information (please refer to Note 13 of the Group's Audited 2023/2024 Consolidated Financial Statements for further information). Accordingly, the financial information as of and for the 2021/2022 Fiscal Year may differ from the corresponding figures in the published Group's Audited 2021/2022 Consolidated Financial Statements.

Where financial data in the following tables is presented as "audited," it indicates that the financial data has been taken from the Audited Consolidated Financial Statements or from the Audited 2023/2024 Unconsolidated Financial Statements. Where financial data in the following tables are presented as "unaudited," it indicates that the financial information has not been taken but derived from the Audited Consolidated Financial Statements or from the Audited 2023/2024 Unconsolidated Financial Statements, or has been taken or derived either from the Unaudited Condensed Consolidated Interim Financial Statements or the accounting records or the internal reporting systems of the Company or has been calculated based on figures from the aforementioned sources.

Unless otherwise indicated, all financial data presented in the text and tables in this section of the Prospectus is shown in thousand euro (EUR in thousands), rounded to the nearest thousand. Because of this rounding, the figures shown in the tables do not in all cases add up exactly to the respective totals given.

The discussion and analysis below provide information that the Group believes is relevant to an assessment and understanding of the Group's historical financial position and results of operations. You should read this discussion

and analysis in conjunction with the sections entitled "2.5 Presentation of Financial Information" and "21 Financial Information."

This section includes forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause the Group's actual results to differ materially from those expressed or implied by such forward-looking statements. Results of operations for prior financial periods ended are not necessarily indicative of the results to be expected for the current or next fiscal year ended or any future period. See "2.4 Forward-Looking Statements" and "1 Risk Factors." The Group does not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

The following discussion of the Group's results of operations also refers to certain non-IFRS financial measures. Prospective investors should bear in mind that these non-IFRS financial measures are not financial measures defined in accordance with IFRS, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. See "2.9 Measures not defined by IFRS (Alternative Performance Measures)."

10.1 Overview

Brainlab is a pioneering medical software company committed to comprehensively digitizing medical workflows in a data-driven, precision-based approach to modern, personalized healthcare. Patient data is semantically structured, mapped and aggregated in a dynamic three-dimensional model using artificial intelligence. The thereby created digital representation lays the foundation for a spatial-aware navigation map of the patient's anatomy which can be used across a range of clinical interventions: Surgeons can resect brain tumors less invasively or place screws precisely in the human spine and radiotherapists and medical physicists can treat tumors with enhanced precision. By seamlessly fusing digital and physical environments using intraoperative imaging, robotics, and augmented reality, Brainlab creates a continuously evolving ecosystem which is enriched with longitudinal and multimodal data. Beyond interventions, the Brainlab subsidiaries apply gaming technologies to simulate clinical procedures for training and education purposes in immersive, high-fidelity experiences that drive the adoption of latest technologies to ultimately accelerate the digital transformation in healthcare.

Following a focused approach, Brainlab has developed innovative end-to-end workflows based on a modular architecture with open interfaces and high interoperability to seamlessly integrate other data, software and devices. Beyond its core domains, the technologies serve as a deployment framework. To date, numerous leading providers of radiotherapy machines, intraoperative imaging, optical imaging, surgical microscopy, implants, disease treatment solutions, and cutting-edge medical technology startups have already integrated with Brainlab's products and become strategic partners in its ecosystem.

Over the past 35 years, Brainlab has become a global reference point in digital surgery and navigation across clinical domains, in particular in its operating segments "Spinal and Cranial Surgery" as well as "Radiosurgery." The respective two core segments accounted for 67.4% and 23.7% of the Group's consolidated revenue in the 2023/2024 Fiscal Year.

The Group serves customers comprising roughly 4,000 healthcare institutions and its solutions have impacted over 22 million patients in approximately 120 countries worldwide. This broad range of customers includes luminary global healthcare institutions, including nine of the top 10 neurosurgery centers globally (source: Newsweek 2025). Furthermore, 86 of the top 100 cancer centers globally (source: Newsweek 2025) use Brainlab software. Brainlab's revenue base is also diversified geographically: in the 2023/2024 Fiscal Year, 45.6% of the Group's revenue (by Group company location) came from Europe and the rest of the world, 41.9% came from North America and 12.5% came from the Asia-Pacific region. Across the combined markets of Europe and North America, Brainlab is the market leader in planning and navigation systems in neurosurgery, and across Europe and North America Brainlab is the number 2 player in spinal surgery planning and navigation systems and the number 2 player in surface-guided

positioning and monitoring systems in radiotherapy based on total installed base of systems (source: Roland Berger Report). Brainlab has thereby established itself as a leader in multiple verticals: neurosurgery (including functional neurosurgery), spinal surgery and radiosurgery, and it has further presence and ambitions to grow in the clinical domains of ear, nose and throat ("**ENT**"), interventional cardiology, orthopedics and sports medicine. With its global reach, Brainlab addresses trends in the worldwide healthcare sector, such as financial and human resource shortage in the context of demographic change, the growing complexity of procedures paired with less specialized resources being available, and the increasing need for effective, efficient chronic disease treatments. With roots in Munich, Germany, Brainlab has grown into an organization with approximately 2,000 employees worldwide, including approximately 1,000 engineers dedicated to advancing healthcare technology.

In June 2025, Brainlab completed the spin-off of the Snke Group, which consisted of five former subsidiaries of Brainlab active in its former Healthcare Platform segment, with approximately 330 employees largely in research and development. The Snke Group is building a privacy-preserving and scalable orchestration layer that connects all stakeholders of the healthcare sector, consisting of technologies to capture structured health data, digital patient models, hospital or collaboration dataspaces, radiological software and operating theater platforms. Brainlab decided to spin off the Snke Group to allow both companies to focus on their distinct priorities and investment needs, while retaining a 6.84% equity stake to ensure strategic alignment and maintain access to the Snke Group's innovative solutions.

The Group has achieved double-digit topline revenue growth in its last three fiscal years, growing to EUR 470,267 thousand in the 2023/2024 Fiscal Year from EUR 364,299 thousand in the 2021/2022 Fiscal Year, representing a compound annual growth rate ("**CAGR**") of 13.6%, and further strong revenue growth from EUR 213,383 thousand in H1 2023/2024 to EUR 243,328 thousand in H1 2024/2025. Brainlab has also expanded its EBITDA to EUR 77,650 thousand in the 2023/2024 Fiscal Year from EUR 53,592 thousand in the 2021/2022 Fiscal Year, representing a CAGR of 20.4%, and over the half-year periods from EUR 32,610 thousand in H1 2023/2024 to EUR 41,454 thousand in H1 2024/2025, representing period-on-period EBITDA growth of 27.1%. In the 2023/2024 Fiscal Year and in H1 2024/2025, Brainlab had EUR 454,014 thousand and EUR 239,428 thousand in revenue on a pro forma basis, respectively.

10.2 Basis of Preparation of the Audited Consolidated Financial Statements

The Group's fiscal year is the twelve-month period ending on September 30. The 2023/2024 Fiscal Year ended on September 30, 2024, the 2022/2023 Fiscal Year ended on September 30, 2023 and the 2021/2022 Fiscal Year ended on September 30, 2022.

The Audited Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the EU and the additional requirements of the German commercial law pursuant to Section 315e (1) HGB. They comprise the annual financial statements of Brainlab AG and its direct and indirect subsidiaries as of September 30, 2024, September 30, 2023 and September 30, 2022. Shares in associates and joint ventures are accounted for using the equity method. All Group companies apply uniform accounting and valuation principles; if necessary, adjustments are made in line with the standard accounting policies applied within the Group, and any transactions between the Group entities are eliminated in the consolidation process. The Audited Consolidated Financial Statements have been prepared on a historical cost basis, with the exception of derivative financial instruments, plan assets and certain financial assets and liabilities, which have been measured at fair value.

The Audited Consolidated Financial Statements are presented in euros and figures are rounded to the nearest thousand (EUR '000), except where otherwise indicated; therefore, minor discrepancies may arise when adding up these amounts. The functional currency and the reporting currency of the Company is the euro. The reporting currency of the Group is the euro. Transactions of the Company executed in a foreign currency are translated at the applicable exchange rate at the time of addition. Monetary items denominated in foreign currency are translated at the closing rate on the respective reporting date. Any resulting currency translation differences are recognized through profit or

loss and are shown under other operating income or other operating expenses. The functional currency of each of the Company's subsidiaries is the respective local currency. The recognized assets and liabilities are translated to the Group's functional currency at the prevailing exchange rate at the end of the reporting period. For translating income and expense items, the Group applies the simplified translation at monthly average exchange rates in accordance with IAS 21.40. Differences arising from currency translation are taken directly to the separate item "Other comprehensive income" within equity and do not affect the income statement.

The accounting and valuation principles have been consistently applied by the Group for the fiscal years ended September 30, 2024, September 30, 2023 and September 30, 2022, except as disclosed in the Notes to the Audited Consolidated Financial Statements. Furthermore, the preparation of the Audited Consolidated Financial Statements requires management to make certain discretionary decisions, estimates and assumptions that have an effect on the reported amounts of assets and liabilities, as well as on the disclosure of contingent assets and contingent liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period.

For more information, see the key accounting and valuation principles in the Notes to the Audited 2023/2024 Consolidated Financial Statements.

10.2.1 Segment Reporting

Since the 2023/2024 Fiscal Year, the Group has been managed via the following four operating segments, as described in the Audited 2023/2024 Consolidated Financial Statements: Spinal and Cranial Surgery, Other Surgery, Radiosurgery and Healthcare Platform (noting that a significant portion of the Group's operations in the Healthcare Platform segment were included in the Group's spin-off of the Snke Group and therefore Healthcare Platform will no longer be presented as a reportable segment in the Group's financial reporting going forward. See "*10.3.1 Segmentation*"). These operating segments enable the management of the Group's business and the pursuit of its strategic goals.

The Group's operating segments are described as follows:

- The Spinal and Cranial Surgery segment includes image-guided navigation products that provide high-precision and real-time information that supports decision-making during spinal and neurosurgical procedures. Complex procedures can be planned and simulated based on a 3-dimensional digital model of the patient. The entire treatment process is supported by the integration of intraoperative imaging devices, neuromonitoring, robotics and mixed reality. The segment focuses on technologies that integrate digital preoperative planning with the physical execution and verification of surgical procedures. At the core of this approach is the Group's commitment to advancing surgical guidance, supporting clinicians from initial planning and simulation through intraoperative navigation and treatment validation. With over 35 years of experience in digital surgery, the Group believes it is recognized as a leader in delivering real-time, high-precision visualizations of clinically relevant data. These visualizations are dynamically composed from multiple sources, including preoperative planning data, imaging modalities such as CT, MRI, and ultrasound, as well as intraoperative surgical devices such as microscopes, C-arms, ultrasound and intraoperative neuromonitoring ("**IONM**"). The segment's comprehensive portfolio includes AI-enhanced software for planning and simulation, alongside advanced hardware systems such as robotic arms and robotic imaging devices. By enabling real-time augmentation of multimodal data, the Spinal and Cranial Surgery segment helps empower Healthcare Professionals to deliver safer, more precise, and patient-specific care, ensuring that critical information is available exactly when and where it is needed most.

- The Group has established its Other Surgery segment and reorganized its portfolio to focus on and expand into additional clinical surgery fields such as orthopedics, ENT, sports medicine, and cardiovascular surgery by leveraging its expertise in surgical planning, navigation, and digital infrastructure. With some variation depending on the specialty, the goal is to redefine the digital operating room beyond video streaming and recording, focusing instead on planning, navigation, workflow management, automated documentation, and

granular data capture. The Group already has a presence in these fields: in orthopedics with the TraumaCad Orthopedic software planning solution ("**TraumaCad**"), in ENT with over two decades of experience in the mid- to high-end market, and in cardiovascular surgery with a newly released solution. The strategy is to build on this foundation and use the scalable Digital Operating Room infrastructure to lower technological and financial entry barriers, driving further growth across these markets. Instead of focusing on depth in individual disciplines, the main emphasis is on offering the broadest possible portfolio of partial solutions that support server-based navigation, documentation, collaboration and process control.

- Radiosurgery provides software, hardware and state-of-the-art tracking technologies to achieve a high level of precision in radiosurgery planning and patient positioning when delivering radiation therapy as treatment for cancer. Through the Radiosurgery segment's products, Healthcare Professionals receive indication-specific tools for personalized decision-making, contouring and dose planning. Due to automated processes, treatment plans can be adapted to clinical needs within a very short timeframe. The Radiosurgery segment's software and hardware are designed to enhance accuracy in treatment planning to achieve sub-millimetric precision during irradiation with the power of cutting-edge tracking technologies. The Radiosurgery segment has been most focused on cranial and spinal radiosurgery and is further pursuing the development of products for precise treatment of extracranial tumors, such as in the prostate, breast and lungs. These solutions are specifically tailored to the respective clinical requirements of individual indications.

- A significant portion of the Group's operations in the Healthcare Platform segment were included in the Group's spin-off of the Snke Group. See "*10.3.1 Segmentation.*" Healthcare Platform products allow operating room teams to improve documentation, communication and integration of data. A broadly designed technology platform includes generation and updating of the digital anatomical patient model and the patient-centered orchestration of healthcare data streams. The Group's Digital Operating Room is an open, modular platform to record, manage and display the necessary data in all setups, from simple general surgery to complex hybrid operating rooms. The aim of the segment was to structure patient data immediately from the point of hospital admission, to create a broad data ecosystem in the form of an operating system for surgery, to improve the segmenting of anatomical data and to render the technologies more usable as part of operating room solutions.

10.3 Factors Affecting Comparability of Results of Operations and Financial Condition

10.3.1 Segmentation

In the 2023/2024 Fiscal Year, the Group changed the composition of its reporting segments to sharpen its business areas and moved from three segments to four:

Previous segment structure (up to and including the 2022/2023 Fiscal Year):

- Surgery
- Radiosurgery
- Digital Health

New segment structure (effective from the 2023/2024 Fiscal Year):

- Spinal and Cranial Surgery
- Other Surgery
- Radiosurgery
- Healthcare Platform

In the new segmentation, the former segment “Digital Health” was split up primarily into the new segments “Other Surgery” and “Healthcare Platform.” The Group additionally assigned imaging technology, previously contained in “Digital Health,” to the existing core area of “Spinal and Cranial Surgery.”

The “Other Surgery” segment represents an extension of the previous Digital Operating Room area, which typically includes the digital documentation of video data in the operating room. By expanding and dynamizing the patient model, Brainlab is striving to open up further key applications of surgery, such as orthopedics and ENT as well as sports medicine, visceral and cardiovascular surgery, which are structured under “Other Surgery.” As part of the further development of the Digital Operating Room area, this will increasingly be based on a new central server architecture, which also serves as a common basis for the newly developed clinical fields of application in this segment.

The Group’s “Radiosurgery” segment remains largely unchanged.

The new segment “Healthcare Platform” contained technologies which are less specific and broader and serve as the basis for the “Other Surgery” products. Specific platform technologies, which are also usable for third-party providers, are summarized in this platform segment. Additionally, some subsidiaries were included in this structure to optimize the organizational form, cost planning and technical synergies. Finally, the new segment integrated the MedTech business of Level Ex as Snke Xplore. A significant portion of the Group’s operations in the Healthcare Platform segment were included in the Group’s spin-off of the Snke Group. As a result, the Healthcare Platform segment will no longer be presented as a reportable segment in the Group’s financial reporting going forward.

Snke Spin-Off

On June 6, 2025, the Snke Spin-Off became effective with the entry into the Company’s commercial register. The Snke Spin-Off was a strategic decision by the Company to ensure that the Snke Group and Brainlab can each operate with what Brainlab believes to be more appropriate capital structures and strategic direction. The Snke Group builds digital patient models and structured health data solutions to support real-time data enrichment, workflow digitization and longitudinal care for medical technology companies. Brainlab saw these projects as deep-technology initiatives requiring significant investment with long, potentially uncertain timelines. In the period under review, the Healthcare Platform segment, which encompasses much of the perimeter that was transferred in the Snke Spin-Off, had negative EBITDA of EUR -21,814 thousand in the 2023/2024 Fiscal Year, compared to the positive EBITDA of Brainlab’s core segments of Spinal and Cranial Surgery, Radiosurgery and Other Surgery. The Snke Group therefore has a different risk and growth profile than the current core operating segments of Group, which is expected to require substantial resources to reach its full potential. Moreover, by becoming largely independent of Brainlab, the Snke Group has the possibility to collaborate with a wider range of companies, including competitors of Brainlab, providing the possibility for the Snke Group to further grow. The Group has retained a 6.84% share in the Snke Group. See also “*16.1.1.1 Decision to spin-off Snke OS GmbH Shares.*”

The criteria for classifying the Snke Group as assets and liabilities held for distribution to owners and as discontinued operations were met in accordance with the IFRS 5 accounting standard as of March 17, 2025. For further details on the impact of the Snke Spin-Off on the Group’s financial reporting, see Note 5 to the Unaudited Condensed Consolidated Interim Financial Statements. See also “*2.5.2 Financial Information*”. In particular, the breakdowns by geographic market and segment set forth under “*10.6.1 H1 2024/2025 Compared to H1 2023/2024”* contain revenue and other financial information that is not comparable to that set forth in the Group’s consolidated income statement for H1 2023/2024 and H1 2024/2025 as it represents the total of continued and discontinued operations. See Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements.

10.4 Key Factors Affecting the Results of Operations

10.4.1 Product Mix and Recurring and Reoccurring Revenue

The Group's revenue is primarily a function of three factors: (i) the number of products and services it sells and the prices at which it sells such products and services;(ii) the number of customers; and (iii) the ability to generate recurring and reoccurring revenue arising from services, subscriptions and disposables and instruments. Cross-selling of the Group's product mix is also a key driver for the Group's results. Within the Group's Spinal and Cranial Surgery segment, navigation systems are the beachhead products sold, with approximately 90% of customers buying either a spinal or cranial navigation system first. Other solutions come as add-ons, especially in the first year, with approximately 43% of customers buying several solutions in the 2023/2024 Fiscal Year and on average buying 1.9 products. Portfolio diversification, with new product launches in planning software and in robotic imaging has further enhanced the Group's ability to cross-sell over time. In particular, revenue from robotic platforms in the Spinal and Cranial Surgery segment grew approximately seven times from the fiscal year ended September 30, 2020 ("**the 2019/2020 Fiscal Year**") to the 2023/2024 Fiscal Year. Within the Spinal and Cranial Surgery segment's revenue CAGR of approximately 17% from the 2019/2020 Fiscal Year to the 2023/2024 Fiscal Year on a constant currency basis, navigation and planning products had an approximately 12% CAGR, robotic platforms had an approximately 65% CAGR, disposables, instruments and accessories had an approximately 9% CAGR, services had an approximately 14% CAGR and other (comprising partnerships, the Group's Langer Medical acquisition and certain other revenue) had an approximately 31% CAGR. In the 2023/2024 Fiscal Year, approximately 9% of Spinal and Cranial Surgery segment revenues came from product launches in the past five years.

Within the Group's Radiosurgery segment, ExacTrac is the beachhead product sold (with over 80% of Radiosurgery customers purchasing an ExacTrac product in their first year), particularly since the upgraded version ExacTrac Dynamic was released, although approximately 17% of customers in the 2023/2024 Fiscal Year bought radiosurgery planning software first. Planning software solutions mostly come as add-ons, with approximately 37% of customers buying multiple solutions in the 2023/2024 Fiscal Year and on average buying 1.9 products. The variety of specialized planning software solutions having also driven cross-selling, with 57% of software customers in the 2023/2024 Fiscal Year buying multiple specialized software products from the Group. Within the Radiosurgery segment's revenue CAGR of approximately 5% from the 2019/2020 Fiscal Year to the 2023/2024 Fiscal Year on a constant currency basis, ExacTrac products had an approximately 14% CAGR, treatment planning software had an approximately 3% CAGR, disposables, instruments and accessories had a negative CAGR of approximately 6%, services had an approximately 1% CAGR and other (comprising other revenue and income) had an approximately 9% CAGR. In the 2023/2024 Fiscal Year, approximately 35% of Radiosurgery segment revenues came from product launches in the past five years.

The Group's average revenue per customer ("**ARPC**") show that the Group has benefitted from new product releases in both infrastructure and software in the past three fiscal years, in particular in the Spinal and Cranial Surgery segment. Radiosurgery average revenue per customer did not grow as significantly in comparison as the Group was in the middle of multi-year process to re-launch its premier ExacTrac product as the next-generation ExacTrac Dynamic. Early-stage products might generate smaller initial revenue increases but can reach rapid growth as adoption scales, while mature offerings tend to deliver consistent and impactful contributions to the Group's overall performance. Because sales cycles at the Group's customers can be protracted at times, the Group's revenues may fall in one or the other fiscal year, such that the Group focuses on longer-term product trends in addition to shorter-term movements between fiscal periods.

From the 2021/2022 Fiscal Year to the 2023/2024 Fiscal Year, the Group's growth has mostly been driven by an increase in ARPC, with growth in customer numbers being a secondary factor. Increase in ARPC has been driven by cross-sell of additional solutions (*e.g.*, planning software in radiosurgery or Loop-X Mobile Imaging Robot ("**Loop-X**") in surgery) and upsell of updated products (*e.g.*, ExacTrac Dynamic 2.0), as well as price increases. Growth in the 2022/2023 Fiscal Year was enhanced by recent product launches, such as ExacTrac Dynamic 2.0 and Loop-X, a

new sales approach for modular robotics products and rebound of purchases post-COVID. Growth in the 2023/2024 Fiscal Year was impacted more by macroeconomic volatility (see "*10.4.4 Macroeconomic and Geopolitical Developments*"), leading to delays in some installations post-purchase and slowdown in purchase of certain products. Within revenue growth of 17.8% between the 2021/2022 Fiscal Year and the 2022/2023 Fiscal Year, 3.6% was attributable to customer increase, 12.1% to ARPC increase and 2.1% to indirect and other surgery revenue. Within revenue growth of 9.6% between the 2022/2023 Fiscal Year and the 2023/2024 Fiscal Year, 2.0% was attributable to customer increase, 5.1% to ARPC increase and 2.4% to indirect and other surgery revenue.

The Group's growth in total orders received and the type of such orders during the period under review have been key drivers of the Group's gross profit and gross profit margin. During any given period, results of operations are affected by the mix of products and services sold in each segment and the relative contribution of each segment to overall results.

The table below sets forth the Group's total orders received, including orders consisting of service agreements, for the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**2024**
		(unaudited)	
		(EUR thousands)	
Total orders	408,537	467,946	506,191
of which service agreements	111,486	114,525	125,492

The Group has a relatively stable order book, which supports future revenue visibility. In the fiscal year ending on September 30, 2025 (the "**2024/2025 Fiscal Year**"), approximately 30% of the Spinal and Cranial Surgery segment's revenue, and approximately 60% of the Radiosurgery segment's revenue, is expected to come from orders from the previous fiscal year. Image-guided surgery products are generally installed within a few months of order placement, while radiosurgery installations are often tied to the installation of new linear accelerators ("**LINACs**"), which can take up to a year or more, leading to a lag in corresponding revenue recognition. Infrastructure (including consumables and disposables) are recognized as revenue upon the customer receiving and accepting the product. Perpetual software licenses are recognized as revenue usually upon installation. The same applies for 75% of revenues from software subscriptions (even if payments are made over time), however 25% are recognized over the term of the specific contract.

The Group's results of operations depend to a substantial extent on its ability to generate recurring and reoccurring revenue from services and subscriptions. Recurring revenue is typically not subject to short-term swings, helping the Group gain better visibility on its revenue and plan its staffing and investments accordingly, as sales are typically based on longer-term contracts. The Group believes that this recurring revenue, coupled with a diverse geographic mix of revenue, offers resilience to its business and increases customer retention. For instance, subscriptions are of particular importance for the Group's business in the United States, where the share of total software revenue comprised of subscriptions has been over 95% in recent years. In Germany, another significant market for the Group, subscription rates are significantly lower in comparison to the United States. Software subscriptions, service contracts, and clinical specialist agreements are sold in contracts with defined terms; this term is, on average approximately four years, but may be as long as seven years, or in some cases even longer. The Group has high renewal rates for these service contracts. In the 2023/2024 Fiscal Year, the Group had recurring and reoccurring revenue from services, disposables and instruments and the portion of the software sold on a subscription basis of approximately 50% for its Spinal and Cranial Surgery and Radiosurgery segments. Moreover, subscription revenues

as a total percentage of revenue was in the high-teens and grew over the period from the 2021/2022 Fiscal Year to the 2023/2024 Fiscal Year, comprising approximately 18% of Group revenue in the 2023/2024 Fiscal Year.

In general, the Group operates in highly competitive markets. The Group's products are typically subject to varying levels of price erosion per year, which has had a negative, but limited, impact on the Group's gross profit and gross profit margin during the periods under review. In addition, the timing of the Group's conversion cycle, from when an order is placed until the Group delivers the product/or services and receives payment, has also generally increased, which affects both the Group's cash flow and revenue recognition. These factors are due, in part, to the ongoing rise of purchasing organizations and governments that have leveraged their scale to negotiate better prices and payment-timing terms, often by agreeing to purchase larger quantities but at reduced prices and with payments and delivery spread out over a number of years. The Group is seeking to counter these trends by continuing to innovate and by focusing on diversifying its product, services and geographic mix, including by moving to a subscription model for certain products and services.

10.4.2 Geographic Mix

The Group's revenue is also affected by its geographic mix. In the 2023/2024 Fiscal Year, 45.6% of the Group's revenue (by Group company location) came from Europe and the rest of the world, 41.9% came from North America and 12.5% came from the Asia-Pacific region. These percentages have remained relatively stable over the past three fiscal years, and into H1 2024/2025, although with a small decrease in the share from North America. Nonetheless, an economic downturn and/or geopolitical development detrimental to one of the Group's key markets, such as the United States, could also have a substantial impact on the Group's results of operations if not sufficiently offset by the Group's performance in other regions. See also "*10.4.4 Macroeconomic and Geopolitical Developments.*" In the near- to medium-term, the Group expects the United States and Europe to continue to be attractive markets.

The table below sets forth the Group's total revenue for H1 2024/2025 and H1 2023/2024 (Continued Operations), and the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years based on the geographic location of the Company.

	Fiscal year ended September 30,			**Six-month period ended**	
	2022	**2023**	**2024**	**March 31, 2024**	**March 31, 2025** [(1)]
		(audited)		*(unaudited)*	
			(EUR thousands)		
Europe and Rest of World	149,244	195,323	214,377	103,374	113,523
North America	159,191	181,986	197,095	87,362	94,360
Asia Pacific	55,864	51,919	58,795	28,161	34,572
Elimination of Discontinued Operations	—	—	—	(5,514)	873
Total	**364,299**	**429,228**	**470,267**	**213,383**	**243,328**

Note:

(1) Figures include Continued Operations as presented in the segment reporting of the Unaudited Condensed Consolidated Interim Financial Statements.

10.4.3 Research and Development

The medical technology market is characterized by continuous innovation, frequent new product introductions and evolving industry standards resulting from technological advances and scientific discoveries. Additionally, emerging technologies, such as AI, quantum computing and robotics, are poised to potentially transform the healthcare industry. In order to compete effectively and, to a certain extent, alleviate pricing pressure, the Group has enhanced

and broadened, and must continue to enhance and broaden, its product offerings in response to changing customer demands and competitive pressures and technologies. Development activities at the Group focus on investigating new technological concepts with respect to their clinical relevance and effectiveness, and the further development of the existing product portfolio. Other focal areas include the development of new products based on available technologies, and developing an ecosystem of devices and software to increase diagnostic and treatment efficiency and improve treatment outcomes for patients.

In the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years, as well as in H1 2024/2025, research and development advanced in the following areas:

- Integration of digital solutions for the analysis, processing, management, and archiving of medical images and data;
- New concepts for the interaction of medical personnel and machines;
- Robotics for cranial and spinal surgery;
- Planning and navigation for cranial and spinal surgery;
- Planning software and motion management products for radiation therapy; and
- Imaging procedures for surgeries in the Spinal and Cranial segment as well as the Other Surgery segment.

Research and development activities are conducted at multiple locations including at the Company's headquarters in Germany, at Langer Medical in Germany and at medPhoton GmbH in Austria.

Research and development costs consist mainly of personnel. In response to the structural challenges in the healthcare industry (see "*12.2.1 Clinically relevant, fast-growing and high-value market*") and market opportunities associated with new technologies such as cloud computing and augmented reality, the Group over the course of the past decade has undertaken substantial efforts in R&D to launch its next generation of innovative new products. In the past five years, the Group had significant research and development expenses related to new product launches such as Cirq and Loop-X in the Spinal and Cranial Surgery segment and ExacTrac Dynamic in the Radiosurgery segment. More recently, the Group's R&D expenditures have stabilized and the level of R&D capitalization declined in the 2023/2024 Fiscal Year as compared to the 2022/2023 Fiscal Year as many products in development in the Spinal and Cranial Surgery, Radiosurgery and Other Surgery segments reached the market. In the past three fiscal years and H1 2024/2025, the Group has spent approximately 17-19% of revenue on research and development (2021/2022 Fiscal Year, excluding depreciation and amortization: 11.5%; 2022/2023 Fiscal Year: 10.2%; 2023/2024 Fiscal Year: 10.9%). In terms of boosting its research and development efforts, the Group focuses on identifying future trends and technologies in each geographical market and product segment to become an early adopter. For further details on the Group's development roadmap, see "*12.2.6 Full innovation pipeline accelerating transformation in more verticals*."

As a result, research and development efforts have required, and will continue to require, a substantial investment of the Group's resources in order to drive future growth. Development expenses are capitalized based on individual projects. The Group's assessment for capitalization of development expenses is based on management's estimation that technical and economic feasibility has been demonstrated. This is generally the case when a product development project has reached a certain milestone in an existing project management model. For the purposes of determining the amounts to be capitalized, management makes assumptions about the expected future cash flows from the project, the applicable discount rates and the period over which the anticipated future benefit will flow to the Group. For further information, please refer to Note 5 to the Audited 2023/2024 Consolidated Financial Statements.

The tables below set forth the Group's total research and development expenses and the effect of capitalization for H1 2023/2024 and H1 2024/2025 and for the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years.

	Six-month period ended March 31,		
	2024[(1)]	**2025[(1)]**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Research and development expenses	**(42,330)**	**(51,650)**	**22.0%**
Additions to capitalized development costs	24,599	20,280	(17.6)%
Additions to the amortization of capitalized development costs	(15,740)	(20,228)	28.5%
Effect of capitalization on earnings	**8,859**	**52**	**(99.4)%**
Research and development expenses (excluding capitalization)	**(51,189)**	**(51,702)**	**(1.0)%**

Notes:

(1) Figures include Continued Operations and Discontinued Operations as presented in the segment reporting of and Note 4 to the Unaudited Condensed Consolidated Interim Financial Statements.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Research and development expenses	**(75,032)**	**(86,095)**	**14.7%**
Additions to capitalized development costs	52,253	50,639	(3.1)%
Additions to the amortization of capitalized development costs	(30,432)	(34,248)	12.5%
Effect of capitalization on earnings (*unaudited*)	21,821	16,391	(24.9)%
Research and development expenses (excluding capitalization) (*unaudited*)	**(96,853)**	**(102,486)**	**5.8%**

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Research and development expenses	**(61,107)**	**(75,032)**	**22.8%**
Additions to capitalized development costs	40,255	52,253	29.8%
Additions to the amortization of capitalized development costs	(20,914)	(30,432)	45.5%
Effect of capitalization on earnings (*unaudited*)	19,341	21,821	12.8%
Research and development expenses (excluding capitalization) (*unaudited*)	**(80,448)**	**(96,853)**	**20.4%**

In June 2025, Brainlab completed the spin-off of the Snke Group, which consisted of five former subsidiaries of Brainlab active in its Healthcare Platform segment, with approximately 330 employees largely engaged in research and development. The Snke Group had historically comprised a comparatively high share of the Group's overall research and development expenses. The Group had research and development expenses of 14.1% of revenue on a pro forma basis in the 2023/2024 Fiscal Year.

10.4.4 Macroeconomic and Geopolitical Developments

Changing economic cycles and geopolitical events have had, and will continue to have, an impact on key economic indicators such as income, unemployment rates and consumption of medical goods and services in the Group's key markets. While the Group's products are often used for urgent, non-elective medical procedures, these factors may still affect demand for the types of devices and services, including those supplied by the Group, employed for such procedures, or for non-urgent or otherwise elective procedures. Economic and geopolitical events may have a more pronounced effect in jurisdictions where healthcare costs are typically higher than global averages or are more likely to be borne by the patient, such as in the United States, one of the Group's key markets. Economic conditions can be impacted by a number of factors, including volatility in global financial markets, macroeconomic policy, trade policy and conflicts, political instability, business and consumer sentiment, monetary policy (*i.e.*, interest rates), inflation, commodity prices, and public and private debt levels and government policies targeting public spending such as fiscal austerity policies. Global and regional economic conditions may also be negatively affected by sudden and unexpected events, such as serious natural disasters, the COVID-19 pandemic, the Russia-Ukraine war and continuing tensions in the Middle East. Most recently, armed conflict has broken out between Israel and Iran, with the United States having also carried out military strikes on Iranian targets. This conflict could further intensify, resulting in ongoing geopolitical and macroeconomic disruption. For instance, any blockade of the Strait of Hormuz could significantly restrict the flow of goods, in particular fossil fuels, around the world, resulting in disruptions to energy supplies and an adverse impact on global trade. Moreover, the recent increase in trade tensions globally, including among the United States and significant trading partners such as the EU and China, in particular the imposition of tariffs and retaliatory responses to such tariffs, have not only caused volatility on financial markets but also increased the potential for instability in commercial transactions for goods and services. While the Group believes its current exposure to tariffs imposed by the United States is rather limited due to the Group's relatively high gross margin together with its U.S.-based operations and its ability to further source or assemble products locally, tariff frameworks may change suddenly and become more detrimental to the Group.

Such events have had, and may continue to have, serious adverse effects on global supply chains, energy prices, inflation and general uncertainty. These or similar events may continue to cause disruption in the future. Any such

current and future developments in or that impact the Group's markets, in particular its key markets, could reduce demand for the Group's products. Positive economic developments, such as a resumption of economic growth in certain of the Group's key markets in Europe, such as Germany, or increased economic growth in the United States, could benefit the Group's results of operations.

The global economy grew by 3.2% in 2024, and the OECD predicts that it will grow by 3.1% in 2025 and that this growth will likely not increase in the coming years (source: OECD March 2025). In contrast, the German economy contracted by 0.2% in 2024 in comparison with the previous year (source: Destatis 2025). The decline in economic performance in Germany has been attributed to cyclical and structural pressures, including increasing competition for the German export industry on key sales markets, high energy costs, an interest rate level that remains relatively high and an uncertain economic outlook. The OECD predicts only slight growth of 0.4% for the German economy in 2025 (source: OECD March 2025). Economic growth in the Eurozone remained low at 0.7% in 2024 (source: OECD March 2025). Key factors in this low growth include the measures to combat inflation in the Eurozone due to the restrictive monetary policy of the European Central Bank in response to the energy price hikes caused by the war in Ukraine, the higher cost of living, recent turbulence in the financial sector and higher borrowing costs. The OECD expects that growth in the Eurozone will remain low in the coming years. The German economy contracted by 0.2% in 2024 in comparison with the previous year (source: OECD March 2025), driven in part by a slowdown in exports.

Economic growth in the United States was 2.8% for 2024, only a slight decrease compared to 2.9% in 2023. However, the short-term downward trend is expected to continue, and lower growth is predicted in the coming years due to restricted immigration, cooling labor demand, less scope for consumer spending, and increasing trade tensions (source: OECD March 2025, OECD December 2024).

An economic increase of 0.1% occurred in Japan in 2024, after an increase of 1.7% in 2023 (source: OECD March 2025, OECD December 2024). The Japanese government has been pursuing measures to counter the longstanding stagnation and decline in the economy, but has not been fully successful.

The People's Republic of China achieved growth of 5.0% in 2024 (source: OECD March 2025), which continued the decline in growth rate generally observed over the past 15 years. The slowdown in growth is due in part to subdued demand within the domestic market and ongoing distortions in the Chinese real estate sector.

While global inflation rates largely eased over the course of 2024, quarterly projections imply that core inflation would still remain above central bank inflation targets at the end of the projection period in over half of the advanced G20 economies, including the United States. Projected inflation is also higher than previously forecast, due to the impact of tariff increases (source: OECD March 2025). Inflationary pressures could therefore limit economic growth and lower demand for the Group's products. In addition to forecasts issued by the OECD in March 2025, the recent increase in trade tensions globally since early April 2025 have led the IMF to warn of notable markdowns for its own previously issued economic forecasts and the potential for increased inflation forecasts in some countries (source: IMF April 2025).

10.4.5 Regulation

The Group operates in the medical technology sector, subjecting it to intense regulation and rigorous scrutiny by regulatory and other governmental authorities, across the jurisdictions in which it operates, particularly in its key markets such as the EU and the United States. The Group is therefore subject to supra-national, national, regional and local laws and regulations and standards, including such of the ISO, and rules relating to, among other things, medical devices, promotion and advertisement of products, environmental and radiation protection and cybersecurity and IT security.

In the EU and the EEA, the Group's medical devices are subject to an extensive and rigorous regulatory framework primarily shaped by the EU MDR. The EU MDR is directly applicable in the EU/EEA and, together with

supplementary legislation of the respective EU Member States, creates a single set of medical device regulations for products commercialized in all EU Member States. It regulates the entire life cycle of medical devices, from development, through placing on the market, to post-marketing surveillance as well as record-keeping and vigilance reporting obligations. The EU MDR first became effective in 2021 and the Group spent significant resources in preparing its products and operational departments in order to comply.

In the United States, before the Group can market a new medical device, or label and market a previously cleared or approved device for a new intended use or new indication for use, or make a significant modification to a previously cleared or approved device, it must first receive FDA clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act (the "**FDCA**"), unless an exemption applies. Compliance with these regulations is expensive and time-consuming, and failure to comply with these laws and regulations may adversely affect the Group's business.

The Group also notes a trend of increasing regulation worldwide. Once introduced, laws and regulations are often subject to public review and comment, continually evolve and change frequently, *e.g.*, to accommodate technical advancements and innovation, for example in artificial intelligence or cybersecurity.

The applicable legal frameworks impact all aspects of the Group's business operations and thereby affect the Group's cost of sales, selling, general and administrative expenses as well as its research and development expenses, and require it to maintain a certain level of highly qualified employees. For instance, the Group has approximately 80 employees in quality management, quality control, quality assurance and regulatory affairs roles, in part to comply with EU MDR and FDA rules and other applicable global regulations.

Regulatory provisions furthermore influence the technical development of the Group's products and require it to obtain approval before it is permitted to market or introduce new products. This affects the time to market for the Group's products and/or the Group's decision to enter a geographic market for a specific product at all.

10.4.6 Distributor Relationships and Direct Sales

Depending on the country in question, the Group generally employs two separate models to commercialize its products and reach customers in an effective and cost-efficient way: a direct sales model, which is primarily used in key markets such as the United States, Germany and Japan, and a distribution model, primarily used in Latin America, Africa and parts of Asia. Typically, the Group invests into a direct sales model if the expectation for the market is that its size is reasonably large, expected revenues are recurring, and administrative processes can be handled with reasonable efforts. In the 2023/2024 Fiscal Year, a significant majority of the Group's revenue was generated under the direct sales model: approximately 74% of the Group's revenue came from direct sales, approximately 19% from distributors and approximately 2% from strategic partners. Other channels (such as Mint, Snke Xplore and the Level Ex Pharma Business) accounted for the remaining 5%.

Under the direct sales model, the Group directly quotes, receives purchase orders, and invoices its direct customers, which are hospitals and healthcare institutions. Under the distribution model, distributors purchase products from the Group at wholesale prices, and then resell them to their customers. The direct sales model therefore generates a somewhat higher gross margin than the distribution model. The Group has also been working to optimize its selling, general and administrative expenses to support scalable growth. Within selling expenses, this means the Group has been focused on only moderately increasing its number of general salespeople while investing more heavily in application consultants. As application consultants are specialists for specific Group product lines, the Group's generalists are able to cover a finite amount of customers without having to expand their own numbers to sell an increasing number of products requiring specialty sales support – instead, application specialists are being scaled up with the growth of the Group's business.

Within general and administrative expenses, the Group has invested in its regulatory compliance setup and IT, as well as business development activities. Thus, while selling, general and administrative expenses grew in absolute terms to EUR 193,443 thousand in the 2023/2024 Fiscal Year from EUR 184,212 thousand in the 2022/2023 Fiscal

Year and EUR 165,026 thousand in the 2021/2022 Fiscal Year, the share of revenue for selling, general and administrative expenses dropped in the same period from 45.3% to 42.9% and 41.1%, respectively (2021/2022 Fiscal Year, excluding depreciation and amortization: 39.0%; 2022/2023 Fiscal Year: 37.8%; 2023/2024 Fiscal Year: 36.4%). This trend continued in HY 2024/2025 where selling, general and administrative expenses grew in absolute terms to EUR 94,974 thousand in HY 2024/2025 (Continued Operations) from EUR 86,883 thousand in HY 2023/2024 (Continued Operations), while the share of revenue for selling, general and administrative expenses dropped in the same period from 40.7% to 39.0%. Selling, general and administrative expenses' share of revenue therefore decreased due to the Group's higher operating leverage and ongoing cost efficiency initiatives, while the growth in absolute terms reflected the Group's continued investment in commercial expansion and customer support.

The Group's profitability thus depends in part on how effectively the Group can maintain and grow its direct sales, including through the recruitment of additional direct sales representatives in key jurisdictions across the world. It also depends on how effectively the Group can partner with appropriate distributors to sell its products in other jurisdictions, including the extent to which distributors are successful in expanding the number of end customers that use the Group's products.

10.4.7 Currency and Interest Rate Effects

The Group operates worldwide and is therefore exposed to currency exchange rate fluctuations. The Group's accounts are prepared in euros. The Group is mainly exposed to foreign exchange fluctuations from the U.S. dollar, the Australian dollar, the Hong Kong dollar and the Japanese yen. To a lesser extent, exchange rate exposure also arises from other currencies of the Group subsidiaries (*e.g.*, the pound sterling, Brazilian real, Chinese yuan, Israeli shekel and Indian rupee).

On the one hand, risks arise above all due to the fact that products are purchased and sold in different currencies and for different amounts, while a large portion of the Group's personnel expenses are in euros. In addition, currency effects from the translation of earnings of the Group's local subsidiaries into the Group's reporting currency, the euro, or the valuation of foreign currency accounting items at companies where the local currency is the euro, can have substantial effects on the Group's financial results. The Group maintains a centralized system for managing foreign exchange risks, and concentrates the currency risk at the Company by invoicing subsidiaries in their local currency (39% in USD, 26% in other currencies in the 2023/2024 Fiscal Year). To protect its cash flows, the Group concludes transactions in an effort to limit exchange rate risk. In addition to natural hedges, the Company also uses currency forward contracts and options to protect anticipated cash flows in foreign currency. The Group's U.S. dollar hedging ratio is based on total inflows less outflows in U.S. dollars. The hedging ratio in the 2023/2024 Fiscal Year was approximately 89% (of net inflows and outflows) for the twelve-month period. In spite of economic hedges, the Group does not apply hedge accounting, and measures these transactions separately at the end of the reporting period. In addition, the Group also hedges against foreign exchange risks on the balance sheet. In the 2023/2024 Fiscal Year, the Group recorded EUR 7,001 thousand of foreign currency gains under other operating income, while also recording EUR 15,300 thousand of foreign currency exchange losses under other operating expenses. The development of those foreign currency gains and losses in the 2023/2024 Fiscal Year was mainly attributable to the performance of the U.S. dollar.

The Group's exposure to fluctuations in market interest rates mainly results from the Group's financial liabilities bearing variable interest rates. The Group works to manage its interest expense using a combination of fixed-interest and variable-interest borrowings with terms extending to 2036 at the latest. The ratio of fixed-interest loans to the total loan volume amounted to 30% in the 2023/2024 Fiscal Year. The Group regularly reviews the possibility of concluding an interest rate swap, whereby the calculated difference between fixed-interest and variable-interest amounts is exchanged with the contracting partner at defined intervals, taking a previously agreed nominal amount into account. Depending on further interest rate policy and geopolitical risks, there may be significant shifts in the Group's variable-interest borrowing costs.

10.5 Explanation of Income Statement Items

Revenue consists of revenue from contracts with customers in accordance with IFRS 15, including the sale of products (hardware and software), services (maintenance and support), other services (installation, training and consulting) and multiple-element arrangements, which may consist of the supply of several individual products and/or services (construction contracts). In addition, revenue from license agreements (rights of use/access to hardware and/or software components), software-as-a-service agreements and revenue from development contracts are recognized in revenue. For a discussion of revenue recognition principles, please refer to the "Key accounting and valuation principles" in the Notes to the Consolidated Financial Statements.

Cost of goods sold consists of the costs of producing products, rendering services or acquiring merchandise sold. These comprise the costs of raw materials as well as depreciation and amortization and personnel expenses, including wages and salaries, social security contributions, expenses for obligations after the termination of the employment contract and other operating expenses.

Selling, general and administrative expenses are a part of operating expenses and consist of the costs of selling and marketing the Group's products as well as administrative expenses. They also include depreciation and amortization and personnel expenses, including wages and salaries, social security contributions, expenses for obligations after the termination of the employment contract and other operating expenses.

Research and development expenses are a part of operating expenses and consist of the costs of developing new products for the Group and also include depreciation and amortization and personnel expenses, including wages and salaries, social security contributions, expenses for obligations after the termination of the employment contract and other operating expenses.

Other operating income consists of foreign currency gains, gains on hedges, gains on financial instruments, income from the reversal of valuation allowances on receivables, prior-period income, government grants and miscellaneous other operating income. Government grants mainly consist of government subsidies for research and development.

Other operating expense consists of foreign currency exchange losses, impairment loss, losses on currency hedges, losses on financial instruments and miscellaneous other expenses.

Share of profit/loss in companies accounted for using the equity method consists of profits/losses stakes in associates and joint ventures.

Financial income consists of interest income on cash and cash equivalents and income from discounting.

Financial expenses mainly include finance costs for interest bearing loans and borrowings and expenses from the adjustment of capital costs for the valuation of purchase price retentions and contingent considerations.

Income tax expense / tax income consists of income taxes on all companies in the Group, taking into account deferred taxes based on assets and liabilities.

10.6 Results of Operations – Consolidated income statement

10.6.1 H1 2024/2025 Compared to H1 2023/2024

Following the management board decision of the Company to spin off its shares in the Snke Group on March 17, 2025, the assets and liabilities of Snke Group and the results of Snke Group, and the assets and liabilities of Snke Holding SE and the results of Snke Holding SE (together, the "**Discontinued Operations"**) are presented in a separate line in the Unaudited Condensed Consolidated Interim Financial Statements, including adjusted comparative information required under IFRS 5. All other consolidated income statement line items therefore present the results of Group, excluding Discontinued Operations ("**Continued Operations"**). Consequently, previously existing intercompany transactions between Snke Group and the Company are presented as if these transactions were

conducted between unrelated third parties. For further details on Discontinued Operations, please refer to Note 5 of the Unaudited Condensed Consolidated Interim Financial Statements. See also "*2.5.2 Financial Information*".

The table below sets forth the Group's condensed consolidated income statement and the period-on-period percentage of change on a consolidated basis for H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024[1,2]	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Revenue	213,383	243,328	14.0%
Cost of goods sold	(81,832)	(90,638)	10.8%
Gross profit	**131,551**	**152,690**	**16.1%**
Selling, general and administrative expenses	(86,883)	(94,974)	9.3%
Research and development expenses	(38,300)	(45,508)	18.8%
Other operating income	14,091	24,378	73.0%
Other operating expense	(12,749)	(10,365)	(18.7)%
Share of profit/loss in companies accounted for using the equity method	(115)	(418)	263.5%
Operating result	**7,595**	**25,803**	**239.7%**
Financial income	4,083	5,064	24.0%
Financial expense	(6,783)	(6,245)	(7.9)%
Earnings before income tax	**4,895**	**24,622**	**403.0%**
Income tax expense / tax income	(9,931)	(10,106)	1.8%
Net profit/loss for the period from continuing operations	**(5,036)**	**14,516**	**388.2%**
Profit/loss from discontinued operations, after taxes	(14,818)	(13,928)	(6.0)%
Profit/loss for the period	**(19,854)**	**588**	**(103.0)%**
of which attributable to:			
Shareholders of the parent company	(20,268)	756	(103.7)%
Non-controlling interests	414	(168)	(140.6)%
Earnings per share			
Basic earnings per share	(1.07)	0.04	103.7%
Diluted earnings per share	(1.07)	0.04	103.7%
Earnings per share from continuing operations			
Basic earnings per share	(0.30)	0.76	353.3%
Diluted earnings per share	(0.30)	0.76	353.3%

Notes:

(1) The comparative information was adjusted due to discontinued operations (see Note 5 of the Unaudited Condensed Consolidated Interim Financial Statements).

(2) Comparative information for the six-month period ended March 31, 2024 has been adjusted in accordance with IAS 8.41 et seq. to reflect an impairment of goodwill amounting to EUR 8,562 thousand in the Healthcare Platform segment, of which EUR 4,082 thousand is attributable to Continued Operations (other operating expenses). Furthermore, an impairment of deferred tax assets in the amount of EUR 4,644 thousand (of which EUR 4,421 thousand are attributable to the six-month period ended March 31, 2024) has increased income tax expense for the comparative period. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

The following discussion on the development of the Group's operating result on a total basis includes Continued Operations as disclosed in the income statement of the Unaudited Condensed Consolidated Interim Financial Statements only, unless indicated otherwise. Segment information, however, is provided on a total Group basis, *i.e.* including Continued Operations and Discontinued Operations. For details on the composition of the result from Discontinued Operations see Note 5 to the Unaudited Condensed Consolidated Interim Financial Statements. For a reconciliation of segment information to the consolidated interim income statement refer to Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements.

10.6.1.1 Revenue

The Continued Operations' revenue increased by EUR 29,945 thousand, or 14.0%, from EUR 213,383 thousand in H1 2023/2024 to EUR 243,328 thousand in H1 2024/2025. The increase was driven by improved performance in the Spinal and Cranial Surgery, Other Surgery and Radiosurgery segments, with Other Surgery in particular experiencing a large growth.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) revenue from contracts with customers in accordance with IFRS 15, by geographic market and segment, for H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Asia/Pacific	**28,161**	**34,572**	**22.8%**
Spinal and Cranial Surgery	18,212	22,210	22.0%
Other Surgery	397	798	101.0%
Radiosurgery	9,552	11,564	21.1%
Europe and Rest of World	**103,374**	**113,523**	**9.8%**
Spinal and Cranial Surgery	76,634	75,746	(1.2)%
Other Surgery	4,755	10,192	114.3%
Radiosurgery	18,674	24,446	30.9%
Healthcare Platform	3,311	3,139	(5.2)%
North America	**87,362**	**94,360**	**8.0%**
Spinal and Cranial Surgery	54,517	63,647	16.7%
Other Surgery	5,051	4,800	(5.0)%

	Six-month period ended March 31,		
	2024	2025	Change in %
		(unaudited)	
	(EUR thousands)		
Radiosurgery	22,851	24,217	6.0%
Healthcare Platform	4,943	1,696	(65.7)%
Total	**218,897**	**242,455**	**10.8%**

Revenue in the Asia Pacific region increased by EUR 6,411 thousand from EUR 28,161 thousand in H1 2023/2024 to EUR 34,572 thousand in H1 2024/2025. The increase was driven by growth in each of the Spinal and Cranial Surgery, Other Surgery and Radiosurgery segments.

Revenue in Europe and the Rest of the World increased by EUR 10,149 thousand from EUR 103,374 thousand in H1 2023/2024 to EUR 113,523 thousand in H1 2024/2025. The increase was primarily driven by growth in the Other Surgery and Radiosurgery segments, offset by a slight decline in the Spinal and Cranial Surgery segment.

Revenue in North America increased by EUR 6,998 thousand, from EUR 87,362 thousand in H1 2023/2024 to EUR 94,360 thousand in H1 2024/2025. The increase was primarily driven by growth in the Spinal and Cranial Surgery and Radiosurgery segments but was offset by a slight decrease in the Other Surgery segment, and a significant decrease in the Healthcare Platform segment.

10.6.1.2 Revenue by segment

The table below sets forth the Group's (Continued Operations and Discontinued Operations) external revenue by operating segment for H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	2025	Change in %
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	149,362	161,603	8.2%
Other Surgery	10,203	15,790	54.8%
Radiosurgery	51,078	60,227	17.9%
Healthcare Platform	8,254	4,835	(41.4)%
Revenue	**218,897**	**242,455**	**10.8%**

Spinal and Cranial Surgery revenue increased by EUR 12,241 thousand from EUR 149,362 thousand in H1 2023/2024 to EUR 161,603 thousand in H1 2024/2025. The increase was primarily driven by the IGS planning SW product groups, as well as with service and disposables and instruments.

Other Surgery revenue increased by EUR 5,587 thousand from EUR 10,203 thousand in H1 2023/2024 to EUR 15,790 thousand in H1 2024/2025. The increase was primarily driven by an increase in various product lines, in particular Digital Operating Room and Robotic Imaging.

Radiosurgery revenue increased by EUR 9,149 thousand from EUR 51,078 thousand in H1 2023/2024 to EUR 60,227 thousand in H1 2024/2025. The increase was primarily driven by the revenue generated from the ExacTrac Dynamic product as well as by services.

Healthcare Platform revenue decreased by EUR 3,419 thousand from EUR 8,254 thousand in H1 2023/2024 to EUR 4,835 thousand in H1 2024/2025. The decrease was primarily driven by the Group's Level Ex Pharma Sale.

10.6.1.3 Cost of goods sold

The Continued Operations' cost of goods sold increased by EUR 8,806 thousand, or 10.8%, from EUR 81,832 thousand in H1 2023/2024 to EUR 90,638 thousand in H1 2024/2025, which was slower than the increase in revenue due to effective cost control.

10.6.1.4 Gross profit

The Continued Operations' gross profit increased by EUR 21,139 thousand, or 16.1%, from EUR 131,551 thousand in H1 2023/2024 to EUR 152,690 thousand in H1 2024/2025, mainly as a consequence of higher revenues and effective cost control.

10.6.1.5 Selling, general and administrative expenses

The Continued Operations' selling, general and administrative expenses increased by EUR 8,091 thousand, or 9.3%, from EUR 86,883 thousand in H1 2023/2024 to EUR 94,974 thousand in H1 2024/2025. The increase was primarily driven by higher consulting costs and increased expenses for operational IT infrastructure.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) selling, general and administrative expenses by operating segment in H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	(55,223)	(63,691)	15.3%
Other Surgery	(5,944)	(7,430)	25.0%
Radiosurgery	(18,682)	(21,812)	16.8%
Healthcare Platform	(13,147)	(7,253)	(44.8)%
Total operating segments	(92,996)	(100,186)	7.7%
Other	(9)	(58)	544.4%
Total selling, general and administrative expenses	**(93,005)**	**(100,244)**	**7.8%**

10.6.1.6 Research and development expenses

The Continued Operations' research and development expenses increased by EUR 7,208 thousand, or 18.8%, from EUR 38,300 thousand in H1 2023/2024 to EUR 45,508 thousand in H1 2024/2025. The increase was primarily driven by robust research and development expenditures across all segments, reflecting the Group's commitment to prioritize innovation.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) research and development expenses by operating segment in H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	(14,646)	(16,800)	14.7%
Other Surgery	(3,226)	(5,381)	66.8%
Radiosurgery	(9,427)	(13,358)	41.7%
Healthcare Platform	(15,031)	(16,111)	7.2%
Total operating segments	(42,330)	(51,650)	22.0%
Other	—	—	—
Total research and development expenses	**(42,330)**	**(51,650)**	**22.0%**

10.6.1.7 Other operating income

The Continued Operations' other operating income increased by EUR 10,287 thousand, or 73.0%, from EUR 14,091 thousand in H1 2023/2024 to EUR 24,378 thousand in H1 2024/2025. The increase was primarily driven by foreign exchange gains as well as gains from derivative financial instruments and transactions with the Discontinued Operations.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) other operating income by operating segment in H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	8,154	13,675	67.7%
Other Surgery	1,454	639	(56.1)%
Radiosurgery	2,696	1,504	(44.2)%
Healthcare Platform	804	2,261	181.2%
Total operating segments	13,108	18,079	37.9%
Other	4	147	3,575.0%
Total other operating income	**13,112**	**18,226**	**39.0%**

10.6.1.8 Other operating expense

The Continued Operations' other operating expense decreased by EUR 2,384 thousand, or 18.7%, from EUR 12,749 thousand in H1 2023/2024 to EUR 10,365 thousand in H1 2024/2025.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) other operating expense by operating segment in H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	(5,161)	(6,157)	19.3%
Other Surgery	(996)	(847)	(15.0)%
Radiosurgery	(1,938)	(2,319)	19.7%
Healthcare Platform	(9,222)	(2,023)	(78.1)%
Total operating segments	(17,317)	(11,346)	(34.5)%
Other	—	—	—
Total other operating expense	**(17,317)**	**(11,346)**	**(34.5)%**

10.6.1.9 Share of profit / loss in companies accounted for using the equity method

The Continued Operations' share of loss in companies accounted for using the equity method increased by EUR 303 thousand, or 263.5%, from a loss of EUR 115 thousand in H1 2023/2024 to a loss of EUR 418 thousand in H1 2024/2025. The increase was primarily driven by losses incurred by Ommo Technologies, Inc, U.S.

10.6.1.10 EBITDA

The Continued Operations' EBITDA increased by EUR 18,938 thousand or 50.9% from EUR 37,237 thousand in H1 2023/2024 to EUR 56,175 thousand in H1 2024/2025. The increase was primarily driven by significantly higher earnings before income taxes.

The Group's (Continued Operations and Discontinued Operations) EBITDA increased by EUR 8,844 thousand, or 27.1%, from EUR 32,610 thousand in H1 2023/2024 to EUR 41,454 thousand in H1 2024/2025. The increase was primarily driven by growth in Spinal and Cranial Surgery EBITDA and reduced cost basis in the Healthcare Platform segment from disinvestment due to the Level Ex Pharma Sale, offset partially by reduced results in Radiosurgery.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) EBITDA by operating segment in H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	42,046	47,356	12.6%
Other Surgery	(1,452)	(807)	(44.4)%
Radiosurgery	9,126	7,382	(19.1)%
Healthcare Platform	(17,105)	(12.433)	(27.3)%
Total operating segments	32,615	41,498	27.2%
Other	(5)	(44)	780.0%
Total EBITDA	**32,610**	**41,454**	**27.1%**

10.6.1.11 Operating result

The Continued Operations' operating result increased by EUR 18,208 thousand, or 239.7%, from EUR 7,595 thousand in H1 2023/2024 to EUR 25,803 thousand in H1 2024/2025. The increase was primarily driven by higher gross profit and an increase in other operating income.

The table below sets forth the Group's (Continued Operations and Discontinued Operations) operating result by operating segment in H1 2023/2024 and H1 2024/2025.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	28,969	31,654	9.3%
Other Surgery	(3,018)	(3,127)	(3.6)%
Radiosurgery	1,343	(2,400)	(278.7)%
Healthcare Platform	(31,901)	(18,251)	(42.8)%
Total operating segments	(4,607)	7,876	271.0%
Other	(5)	89	1,880.0%
Total operating result	**(4,612)**	**7,965**	**272.7%**

10.6.1.12 Financial income

The Continued Operations' financial income increased by EUR 981 thousand, or 24.0%, from EUR 4,083 thousand in H1 2023/2024 to EUR 5,064 thousand in H1 2024/2025, which was primarily due to discounting effects.

10.6.1.13 Financial expense

The Continued Operations' financial expense decreased by EUR 538 thousand, or (7.9)%, from EUR 6,783 thousand in H1 2023/2024 to EUR 6,245 thousand in H1 2024/2025. The decrease was primarily driven by lower expenses from discounting.

10.6.1.14 Income tax expense / tax income

The Continued Operations' income tax expense increased by EUR 175 thousand, or 1.8%, from EUR 9,931 thousand in H1 2023/2024 to EUR 10,106 thousand in H1 2024/2025. The increase was mainly driven by increased taxable income and reversal of valuation allowance and deferred tax assets.

10.6.1.15 Net profit / loss for the period from continuing operations

As a result of the foregoing, the Group's net profit from continuing operations for the period increased by EUR 19,552 thousand, from a net loss for the period of EUR (5,036) thousand in H1 2023/2024 to a net profit for the period of EUR 14,516 thousand in H1 2024/2025.

10.6.1.16 Net profit / loss for the period

Losses from discontinued operations, net of tax, decreased from EUR 14,818 thousand in H1 2023/2024 to EUR 13,928 thousand in H1 2024/2025. For further details please refer to Note 5 to the Unaudited Condensed Consolidated Interim Financial Statements.

The Group's net profit/loss for the period developed from a net loss of EUR 19,854 thousand in H1 2023/2024 to a net profit of EUR 588 thousand in H1 2024/2025, mainly as a result of higher revenues and a correspondingly higher gross profit.

10.6.2 2023/2024 Fiscal Year Compared to 2022/2023 Fiscal Year

The table below sets forth the Group's consolidated income statement and the period-on-period percentage of change on a consolidated basis in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**[1,2]	**Change in %**
	(audited, unless otherwise indicated)		*(unaudited)*
	(EUR thousands)		
Revenue	429,228	470,267	9.6%
Cost of goods sold	(161,192)	(176,402)	9.4%
Gross profit	**268,036**	**293,865**	**9.6%**
Selling, general and administrative expenses	(184,212)	(193,443)	5.0%
Research and development expenses	(75,032)	(86,095)	14.7%
Other operating income	28,800	22,265	(22.7)%
Other operating expense	(24,480)	(29,026)	18.6%
Share of profit/loss in companies accounted for using the equity method	(307)	(1,692)	451.1%
Operating result	**12,805**	**5,874**	**(54.1)%**
Financial income	1,281	986	(23.0)%
Financial expense	(9,989)	(12,794)	28.1%
Earnings before income tax	**4,097**	**(5,934)**	**(244.8)%**
Income tax expense / tax income	(14,732)	(12,144)[2]	(17.6)%
Net profit/loss for the period	**(10,635)**	**(18,078)**[2]	**(70.0)%**
of which attributable to:			
Shareholders of the parent company	(10,722)	(18,703)[2]	(74.4)%
Non-controlling interests	87	625	618.4%
Basic earnings per share (in EUR)	**(0.57)**	**(0.99)**[2]	**73.7%**
Diluted earnings per share (in EUR)	**(0.57)**	**(0.99)**[2]	**73.7%**

Notes:

(1) Comparative information for the 2023/2024 Fiscal Year has been amended to reflect an impairment of deferred tax assets in the amount of EUR 4,644 thousand in accordance with IAS 8.41 et seq. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

(2) Unaudited; as restated in accordance with IAS 8 based on the notes accompanying the Unaudited Condensed Consolidated Interim Financial Statements.

10.6.2.1 Revenue

The Group's revenue increased by EUR 41,039 thousand, or 9.6%, from EUR 429,228 thousand in the 2022/2023 Fiscal Year to EUR 470,267 thousand in the 2023/2024 Fiscal Year. Revenue in the Spinal and Cranial Surgery, Other Surgery and Radiosurgery segments rose sharply compared to the previous year, while revenue in the Healthcare Platform segment fell compared to the previous year.

The table below sets forth the Group's revenue from contracts with customers in accordance with IFRS 15, by geographic market and segment, in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Asia/Pacific	**51,919**	**58,795**	**13.2%**
Spinal and Cranial Surgery	32,343	37,308	15.4%
Other Surgery	891	1,167	31.0%
Radiosurgery	18,685	20,320	8.8%
Europe and Rest of World	**195,323**	**214,377**	**9.8%**
Spinal and Cranial Surgery	134,780	158,439	17.6%
Other Surgery	8,754	8,884	1.5%
Radiosurgery	44,692	40,203	(10.0)%
Healthcare Platform	7,097	6,851	(3.5)%
North America	**181,986**	**197,095**	**8.3%**
Spinal and Cranial Surgery	120,157	121,575	1.2%
Other Surgery	11,158	15,213	36.3%
Radiosurgery	40,357	50,855	26.0%
Healthcare Platform	10,314	9,452	(8.4)%
Total	**429,228**	**470,267**	**9.6%**

Revenue in the Asia Pacific region increased by EUR 6,876 thousand, from EUR 51,919 thousand in the 2022/2023 Fiscal Year to EUR 58,795 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by an increase in revenue in the Spinal and Cranial Surgery, Other Surgery and Radiosurgery segments. The Healthcare Platform segment had no revenue in this region in both the 2023/2024 and 2022/2023 Fiscal Years.

Revenue in Europe and Rest of World increased by EUR 19,054 thousand, from EUR 195,323 thousand in the 2022/2023 Fiscal Year to EUR 214,377 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by an increase in revenue in the Spinal and Cranial Surgery and Other Surgery segments compared with the previous fiscal year, with the Spinal and Cranial Surgery segment recording the largest absolute increase in revenue.

Revenue in North America increased by EUR 15,109 thousand, from EUR 181,986 thousand in the 2022/2023 Fiscal Year to EUR 197,095 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by an increase in revenue in the Other Surgery and Radiosurgery segments compared with the previous fiscal year, with the Other Surgery segment, in particular, reporting a revenue increase of 36.3%. In North America, revenue in the Radiosurgery

segment increased by 26%, while the Healthcare Platform segment recorded a decline in revenue. The relatively low growth in the Spinal and Cranial Surgery segment in North America was due to a particularly strong fourth quarter in the 2022/2023 Fiscal Year, with several major contracts won, that was not repeated in the 2023/2024 Fiscal Year.

10.6.2.2 Revenue by segment

The table below sets forth the Group's external revenue by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Spinal and Cranial Surgery	287,280	317,022	10.4%
Other Surgery	20,803	25,564	22.9%
Radiosurgery	103,734	111,378	7.4%
Healthcare Platform	17,411	16,303	(6.4)%
Revenue	**429,228**	**470,267**	**9.6%**

Spinal and Cranial Surgery revenue increased by EUR 29,742 thousand, from EUR 287,280 thousand in the 2022/2023 Fiscal Year to EUR 317,022 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by higher revenue in platform solutions in the area of cranial surgery as well as from services and disposables. Marketing of the Group's Robotic Suite concept also enabled several products being combined in larger value deals.

Other Surgery revenue increased by EUR 4,761 thousand, from EUR 20,803 thousand in the 2022/2023 Fiscal Year to EUR 25,564 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by higher revenues from large Digital Operating Room installations.

Radiosurgery revenue increased by EUR 7,644 thousand, from EUR 103,734 thousand in the 2022/2023 Fiscal Year to EUR 111,378 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by the revenue generated from the ExacTrac product.

Healthcare Platform revenue decreased by EUR 1,108 thousand, from EUR 17,411 thousand in the 2022/2023 Fiscal Year to EUR 16,303 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by factors such as the decline in revenue in affiliated companies in the North America region.

10.6.2.3 Cost of goods sold

The Group's cost of goods sold increased by EUR 15,210 thousand, or 9.4%, from EUR 161,192 thousand in the 2022/2023 Fiscal Year to EUR 176,402 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by a 10.3% increase in the cost of materials as well as an 8.2% increase in personnel expenses, most notably wages and salaries. Relative to revenue, cost of goods sold remained almost unchanged with 37.6% in the 2022/2023 Fiscal Year and 37.5% in the 2023/2024 Fiscal Year.

10.6.2.4 Gross profit

The Group's gross profit increased by EUR 25,829 thousand, or 9.6%, from EUR 268,036 thousand in the 2022/2023 Fiscal Year to EUR 293,865 thousand in the 2023/2024 Fiscal Year. The Group's gross margin (2023/2024: 62.5%; 2022/2023: 62.4%) remained stable year-on-year. The cost of materials included in the cost of goods sold amounts

to EUR 93,591 thousand in the 2023/2024 Fiscal Year (2022/2023: EUR 84,882 thousand) and thus increased significantly by 10.3%. Revenue increased by 9.6% in the 2023/2024 Fiscal Year. Relative to revenue, the cost of materials remained stable in the 2023/2024 Fiscal Year with 19.9% (2022/2023: 19.8%).

10.6.2.5 Selling, general and administrative expenses

The Group's selling, general and administrative expenses increased by EUR 9,231 thousand, or 5.0%, from EUR 184,212 thousand in the 2022/2023 Fiscal Year to EUR 193,443 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by higher personnel expenses as a result of an increased average number of employees, higher travel and marketing expenses and increased expenses for operational IT infrastructure software, among other things. In addition, expenses for consulting and auditing services, levies, fees and contributions rose sharply. The decrease in selling, general and administrative expenses in the Healthcare Platform segment is mainly due to lower personnel costs. Relative to revenue, selling, general and administrative expenses decreased from 42.9% to 41.1%.

The table below sets forth the Group's selling, general and administrative expenses by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Spinal and Cranial Surgery	(111,079)	(116,918)	5.3%
Other Surgery	(8,227)	(11,429)	38.9%
Radiosurgery	(36,214)	(40,367)	11.5%
Healthcare Platform	(28,442)	(24,669)	(13.3)%
Total operating segments	**(183,962)**	**(193,383)**	**5.1%**
Other	(250)	(60)	(76.0)%
Total selling, general and administrative expenses	**(184,212)**	**(193,443)**	**5.0%**

10.6.2.6 Research and development expenses

The Group's research and development expenses increased by EUR 11,063 thousand, or 14.7%, from EUR 75,032 thousand in the 2022/2023 Fiscal Year to EUR 86,095 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by scheduled amortization as well as personnel expenses. Amortization on own work capitalized begins in the month of completion (in total EUR 34,248 thousand in the 2023/2024 Fiscal Year) and is largely included under research and development expenses. Personnel expenses in this area increased significantly. Expenses for software licenses also increased. Lower capitalization of development costs compared with the prior fiscal year also meant that more operational costs remained with the Group's research and development expenses. Relative to revenue, research and development expenses increased from 17.5% in the 2022/2023 Fiscal Year to 18.3% in the 2023/2024 Fiscal Year.

The table below sets forth the Group's research and development expenses by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Spinal and Cranial Surgery	(26,140)	(26,807)	2.6%
Other Surgery	(8,699)	(11,055)	27.1%
Radiosurgery	(15,039)	(19,231)	27.9%
Healthcare Platform	(25,154)	(29,002)	15.3%
Total operating segments	(75,032)	(86,095)	14.7%
Other	—	—	—
Total research and development expenses	**(75,032)**	**(86,095)**	**14.7%**

10.6.2.7 Other operating income

The Group's other operating income decreased by EUR 6,535 thousand, or 22.7%, from EUR 28,800 thousand in the 2022/2023 Fiscal Year to EUR 22,265 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by a decrease in foreign currency gains and gains on hedges. Income resulted from gains on financial instruments related to the measurement of financial liabilities for contingent consideration in connection with business combinations and the measurement of a long-term tax-advantaged plan for employees of an affiliated company.

The table below sets forth the Group's other operating income by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	16,817	10,260	(39.0)%
Other Surgery	2,905	3,032	4.4%
Radiosurgery	6,054	3,313	(45.3)%
Healthcare Platform	2,451	5,557	126.7%
Total operating segments	28,227	22,162	(21.5)%
Other	573	103	(82.0)%
Total other operating income	**28,800**	**22,265**	**(22.7)%**

10.6.2.8 Other operating expense

The Group's other operating expense increased by EUR 4,546 thousand, or 18.6%, from EUR 24,480 thousand in the 2022/2023 Fiscal Year to EUR 29,026 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by an increase in the amount of impaired goodwill (total impairment of EUR 10,727 thousand in the 2023/2024 Fiscal Year vs. EUR 5,132 thousand in the 2022/2023 Fiscal Year) for Snke Xplore (former Level Ex) due to changed expectations for the Level Ex business. Level Ex was engaged in developing surgical and pharmaceutical games. In September 2024, the Level Ex Pharma Sale was executed, while the medical technology business of Level Ex remained part of the Group's Healthcare Platform segment (see also "*10.3.1 Segmentation – Snke Spin-Off*").

The table below sets forth the Group's other operating expense by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Spinal and Cranial Surgery	(10,036)	(11,860)	18.2%
Other Surgery	(3,502)	(430)	(87.7)%
Radiosurgery	(4,466)	(4,490)	0.5%
Healthcare Platform	(6,476)	(12,246)	89.1%
Total operating segments	(24,480)	(29,026)	18.6%
Other	—	—	—
Total other operating expense	**(24,480)**	**(29,026)**	**18.6%**

10.6.2.9 Share of profit / loss in companies accounted for using the equity method

The Group's share of loss in companies accounted for using the equity method increased by EUR 1,385 thousand, or 451.1%, from EUR 307 thousand in the 2022/2023 Fiscal Year to EUR 1,692 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by losses incurred by the joint venture with Beijing Nabrai Medical Technology Co., Ltd, in which the Group holds a 30% stake, and losses incurred by Ommo Technologies, Inc.

10.6.2.10 EBITDA

The Group's EBITDA increased by EUR 2,268 thousand, or 3.0%, from EUR 75,382 thousand in the 2022/2023 Fiscal Year to EUR 77,650 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by higher revenue and associated higher gross profit, although the increase in expenses, particularly personnel expenses and other expenses, had an offsetting effect.

The table below sets forth the Group's EBITDA by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Spinal and Cranial Surgery	82,201	81,029	(1.4)%
Other Surgery	4,404	670	(84.8)%
Radiosurgery	22,083	17,722	(19.7)%
Healthcare Platform	(33,629)	(21,814)	(35.1)%
Total operating segments	75,059	77,607	3.4%
Other	323	43	(86.7)%
Total EBITDA	**75,382**	**77,650**	**3.0%**

10.6.2.11 Operating result

The Group's operating result, decreased by EUR 6,931 thousand, or 54.1%, from EUR 12,805 thousand in the 2022/2023 Fiscal Year to EUR 5,874 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by higher research and development expenses in relation to revenue as well as an increase in other expenses due to the impact of the further impairment of the goodwill of Snke Xplore, Inc. (formerly: Level Ex, Inc.) in the amount of EUR 10,727 thousand (2022/2023: EUR 5,132 thousand).

The table below sets forth the Group's operating result by operating segment in the 2022/2023 and 2023/2024 Fiscal Years.

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Spinal and Cranial Surgery	56,468	54,952	(2.7)%
Other Surgery	(1,720)	(4,505)	161.9%
Radiosurgery	8,170	1,036	(87.3)%
Healthcare Platform	(50,436)	(45,652)	(9.5)%
Total operating segments	12,482	5,831	(53.3)%
Other	323	43	(86.7)%
Total operating result	**12,805**	**5,874**	**(54.1)%**

10.6.2.12 Financial income

The Group's financial income decreased by EUR 295 thousand, or 23.0%, from EUR 1,281 thousand in the 2022/2023 Fiscal Year to EUR 986 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by a decrease in income from discounting and compounding.

10.6.2.13 Financial expense

The Group's financial expense increased by EUR 2,805 thousand, or 28.1%, from EUR 9,989 thousand in the 2022/2023 Fiscal Year to EUR 12,794 thousand in the 2023/2024 Fiscal Year. The increase was primarily driven by higher interest-bearing loans and borrowings, partially offset by a decrease in expenses from discounting and compounding.

10.6.2.14 Income tax expense / tax income

The Group's income tax expense decreased by EUR 2,588 thousand, or 17.6%, from EUR 14,732 thousand in the 2022/2023 Fiscal Year to EUR 12,144 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by lower earnings before income taxes as well as the write-down or non-recognition of deferred tax assets on loss carryforwards amounting to EUR 11.6 million in the previous fiscal year.

10.6.2.15 Net profit / loss for the period

As a result of the foregoing, the Group's net loss for the period increased by EUR 7,443 thousand, or 70.0%, from a net loss for the period of EUR 10,635 thousand in the 2022/2023 Fiscal Year to a net loss for the period of EUR 18,078 thousand in the 2023/2024 Fiscal Year.

10.6.3 2022/2023 Fiscal Year Compared to 2021/2022 Fiscal Year

In the following analysis, financial information by operating segment and geographic market refers to the Group's former segmentation and therefore may not be directly comparable to the Group's current segmentation, especially with regard to figures for the 2023/2024 Fiscal Year already presented above. See "*10.3.1 Segmentation.*"

The table below sets forth the Group's consolidated income statement and the period-on-period percentage of change on a consolidated basis in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Revenue	364,299	429,228	17.8%
Cost of goods sold	(148,105)	(161,192)	8.8%
Gross profit	**216,194**	**268,036**	**24.0%**
Selling, general and administrative expenses	(165,026)	(184,212)	11.6%
Research and development expenses	(61,107)	(75,032)	22.8%
Other operating income	36,418	28,800	(20.9)%
Other operating expense	(23,554)	(24,480)	3.9%
Share of profit/loss in companies accounted for using the equity method	5,210	(307)	(105.9)%
Operating result	**8,135**	**12,805**	**57.4%**
Financial income	1,323	1,281	(3.2)%
Financial expense	(5,313)	(9,989)	88.0%
Earnings before income tax	**4,145**	**4,097**	**(1.2)%**
Income tax expense / tax income	(851)	(14,732)	1,631.1%
Net profit/loss for the period	**3,294**	**(10,635)**	**(422.9)%**
of which attributable to:			
Shareholders of the parent company	3,196	(10,722)	(435.5)%
Non-controlling interests	98	87	(11.2)%
Basic earnings per share	**0.17**	**(0.57)**	**(435.3)%**
Diluted earnings per share	**0.17**	**(0.57)**	**(435.3)%**

10.6.3.1 Revenue

The Group's revenue increased by EUR 64,929 thousand, or 17.8%, from EUR 364,299 thousand in the 2021/2022 Fiscal Year to EUR 429,228 thousand in the 2022/2023 Fiscal Year. The increase was driven by an increase in all three segments compared with the previous fiscal year.

The table below sets forth the Group's revenue from contracts with customers in accordance with IFRS 15, by geographic market and segment, in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Asia/Pacific	**55,864**	**51,919**	**(7.1)%**
Surgery	29,075	29,891	2.8%
Radiosurgery	21,322	18,709	(12.3)%
Digital Health	5,467	3,319	(39.3)%
Europe and Rest of World	**149,244**	**195,323**	**30.9%**
Surgery	85,003	112,199	32.0%
Radiosurgery	33,900	45,216	33.4%
Digital Health	30,341	37,908	24.9%
North America	**159,191**	**181,986**	**14.3%**
Surgery	88,987	99,786	12.1%
Radiosurgery	37,059	40,405	9.0%
Digital Health	33,145	41,795	26.1%
Total	**364,299**	**429,228**	**17.8%**

Revenue in the Asia Pacific region decreased by EUR 3,945 thousand, from EUR 55,864 thousand in the 2021/2022 Fiscal Year to EUR 51,919 thousand in the 2022/2023 Fiscal Year. The decrease was primarily driven by a decrease in revenue in the Radiosurgery and Digital Health segments compared with the previous fiscal year, with a particularly significant revenue decline of 39.3% reported in the Digital Health segment, which was primarily due to the delay of installations in hospitals. On the other hand, revenue in the Surgery segment increased slightly year-on-year.

Revenue in Europe and Rest of World increased by EUR 46,079 thousand, from EUR 149,244 thousand in the 2021/2022 Fiscal Year to EUR 195,323 thousand in the 2022/2023 Fiscal Year. The increase was driven by an increase in revenue in all segments compared with the previous fiscal year, with the Surgery segment in particular reporting the largest absolute increase in revenue.

Revenue in North America increased by EUR 22,795 thousand, from EUR 159,191 thousand in the 2021/2022 Fiscal Year to EUR 181,986 thousand in the 2022/2023 Fiscal Year. The increase was driven by an increase in all segments compared with the previous fiscal year, with the Digital Health segment in particular reporting a revenue increase of 26.1%.

10.6.3.2 Revenue by segment

The table below sets forth the Group's external revenue by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Surgery	203,065	241,876	19.1%
Radiosurgery	92,281	104,330	13.1%
Digital Health	68,953	83,022	20.4%
Revenue	**364,299**	**429,228**	**17.8%**

Surgery revenue increased by EUR 38,811 thousand, from EUR 203,065 thousand in the 2021/2022 Fiscal Year to EUR 241,876 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by increased revenue from the product groups Curve Navigation System ("**Curve**"), Cirq, IGS Cranial and from Service and Disposables and Instruments. Additionally, the Group secured higher value projects including multiple products and longer term software subscriptions, *e.g.*, those marketed as "Robotic Suite."

Radiosurgery revenue increased by EUR 12,049 thousand, from EUR 92,281 thousand in the 2021/2022 Fiscal Year to EUR 104,330 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by revenue generated from ExacTrac and Treatment Planning.

Digital Health revenue increased by EUR 14,069 thousand, from EUR 68,953 thousand in the 2021/2022 Fiscal Year to EUR 83,022 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by higher revenue from the robotic imaging platform.

10.6.3.3 Cost of goods sold

The Group's cost of goods sold increased by EUR 13,087 thousand, or 8.8%, from EUR 148,105 thousand in the 2021/2022 Fiscal Year to EUR 161,192 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by an increase of 3.8% in the cost of materials as well as an increase of 16.4% in personnel expenses, most notably wages and salaries. Relative to revenue, cost of goods sold declined from 40.7% to 37.6%.

10.6.3.4 Gross profit

The Group's gross profit increased by EUR 51,842 thousand, or 24.0%, from EUR 216,194 thousand in the 2021/2022 Fiscal Year to EUR 268,036 thousand in the 2022/2023 Fiscal Year. The Group's gross margin (2022/2023 Fiscal Year: 62.4%; 2021/2022 Fiscal Year: 59.3%) increased year-on-year. The cost of materials included in the cost of goods sold amounted to EUR 84,882 thousand in the 2022/2023 Fiscal Year (2021/2022 Fiscal Year: EUR 81,796 thousand) and thus increased by 3.8%. Relative to revenue, the cost of materials decreased from 22.5% in the 2021/2022 Fiscal Year to 19.8%.

10.6.3.5 Selling, general and administrative expenses

The Group's selling, general and administrative expenses increased by EUR 19,186 thousand, or 11.6%, from EUR 165,026 thousand in the 2021/2022 Fiscal Year to EUR 184,212 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by higher personnel expenses as a result of increased payroll, higher travel and marketing expenses and increased expenses for operational IT infrastructure software, among other things. The resulting costs also increased due to inflation. The increase in personnel expenses was partly due to the inflation

compensation premium paid out Group-wide in January 2023. These developments were partially offset by lower consulting costs. Relative to revenue, selling, general and administrative expenses declined from 45.3% to 42.9%.

The table below sets forth the Group's selling, general and administrative expenses by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Surgery	(80,240)	(91,558)	14.1%
Radiosurgery	(36,986)	(41,332)	11.8%
Digital Health	(47,706)	(51,072)	7.1%
Total operating segments	(164,932)	(183,962)	11.5%
Other	(94)	(250)	166.0%
Total selling, general and administrative expenses	**(165,026)**	**(184,212)**	**11.6%**

10.6.3.6 Research and development expenses

The Group's research and development expenses increased by EUR 13,925 thousand, or 22.8%, from EUR 61,107 thousand in the 2021/2022 Fiscal Year to EUR 75,032 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by scheduled amortization as well as personnel expenses. Amortization on own work capitalized begins in the month of completion (in total EUR 30,432 thousand) and is largely included under research and development expenses. Personnel expenses in this area increased significantly, in line with the payroll and the inflation compensation premium paid Group-wide in January 2023. Expenses for software licenses also increased. Relative to revenue, research and development expenses increased from 16.8% in the 2021/2022 Fiscal Year to 17.5% in the 2022/2023 Fiscal Year.

The table below sets forth the Group's research and development expenses by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Surgery	(13,790)	(18,384)	33.3%
Radiosurgery	(9,651)	(13,878)	43.8%
Digital Health	(37,666)	(42,770)	13.6%
Total operating segments	(61,107)	(75,032)	22.8%
Other	—	—	—
Total research and development expenses	**(61,107)**	**(75,032)**	**22.8%**

10.6.3.7 Other operating income

The Group's other operating income decreased by EUR 7,618 thousand, or 20.9%, from EUR 36,418 thousand in the 2021/2022 Fiscal Year to EUR 28,800 thousand in the 2022/2023 Fiscal Year. The decrease was primarily driven by lower gains from foreign currency and financial instruments, partially offset by higher gains on hedges.

The table below sets forth the Group's other operating income by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Surgery	15,060[(1)]	14,669[(1)]	(2.6)%
Radiosurgery	11,800[(2)]	8,319[(2)]	(29.5)%
Digital Health	9,408[(3)]	5,240[(3)]	(44.3)%
Total operating segments	36,268[(4)]	28,228[(4)]	(22.2)%
Other	150[(5)]	572[(5)]	281.3%
Total other operating income	**36,418**	**28,800**	**(20.9)%**

Notes:

(1) Other operating income net of other operating expenses in the Surgery segment amounted to EUR 4,934 thousand in the 2022/2023 Fiscal Year and EUR 2,178 thousand in the 2021/2022 Fiscal Year.

(2) Other operating income net of other operating expenses in the Radiosurgery segment amounted to EUR 2,288 thousand in the 2022/2023 Fiscal Year and EUR 2,891 thousand in the 2021/2022 Fiscal Year.

(3) Other operating income net of other operating expenses in the Digital Health segment amounted to EUR (3,474) thousand in the 2022/2023 Fiscal Year and EUR 7,645 thousand in the 2021/2022 Fiscal Year.

(4) Other operating income net of other operating expenses for Total operating segments amounted to EUR 3,748 thousand in the 2022/2023 Fiscal Year and EUR 12,714 thousand in the 2021/2022 Fiscal Year.

(5) Other operating income net of other operating expenses for Other amounted to EUR 572 thousand in the 2022/2023 Fiscal Year and EUR 150 thousand in the 2021/2022 Fiscal Year.

10.6.3.8 Other operating expense

The Group's other operating expense increased by EUR 926 thousand, or 3.9%, from EUR 23,554 thousand in the 2021/2022 Fiscal Year to EUR 24,480 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by an impairment of goodwill and an increase in losses on foreign currency exchange, partially offset by a large decrease in losses on currency hedges.

The table below sets forth the Group's other operating expense by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
		(unaudited)	
	(EUR thousands)		
Surgery	(12,883)[(1)]	(9,735)[(1)]	(24.4)%
Radiosurgery	(8,909)[(2)]	(6,032)[(2)]	(32.3)%
Digital Health	(1,763)[(3)]	(8,713)[(3)]	394.2%
Total operating segments	(23,554)[(4)]	(24,480)[(4)]	3.9%
Other	—	—	—
Total other operating expenses	**(23,554)**	**(24,480)**	**3.9%**

Notes:

(1) Other operating income net of other operating expenses in the Surgery segment amounted to EUR 4,934 thousand in the 2022/2023 Fiscal Year and EUR 2,178 thousand in the 2021/2022 Fiscal Year.

(2) Other operating income net of other operating expenses in the Radiosurgery segment amounted to EUR 2,288 thousand in the 2022/2023 Fiscal Year and EUR 2,891 thousand in the 2021/2022 Fiscal Year.

(3) Other operating income net of other operating expenses in the Digital Health segment amounted to EUR (3,474) thousand in the 2022/2023 Fiscal Year and EUR 7,645 thousand in the 2021/2022 Fiscal Year.

(4) Other operating income net of other operating expenses for Total operating segments amounted to EUR 3,748 thousand in the 2022/2023 Fiscal Year and EUR 12,714 thousand in the 2021/2022 Fiscal Year.

10.6.3.9 Share of profit / loss in companies accounted for using the equity method

The Group's share of profit/loss in companies accounted for using the equity method decreased by EUR 5,517 thousand, or 105.9%, from EUR 5,210 thousand in the 2021/2022 Fiscal Year to negative EUR 307 thousand in the 2022/2023 Fiscal Year. The loss in the 2022/2023 Fiscal Year was primarily driven by results incurred by the joint venture with Beijing Nabrai Medical Technology Co., Ltd., in which the Group holds a 30% stake. The profit in the 2021/2022 Fiscal Year resulted primarily from the former associate MedPhoton GmbH, which was no longer included in the share of profit / loss in companies accounted for using the equity method in the 2022/2023 Fiscal Year, as the company has been fully consolidated since May 2022.

10.6.3.10 EBITDA

The Group's EBITDA increased by EUR 21,790 thousand, or 40.7%, from EUR 53,592 thousand in the 2021/2022 Fiscal Year to EUR 75,382 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by higher revenue and associated with higher gross profit, although the increase in expenses, particularly personnel expenses and other expenses, had an offsetting effect; the gross margin increased to 62.4% in the 2022/2023 Fiscal Year compared to 59.3% in the 2021/2022 Fiscal Year.

The table below sets forth the Group's EBITDA by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Surgery	65,042	83,212	27.9%
Radiosurgery	19,624	24,346	24.1%
Digital Health	(34,516)	(36,523)	5.8%
Total operating segments	50,150	71,035	41.6%
Other	3,442	4,346	26.3%
Total EBITDA	**53,592**	**75,382**	**40.7%**

10.6.3.11 Operating result

The Group's operating result increased by EUR 4,670 thousand, or 57.4%, from EUR 8,135 thousand in the 2021/2022 Fiscal Year to EUR 12,805 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by the increase in revenue, partially offset by the impairment of goodwill of the cash-generating unit Level Ex.

The table below sets forth the Group's operating result by operating segment in the 2022/2023 and 2021/2022 Fiscal Years.

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Surgery	50,676	64,954	28.2%
Radiosurgery	9,280	10,840	16.8%
Digital Health	(51,877)	(63,312)	22.0%
Total operating segments	8,079	12,482	54.5%
Other	56	323	476.8%
Total operating result	**8,135**	**12,805**	**57.4%**

10.6.3.12 Financial income

The Group's financial income decreased by EUR 42 thousand, or 3.2%, from EUR 1,323 thousand in the 2021/2022 Fiscal Year to EUR 1,281 thousand in the 2022/2023 Fiscal Year. The decrease was primarily driven by a decrease in income from discounting and compounding, offset by an increase in interest and similar income.

10.6.3.13 Financial expense

The Group's financial expense increased by EUR 4,676 thousand, or 88.0%, from EUR 5,313 thousand in the 2021/2022 Fiscal Year to EUR 9,989 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by higher interest-bearing loans and borrowings as well as higher interest rates.

10.6.3.14 Income tax expense / tax income

The Group's income tax expense increased by EUR 13,881 thousand, or 1,631.1%, from EUR 851 thousand in the 2021/2022 Fiscal Year to EUR 14,732 thousand in the 2022/2023 Fiscal Year. The increase was primarily due to higher earnings before income tax and the valuation allowance and derecognition of deferred tax assets on loss carryforwards in the amount of EUR 11.6 million.

10.6.3.15 Net profit / loss for the period

As a result of the foregoing, the Group's net profit for the period decreased by EUR 13,929 thousand, or 422.9%, from a net profit for the period of EUR 3,294 thousand in the 2021/2022 Fiscal Year to a net loss for the period of EUR 10,635 thousand in the 2022/2023 Fiscal Year.

10.7 Assets, Equity and Liabilities – Consolidated statement of financial position

10.7.1 Assets

The following table provides an overview of the Group's assets on a consolidated basis as of the dates shown:

	As of September 30,			As of
	2022	**2023**	**2024**	**March 31, 2025**
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
Current Assets				
Cash and short-term deposits	66,740	86,336	78,989	54,492
Trade receivables	58,071	72,482	83,526	72,731
Contract assets	48,561	52,935	61,548	74,464
Tax receivables	2,396[2]	2,838	4,529	3,436
Other financial assets	1,800[2]	3,210[1]	5,008	12,332
Other non-financial assets	15,250[2]	15,150[1]	16,021	18,725
Prepaid expenses	1,518	2,369	2,056	267
Inventories	59,742	64,830	68,262	63,704
Assets held for distribution	—	—	—	97,945
Total current assets	**254,078**	**300,150**	**319,939**	**398,096**
Non-current assets				
Goodwill	101,525	91,299	67,670	38,108
Capitalized development costs	106,281	131,076	143,459	113,169
Other intangible assets	43,008	34,218	25,269	14,529
Property, plant and equipment	31,503	28,715	26,310	25,012
Rights of use	66,866	62,358	59,051	57,690
Financial assets accounted for using the equity method	—	79	5,126	4,708
Trade receivables	3,593	1,037	1,244	804
Contract assets	36,146	45,023	56,471	61,152
Other financial assets	8,035	9,931	15,590	12,277
Other non-financial assets	986	1,673	1,378	2,579
Deferred taxes	15,772	10,691	7,107[3]	11,231
Total non-current assets	**413,715**	**416,100**	**408,675**[3,4]	**341,259**
Total assets	**667,793**	**716,250**	**728,614**[3,4]	**739,355**

Notes:

(1) The current other financial assets figure for the 2022/2023 Fiscal Year has been altered due to a reclassification of debtors in credit from other non-financial assets to other financial assets (refer to Note 7 of the Audited 2023/2024 Consolidated Financial Statements).

(2) In the 2022/2023 Fiscal Year, receivables from other taxes were reclassified from tax receivables to current other non-financial assets. The previous year's figures were adjusted to an insignificant extent accordingly to improve comparability. For further details please refer to Note 7 of the Audited 2022/2023 Consolidated Financial Statements.

(3) Comparative information as of September 30, 2024 has been amended to reflect an impairment of deferred tax assets in the amount of EUR 4,644 thousand in accordance with IAS 8.41 et seq. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

(4) Unaudited.

10.7.1.1 Comparison of March 31, 2025 to September 30, 2024

The Group's total assets increased by EUR 10,741 thousand, or 1.5%, from EUR 728,614 thousand as of September 30, 2024, to EUR 739,355 thousand as of March 31, 2025. The increase was primarily driven by an increase in current assets, which was almost entirely offset by a decrease in non-current assets.

Current assets increased by EUR 78,156 thousand, or 24.4%, from EUR 319,939 thousand as of September 30, 2024, to EUR 398,095 thousand as of March 31, 2025. The increase was primarily driven by assets held for distribution and partially reallocated from non-current assets, as well as by higher contract assets and other financial assets, offset by lower trade receivables and cash and short-term deposits.

Non-current assets decreased by EUR 67,416 thousand, or 16.5%, from EUR 408,675 thousand as of September 30, 2024, to EUR 341,259 thousand as of March 31, 2025. The decrease was primarily driven by reductions in goodwill, capitalized development costs, and other intangible assets reallocated to assets held for distribution.

10.7.1.2 Comparison of September 30, 2024 to September 30, 2023

The Group's total assets increased by EUR 12,364 thousand, or 1.7%, from EUR 716,250 thousand as of September 30, 2023 to EUR 728,614 thousand as of September 30, 2024.

Current assets increased by EUR 19,789 thousand, or 6.6%, from EUR 300,150 thousand as of September 30, 2023 to EUR 319,939 thousand as of September 30, 2024. The change in current assets was primarily due to the increase in contract assets in the North America region, as well as trade receivables, which was mainly revenue-related, and the increase in inventories due to stockpiling. In contrast, cash and short-term deposits fell sharply.

Non-current assets decreased by EUR 7,425 thousand, or 1.8%, from EUR 416,100 thousand as of September 30, 2023 to EUR 408,675 thousand as of September 30, 2024. The sharp increase in capitalized development costs resulted, among other things, from the new development of Digital Operating Room Next Generation solutions in the Healthcare Platform segment and from the further development of planning software in the Radiosurgery segment and of cranial navigation software in the Spinal and Cranial Surgery segment. Long-term contract assets rose sharply, driven in particular by growth in software subscriptions in the North America region. Other financial assets also rose sharply, primarily due to the increase in strategic investments. Goodwill, on the other hand, fell sharply due to impairments of the Level Ex, Inc. subsidiary (renamed Snke Xplore, Inc.), due to performance falling short of revised forecasts (see Note 6 to the Audited 2023/2024 Consolidated Financial Statements).

10.7.1.3 Comparison of September 30, 2023 to September 30, 2022

The Group's total assets increased by EUR 48,457 thousand, or 7.3%, from EUR 667,793 thousand as of September 30, 2022 to EUR 716,250 thousand as of September 30, 2023. The increase was primarily driven by an increase in capitalized development costs and cash and short-term deposits.

Current assets increased by EUR 46,072 thousand, or 18.1%, from EUR 254,078 thousand as of September 30, 2022 to EUR 300,150 thousand as of September 30, 2023. This was mainly due to the increase in cash and short-term deposits and to the mainly sales-related significant increase in trade receivables and contract assets in the region Europe and Rest of World.

Non-current assets increased by EUR 2,385 thousand, or 0.6%, from EUR 413,715 thousand as of September 30, 2022 to EUR 416,100 thousand as of September 30, 2023, which was mainly a consequence of an increase in capitalized development costs. This sharp increase was due, among other things, to the development of prototypes of a platform solution in the area of infrastructure and algorithms with artificial intelligence in the Digital Health segment, as well as a product expansion relating to hardware and thus resource-saving positioning without X-ray in the Radiosurgery segment (see Note 5 to the Audited 2022/2023 Consolidated Financial Statements). Non-current contract assets increased significantly, particularly in the region North America. Goodwill decreased due to the impairment of goodwill of the cash-generating unit Level Ex (see Note 6 to the Audited 2022/2023 Consolidated Financial Statements) and also due to currency effects.

10.7.2 Equity and Liabilities

The following table provides an overview of the Group's equity and liabilities on a consolidated basis as of the dates shown. This table does not reflect the Group's equity and liabilities at the time of the Offering. See "*8 Capitalization, Indebtedness and Statement on Working Capital*."

	As of September 30,			As of
	2022	**2023**	**2024**	**March 31, 2025**
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
Current Liabilities				
Trade payables	48,408[5]	48,973[2]	49,186	41,260
Interest-bearing loans and borrowings	39,039	34,653[1]	16,475	9,735
Lease liabilities	11,389	11,421	12,374	12,498
Provisions	2,233	2,519	3,066	3,146
Other financial liabilities	17,200[7,10]	14,679	11,625	16,314
Other non-financial liabilities	34,016[5,6,7]	34,984[2]	33,263	27,508
Tax payables	8,418[5,6]	6,874[3]	6,763	6,067
Contract liabilities	69,770	71,483	74,214	78,823
Liabilities held for distribution	—	—	—	19,823
Total current liabilities	**230,473**[5,6,7,10]	**225,586**[1,2,3,4]	**206,966**	**215,174**
Non-current liabilities				
Interest-bearing loans and borrowings	72,908	149,199[1]	205,440	220,615
Lease liabilities	54,860	50,597	46,311	45,012
Provisions	1,640	870	940	940
Other financial liabilities	18,166[7]	14,132	8,813	5,631
Other non-financial liabilities	2,418[7]	2,910[7]	3,057	1,618
Employee benefits	2,948[4]	3,549[4]	4,661	4,082
Contract liabilities	18,146	16,466	15,375	15,642
Deferred taxes	35,693	42,923	47,290	40,049
Total non-current liabilities	**206,779**[5,7,10]	**280,646**[1,4,7]	**331,887**	**333,589**

	As of September 30,			As of
	2022	2023	2024	March 31, 2025
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
.....				
Sum of current and non-current liabilities (*unaudited*)	**437,252**	**506,232**	**538,853**	**548,763**
Equity				
Issued capital	18,864	18,864	18,864	18,864
Capital reserve	32,535	32,535	32,535	32,535
Revenue reserve.....	150,113	139,034	120,521[8,10]	120,411
Other comprehensive income	25,995	16,464	14,083	15,191
Equity attributable to shareholders of the parent company	**227,507**	**206,897**	**186,003**[8,10]	**187,001**
Non-controlling interests	3,034	3,121	3,758	3,591
Total equity.....	**230,541**	**210,018**	**189,761**[8,10]	**190,592**
Total equity and liabilities[9].....	**667,793**	**716,250**	**728,614**[8,10]	**739,355**

Notes:

(1) The previous year's figure for current and non-current interest-bearing loans and borrowings have changed accordingly by EUR 24.6 million due to a reclassification from non-current to current. The previous year's figures have been adjusted in accordance with IAS 8.41 et seq. (refer to Note 14 of the Audited 2023/2024 Consolidated Financial Statements).

(2) The previous year's figures for trade payables, other liabilities and tax payables have changed due to reclassification for clarification purposes: accruals for outstanding invoices and other accruals in the amount of EUR 16.3 million have been allocated to the trade payables (refer to Note 13 of the Audited 2023/2024 Consolidated Financial Statements).

(3) Additionally, payables from other taxes of EUR 0.1 million have been allocated to trade payables (refer to Note 13 of the Audited 2023/2024 Consolidated Financial Statements).

(4) Moreover, a long-term tax advantage plan (409A) is shown onwards as employee benefits (long-term), which has been shown under the other liabilities (short-term) (refer to Notes 13 and 16 of the Audited 2023/2024 Consolidated Financial Statements).

(5) Amounts for trade payables, other non-financial liabilities and tax payables for the comparable numbers of the 2021/2022 Fiscal Year have been amended to reflect reclassifications performed as explained in Note (2) above for the 2022/2023 Fiscal Year (please refer to Note 13 of the Audited 2023/2024 Consolidated Financial Statements). Amounts under the long-term tax advantage plan (409A) for the 2021/2022 Fiscal Year have accordingly been reclassed.

(6) Liabilities from other taxes were regrouped from tax payables to other current non-financial liabilities in the 2022/2023 Fiscal Year. The previous year's figures were adjusted accordingly for a better comparability (refer to Note 16 as well as Note 13 of the Audited 2022/2023 Consolidated Financial Statements).

(7) Comparative figures for other current and non-current financial liabilities and current and non-current other non-financial liabilities are presented separately as disclosed in Note 16 as well as Note 13 of the Audited 2022/2023 Consolidated Financial Statements to allow for comparability, taking into consideration the reclassifications described in footnotes (5) and (6) above. The 2022/2023 figures for current and non-current other non-financial liabilities have been taken from the comparative figures of the 2023/2024 Fiscal Year.

(8) Comparative information as of September 30, 2024 has been amended to reflect an impairment of deferred tax assets in the amount of EUR 4,644 thousand in accordance with IAS 8.41 et seq. For further details refer to "General Information" in the Unaudited Condensed Consolidated Interim Financial Statements.

(9) Comprises the sum of “Total equity” and “Total liabilities” as shown in the consolidated statement of financial position in the Audited Consolidated Financial Statements and the Unaudited Condensed Consolidated Interim Financial Statements.

(10) Unaudited.

10.7.2.1 Comparison of March 31, 2025 to September 30, 2024

The Group’s total equity increased by EUR 831 thousand, or 0.4%, from EUR 189,761 thousand as of September 30, 2024, to EUR 190,592 thousand as of March 31, 2025. The increase was primarily driven by an increase in other comprehensive income.

The Group’s sum of current and non-current liabilities increased by EUR 9,910 thousand, or 1.8%, from EUR 538,853 thousand as of September 30, 2024, to EUR 548,763 thousand as of March 31, 2025. The increase was primarily driven by interest bearing loans and borrowings.

10.7.2.2 Comparison of September 30, 2024 to September 30, 2023

The Group’s total equity decreased by EUR 20,257 thousand, or 9.6%, from EUR 210,018 thousand as of September 30, 2023 to EUR 189,761 thousand as of September 30, 2024. The decrease was primarily driven by the negative result for the period.

The Group’s sum of current and non-current liabilities increased by EUR 32,621 thousand, or 6.4%, from EUR 506,232 thousand as of September 30, 2023 to EUR 538,853 thousand as of September 30, 2024. The increase was primarily driven by an increase in interest-bearing loans and borrowings.

Within current liabilities, current interest-bearing loans and borrowings decreased partly due to loan repayments. Contract liabilities increased due, among other things, to invoices due or paid with outstanding performance.

Non-current liabilities (see Note 14 to the Audited 2023/2024 Consolidated Financial Statements) increased mainly due to the rise in interest-bearing loans and borrowings as a result of a newly concluded syndicated loan. In contrast, lease liabilities and other financial liabilities fell sharply, mainly due to lease payments for office buildings and payments for contingent considerations.

10.7.2.3 Comparison of September 30, 2023 to September 30, 2022

The Group’s total equity decreased by EUR 20,523 thousand, or 8.9%, from EUR 230,541 thousand as of September 30, 2022 to EUR 210,018 thousand as of September 30, 2023. The decrease was primarily driven by the exchange rate-related decline in the item “Currency translation adjustment for foreign operations” and the negative net result, which in turn was impacted by the impairment and derecognition of deferred tax assets on loss carryforwards and the impairment of goodwill.

Non-controlling interests amounted to EUR 3,121 thousand (2021/2022 Fiscal Year: EUR 3,034 thousand). The equity ratio (defined as total equity as a percentage of total assets) decreased compared with the 2021/2022 Fiscal Year to 29.3% (2021/2022 Fiscal Year: 34.5%) due to the increase in assets and liabilities.

The Group’s sum of current and non-current liabilities increased by EUR 68,980 thousand, or 15.8%, from EUR 437,252 thousand as of September 30, 2022 to EUR 506,232 thousand as of September 30, 2023.

Current liabilities decreased mainly due to a decline in current interest-bearing loans and borrowings.

Non-current liabilities increased significantly mainly due to the rise in interest-bearing loans and drawdowns (see Note 12 to the Audited 2022/2023 Consolidated Financial Statements) due to high investments and significant expenditure on new technologies at both the parent company and acquired subsidiaries, particularly in the U.S.

10.8 Liquidity and Capital Resources

10.8.1 Overview

The efficient and effective use of capital is one of the focus areas of the Group, as the Group considers it to be fundamental to improving net cash flow generation. The Group's primary sources of liquidity are cash flows from operating activities and bank loans. The Group had cash and short-term deposits of EUR 76,440 thousand, EUR 78,989 thousand, EUR 86,336 thousand and EUR 66,740 thousand, as of March 31, 2025 (including cash and short-term deposits held for distribution) and September 30, 2024, 2023 and 2022, respectively. As of March 31, 2025, the Group had unutilized lines of credit from 5 banks in the amount of EUR 8.1 million in various currencies and in addition, EUR 25.0 million was undrawn from the revolving credit facility ("**RCF**") as part of its syndicated loan (see "*12.21.3.1 Syndicated Loan Agreement*").

Following the completion of the Offering, the Group expects that its key sources of liquidity will continue to be cash flows from operating activities and bank loans. The Group aims to manage its capital to ensure all Group companies can continue to operate as a going concern. In order to ensure the Group's liquidity, it has set up its capital structure for the short, medium and long-term. See also "*10.9.2 Loans and Liquidity Runoff.*"

The Group's ability to generate cash flows from operating activities depends on its future operating performance, which is in turn dependent on general economic, financial, competitive, market and other factors, many of which are beyond its control. See "*10.4 Key Factors Affecting the Results of Operations*" for a discussion of certain factors that could affect the Group's future performance and the industries in which the Group operates.

10.8.2 Cash Flows

The following tables set forth the principal components of the Group's cash flows for H1 2023/2024 and H1 2024/2025 (cash flows from Continued Operations and Discontinued Operations), and for the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years.

	Six-month period ended March 31,		
	2024	**2025**	**Change in %**
	(unaudited)		*(unaudited)*
	(EUR thousands)		
Cash flows from operating activities	5,340	23,009	330.9%
Cash flows from investing activities	(32,974)	(27,620)	(16.2)%
Cash flows from financing activities	(1,113)	2,045	283.7%
Increase/(decrease) in cash and short-term deposits	**(28,746)**	**(2,567)**	**(91.1)%**
Group and exchange rate-related changes in cash and short-term deposits	(611)	17	102.8%
Cash and short-term deposits at the beginning of the reporting period	86,336	78,989	(8.5)%
Cash and short-term deposits at the end of the reporting period	**56,979**	**76,440**	**34.2%**

	Fiscal year ended September 30,		
	2023	**2024**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Cash flows from operating activities	24,809	20,396	(17.8)%
Cash flows from investing activities	(62,186)	(52,211)	(16.0)%
Cash flows from financing activities	59,245	25,675	(56.7)%
Increase/(decrease) in cash and short-term deposits	**21,868**	**(6,139)**	**(128.1)%**
Group and exchange rate-related changes in cash and short-term deposits	(2,271)	(1,207)	(46.9)%
Cash and short-term deposits at the beginning of the reporting period	66,740	86,336	29.4%
Cash and short-term deposits at the end of the reporting period	**86,336**	**78,989**	**(8.5)%**

	Fiscal year ended September 30,		
	2022	**2023**	**Change in %**
	(audited)		*(unaudited)*
	(EUR thousands)		
Cash flows from operating activities	35,972	24,809	(31.0)%
Cash flows from investing activities	(64,338)	(62,186)	(3.3)%
Cash flows from financing activities	4,493	59,245	1218.6%
Increase/(decrease) in cash and short-term deposits	**(23,873)**	**21,868**	**(191.6)%**
Group and exchange rate-related changes in cash and short-term deposits	4,679	(2,272)	(148.6)%
Cash and short-term deposits at the beginning of the reporting period	85,934	66,740	(22.3)%
Cash and short-term deposits at the end of the reporting period	**66,740**	**86,336**	**29.4%**

10.8.2.1 Cash Flows from Operating Activities

H1 2024/2025 compared to H1 2023/2024

The Group's cash flows from operating activities increased by EUR 17,669 thousand from EUR 5,340 thousand in H1 2023/2024 to EUR 23,009 thousand in H1 2024/2025. The increase was primarily driven by improved earnings, lower inventory levels and a decrease in trade receivables, partially offset by an increase in contract assets and a decrease in contract liabilities.

The 2023/2024 Fiscal Year compared to the 2022/2023 Fiscal Year

The Group's cash flows from operating activities decreased by EUR 4,413 thousand from EUR 24,809 thousand in the 2022/2023 Fiscal Year to EUR 20,396 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by the decrease in the operating result compared to the previous year.

The 2022/2023 Fiscal Year compared to the 2021/2022 Fiscal Year

The Group's cash flows from operating activities decreased by EUR 11,163 thousand from EUR 35,972 thousand in the 2021/2022 Fiscal Year to EUR 24,809 thousand in the 2022/2023 Fiscal Year. The decrease was primarily driven by the significant increase in trade receivables and contract assets as well as the decline in trade payables.

10.8.2.2 Cash Flows from Investing Activities

H1 2024/2025 compared to H1 2023/2024

The Group's cash flows from investing activities decreased by EUR 5,354 thousand from EUR 32,974 thousand in H1 2023/2024 to EUR 27,620 thousand in H1 2024/2025. The decrease was primarily driven by cash outflows for investments in intangible assets, property, plant and equipment and financial assets.

The 2023/2024 Fiscal Year compared to the 2022/2023 Fiscal Year

The Group's cash flows from investing activities decreased by EUR 9,975 thousand from EUR 62,186 thousand in the 2022/2023 Fiscal Year to EUR 52,211 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by purchases of intangible assets, investments in long-term financial assets and purchases of property, plant and equipment. Compared to the previous year, cash flow from investing activities in the 2023/2024 Fiscal Year was negatively impacted by payments for investments in financial assets (non-current assets). These include payments for contingent considerations, a loan issued to an external company and further investments in company shares. Receipts from the disposal of financial assets (non-current assets) had a positive effect on cash flow from investing activities compared to the previous year. This includes the sale of the pharmaceutical and life science business of the Level Ex, Inc. subsidiary (re-named Snke Xplore, Inc.).

The 2022/2023 Fiscal Year compared to the 2021/2022 Fiscal Year

The Group's cash flows from investing activities decreased by EUR 2,152 thousand from EUR 64,338 thousand in the 2021/2022 Fiscal Year to EUR 62,186 thousand in the 2022/2023 Fiscal Year. The negative cash flow from investing activities was primarily driven by increased expenses from investment in intangible assets. In the prior period, the acquisition of subsidiaries medPhoton GmbH and Langer Medical increased the cash outflow.

10.8.2.3 Cash Flows From Financing Activities

H1 2024/2025 compared to H1 2023/2024

The Group's cash flows from financing activities increased by EUR 3,158 thousand from EUR (1,113) thousand in H1 2023/2024 to EUR 2,045 thousand in H1 2024/2025. The increase was primarily driven by a drawdown on the RCF, partially offset by lease liability payments and partial repayment of interest-bearing loans.

The 2023/2024 Fiscal Year compared to the 2022/2023 Fiscal Year

The Group's cash flows from financing activities decreased by EUR 33,570 thousand from EUR 59,245 thousand in the 2022/2023 Fiscal Year to EUR 25,675 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by the repayment of interest-bearing loans, namely the repayment of the consortium loan from December 2020 consisting of a loan and a revolving credit line. This was partially offset by, among other things, a newly concluded syndicated loan, which runs until September 2029 (see Note 14 to the Audited 2023/2024 Consolidated Financial Statements).

The 2022/2023 Fiscal Year compared to the 2021/2022 Fiscal Year

The Group's cash flows from financing activities increased by EUR 54,752 thousand from EUR 4,493 thousand in the 2021/2022 Fiscal Year to EUR 59,245 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven

by lower repayments on interest-bearing loans, the waiver of the payment of a dividend to the shareholders of the parent company, the drawdown on a revolving credit facility and the assumption of loans.

10.8.3 Investments

10.8.3.1 Historical investments

The Group defines investments as additions to intangible assets consisting of capitalized development cost and other intangible assets (including licenses, patents and software) as well as additions to property, plant and equipment (including technical equipment, demo and loaner products). Additions to right of use assets are not part of investments. The Group's investments primarily relate to capitalized development cost in connection with its main development activities, which are further described in "*10.4.3 Research and Development*". The Group's investments as a percentage of revenue were 10.2%, 12.5%, 14.3% and 14.3% as of H1 2024/2025, and as of the 2023/2024, 2022/2023 and 2021/2022 Fiscal Years, respectively. Financial information for the 2021/2022 Fiscal Year by operating segment refers to the Group's former segmentation and therefore may not be directly comparable to the Group's current segmentation, especially with regard to figures for the 2023/2024 Fiscal Year. See "*10.3.1 Segmentation.*"

The following tables sets forth the Group's investments for the periods indicated, both in total and per segment:

	Six-month period ended March 31, 2025[(1)]		
	Investments in intangible assets	**Investments in property, plant and equipment**	**Total Investments**
		(unaudited)	
		(EUR thousands)	
Spinal and Cranial Surgery	7,371	1,824	9,195
Other Surgery	1,072	139	1,211
Radiosurgery	3,402	118	3,520
Healthcare Platform	8,428	220	8,648
Total operating segments	20,273	2,301	22,574
Other	47	2,213	2,260
Total	**20,320**	**4,514**	**24,834**

Notes:

(1) Figures include cash and short-term deposits held for distribution for items from the statement of financial position in the Unaudited Condensed Consolidated Interim Financial Statements. Refer to Note 5 of the Unaudited Condensed Consolidated Interim Financial Statements.

	Six-month period ended March 31, 2024		
	Investments in intangible assets	**Investments in property, plant and equipment**	**Total Investments**
		(unaudited)	
		(EUR thousands)	
Spinal and Cranial Surgery	8,018	1,427	9,445
Other Surgery	4,155	158	4,313
Radiosurgery	4,690	136	4,826
Healthcare Platform	7,861	394	8,255
Total operating segments	24,724	2,115	26,839
Other	94	1,689	1,783
Total	**24,818**	**3,804**	**28,622**

	Fiscal year ended September 30, 2024		
	Investments in intangible assets	**Investments in property, plant and equipment**	**Total Investments**
		(audited)	
		(EUR thousands)	
Spinal and Cranial Surgery	20,534	3,246	23,780
Other Surgery	3,946	508	4,454
Radiosurgery	11,385	358	11,743
Healthcare Platform	15,024	218	15,242
Total operating segments	50,889	4,330	55,219
Other	(10)	3,685	3,675
Total	**50,879**	**8,015**	**58,894**

	Fiscal year ended September 30, 2023		
	Investments in intangible assets	**Investments in property, plant and equipment**	**Total Investments**
		(audited)	
		(EUR thousands)	
Spinal and Cranial Surgery	16,858	5,506	22,364
Other Surgery	2,247	917	3,164
Radiosurgery	13,352	1,402	14,754
Healthcare Platform	20,740	490	21,230
Total operating segments	53,197	8,315	61,512
Other	-	-	-
Total	**53,197**	**8,315**	**61,512**

	Fiscal year ended September 30, 2022		
	Investments in intangible assets	**Investments in property, plant and equipment**	**Total Investments**
		(audited)	
		(EUR thousands)	
Surgery	18,692	3,826	22,518
Radiosurgery	14,799	575	15,374
Digital Health	9,019	657	9,676
Total operating segments	42,510	5,058	47,568
Other	103	4,265	4,368
Total	**42,613**	**9,323**	**51,936**

H1 2024/2025 compared to H1 2023/2024

The Group's investments decreased by EUR 3,788 thousand, or 13.2%, from EUR 28,622 thousand as of H1 2023/2024 to EUR 24,834 thousand as of H1 2024/2025. Investments in H1 2024/2025 primarily related to developments further advancing the ExacTrac lung treatment product using markerless tracking technology, the RT Planning Elements 4.5 solution, the Quip platform and the Cirq robotics platform, enhanced versions of the Cranial and Spinal software packages, the enhanced anatomical patient model and the new healthcare operating system platform (as part of the former Healthcare Platform operating segment).

The 2023/2024 Fiscal Year compared to the 2022/2023 Fiscal Year

The Group's investments decreased by EUR 2,618 thousand, or 4.3%, from EUR 61,512 thousand in the 2022/2023 Fiscal Year to EUR 58,894 thousand in the 2023/2024 Fiscal Year. The decrease was primarily driven by slightly lower investments in the Radiosurgery segment due to the completion of the development of a new version of ExacTrac Dynamic Surface. Furthermore, a shift in segment allocation for development projects between Spinal and Cranial Surgery and Healthcare Platform took place. In the 2023/2024 Fiscal Year, the Group's investments in intangible assets was characterized by investments in self-generated intangible assets with focus on the RT Planning Elements 4.5 solution, the ExacTrac lung treatment product using markerless tracking technology, the Quip platform and the Cirq robotics platform, the enhanced versions of the Cranial and Spinal software packages, the learning & teaching platform Xplore Spine and the new healthcare operating system platform (as part of the former Healthcare Platform operating segment). Investments in PP&E mainly related to Office Equipment. Furthermore investments in Demo & Loaner Systems as well as in R&D Development Prototypes were made.

The 2022/2023 Fiscal Year compared to the 2021/2022 Fiscal Year

The Group's investments increased by EUR 9,576 thousand, or 18.4%, from EUR 51,936 thousand in the 2021/2022 Fiscal Year to EUR 61,512 thousand in the 2022/2023 Fiscal Year. The increase was primarily driven by investments in development projects in the Digital Health segment, among others, in the Group's Quip technology. In the 2022/2023 Fiscal Year, the Group's investments in intangible assets mainly related to the development of the ExacTrac Dynamic Surface technology, the anatomical patient model, the RT Planning Elements 4.5 solution, the Quip platform and the Cirq robotics platform, the enhanced versions of the Cranial and Spinal software packages, the learning & teaching platform Xplore Spine and the new healthcare operating system platform (as part of the former Healthcare Platform operating segment). Investments in PP&E mainly related to Office Equipment and Demo & Loaner Systems. In addition, investments in Prototypes for R&D Developments were made. In the 2021/2022 Fiscal Year the focus was on the Universal Atlas technology, the RT Planning Elements 4.0 solution, the ExacTrac Dynamic Surface and Deep Inspiration Breath Hold technologies and the Quip platform and the Cirq robotics platform. Investments in PP&E mainly related to Office and Technical Equipment as well as Demo & Loaner Systems.

10.8.3.2 Current and Planned Investments

The Group plans to invest a total of EUR 35 million to EUR 39 million in intangible assets in the 2024/2025 Fiscal Year. Of the investments made in the first half of the 2024/2025 Fiscal Year, more than 90% were made in Germany. For the second half of the 2024/2025 Fiscal Year development activities will continue to materially focus on Germany, and on further advancing the ExacTrac lung treatment product using markerless tracking technology and the RT Planning Elements 4.6 solution, both in the segment Radiosurgery. In the segment Spinal & Cranial Surgery the focus is on further advancing the Cranial and Spinal software packages and the Cirq robotics platform. Furthermore, investments in PP&E totaling EUR 11 million are planned for the 2024/2025 Fiscal Year. In addition to IT equipment, these include demo and loaner products, as well as prototypes and technical equipment. The Group plans to finance these investments from cash flows from operating activities and financing activities.

Between March 31, 2025 and the date of this Prospectus, the Group's investments in intangible assets amounted to approximately EUR 7 million, comprising intangible assets in connection with ExacTrac, RT Planning, Cranial and Spinal software packages, Quip and Cirq robotics platform as well as the enhanced Anatomical Patient Model and the new Healthcare OS Platform. Additionally, the Group further invested approximately EUR 2 million in PP&E comprising IT equipment, demo and loaner products, as well as prototypes and technical equipment. The Group financed these investments from cash flows from operating activities and financing activities.

10.8.4 Off-Balance Sheet Arrangements

In April 2024, the Group entered into a factoring program with an affiliate of Norddeutsche Landesbank - Girozentrale which was amended in April 2025 and constitutes an off-balance sheet arrangement. The Group entered the factoring program to enhance its liquidity and financial flexibility. The program allows the Group to sell receivables on a non-recourse basis and has a maximum factoring amount of EUR 15.0 million, which was unused as of March 31, 2025.

10.8.5 Pensions and Post-Retirement Benefits

The Group grants current and former employees and their dependents pension and (early) retirement benefits. The pension benefits are based on various pension plans in the form of defined benefit or defined contribution pension plans in various countries. The obligations of the Group under these plans vary depending on legal, tax and economic circumstances in the various countries in which the Group operates, and, in most of the countries, they generally depend on the length of service and remuneration of the specific employee concerned. For more detail, see Note 16 to the Audited 2023/2024 Consolidated Financial Statements.

10.9 Financial Liabilities, Contingent Liabilities and Other Financial Commitments

10.9.1 Financial Liabilities

The following table sets out the Group's financial liabilities as of the dates shown:

	As of September 30,			As of
	2022	2023	2024	March 31, 2025
	(audited, unless otherwise indicated)			*(unaudited)*
	(EUR thousands)			
Lease liabilities, non-current	54,860	50,597	46,311	45,012
Lease liabilities, current	11,389	11,421	12,374	12,498
Trade payables	48,408[4]	48,973[2]	49,186	41,260
Other financial liabilities, current	17,200[3]	14,679	11,625	16,314
Other financial liabilities, non-current	18,166[3]	14,132	8,813	5,631
Non-current interest-bearing loans and borrowings	72,908	149,199[1]	205,440	220,615
Current interest-bearing loans and borrowings	39,039	34,653[1]	16,475	9,735
Financial liabilities *(unaudited)*	**261,970**[3,4]	**323,654**[1,2]	**350,224**	**351,065**

Notes:

(1) The previous year's figure for current and non-current interest-bearing loans and borrowings has changed accordingly by EUR 24.6 million due to a reclassification from non-current to current. The previous year's figures have been adjusted in accordance with IAS 8.41 et seq. (refer to Note 14 of the Audited 2023/2024 Consolidated Financial Statements).

(2) The previous year's figures for trade payables, other liabilities and tax payables have changed due to reclassification for clarification purposes: accruals for outstanding invoices and other accruals in the amount of EUR 16.3 million have been allocated to trade payables. Additionally, payables from other taxes of EUR 0.1 million have been allocated to trade payables. Refer to Note 13 of the Audited 2023/2024 Consolidated Financial Statements.

(3) Comparative figures for other current and non-current financial liabilities and current and non-current other non-financial liabilities are presented separately as disclosed in Note 16 of the Audited 2022/2023 Consolidated Financial Statements to allow for comparability.

(4) Amounts for trade payables, other non-financial liabilities and tax payables for the comparable numbers of the 2021/2022 Fiscal Year have been amended to reflect reclassifications performed as explained in Note (2) above for the 2022/2023 Fiscal Year. Amounts under the long-term tax advantage plan (409A) for the 2021/2022 Fiscal Year have accordingly been reclassed.

Interest-bearing loans and borrowings increased slightly as of March 31, 2025 compared to September 30, 2024 from EUR 221,915 thousand to EUR 230,350 thousand. The increase results from drawing of the RCF of EUR 20,000 thousand, partially offset by several smaller redemptions.

Interest-bearing loans and borrowings increased significantly as of September 30, 2024 compared to September 30, 2023, from EUR 183,852 thousand to EUR 221,915 thousand. The increase resulted from the RCF of EUR 125,000 thousand, which was concluded on September 26, 2024. This replaced the previous syndicated loan consisting of a term loan (September 30, 2023: EUR 30,000 thousand) and a revolving credit facility (September 30, 2023: EUR 61,000 thousand). Interest-bearing loans and borrowings increased significantly as of September 30, 2023 compared to September 30, 2022, from EUR 111,947 thousand to EUR 183,852 thousand. The increase results from a new bilateral loan of EUR 50,000 thousand and drawing of the previous revolving credit facility of EUR 27,000 thousand.

Of the total interest-bearing loans and borrowings, an amount of EUR 150 million is subject to variable interest as of September 30, 2024 and EUR 170 million as of March 31, 2025 (September 30, 2023: EUR 141 million; September 30, 2022: EUR 60 million).

Current account credit lines are provided by five banks. As of September 30, 2024, the Group had unutilized lines of credit in the amount of EUR 7.1 million in various currencies (September 30, 2023: six banks and EUR 14.1 million; September 30, 2022: EUR 10.0 million). In addition, EUR 50.0 million was undrawn from the RCF as part of the syndicated loan (September 30, 2023: EUR 24.0 million; September 30, 2022: EUR 51.0 million).

As of March 31, 2025, the Group had unutilized lines of credit from 5 banks in the amount of EUR 8.1 million in various currencies and in addition, EUR 25.0 million was undrawn from the RCF as part of its syndicated loan (see "*12.21.3.1 Syndicated Loan Agreement*").

For further details on the Group's credit facilities, see "*12.21 Material Agreements.*"

10.9.2 Loans and Liquidity Runoff

The table below shows the schedule of principal repayments for interest-bearing loans as of March 31, 2025:

Fiscal year	Principal repayment
	(EUR thousands)
2024/2025	5,225
2025/2026	8,799
2026/2027	41,149
2027/2028	8,149
2028/2029	153,149
2029/2030	8,149
2030/2031	6,066
2031/2032	136
2032/2033	136
2033/2034	136
2034/2035	136
2035/2036	56
Total	**231,286**

10.9.3 Contingencies and Commitments

The Group had commitments and contingent liabilities of EUR 15,900 thousand as of March 31, 2025 (September 30, 2024: EUR 15,700 thousand, September 30, 2023: EUR 14,100 thousand; September 30, 2022: EUR 18,100 thousand), mainly related to general agreements with purchase commitments with a remaining term of more than one year, which amounted to EUR 13,700 thousand (September 30, 2024: EUR 12,300 thousand, September 30, 2023: EUR 13,200 thousand; September 30, 2022: EUR 17,000 thousand). The Group also had contingent liabilities as of March 31, 2025 amounting to EUR 2,000 thousand due to outstanding deliveries from suppliers.

The Group had purchase commitments for investments giving rise to financial obligations as of March 31, 2025 in the amount of EUR 200 thousand (September 30, 2024: EUR 300 thousand, September 30, 2023: EUR 900 thousand; September 30, 2022: EUR 1,100 thousand).

The Group’s commitments and contingent liabilities include guarantees (including sureties) issued by banks for financial obligations of certain Group subsidiaries. The Group generally guarantees that it will meet the payment obligations of the principal debtor in the event of non-performance by the principal debtor. In addition, the Group guarantees fulfillment of contractual obligations, mainly through performance guarantees/sureties and rental guarantees/sureties.

Except as set out above, the Group does not have any other commitments or contingencies as of March 31, 2025 that would have a major negative impact on the Group’s net assets, financial position and results of operations.

10.10 Quantitative and Qualitative Disclosures about Financial Risk Management

The Group manages its capital with the aim of maintaining the balance between cash flow volatility and financial flexibility. To achieve these goals it is important, among other things, to optimize the ratio of cash and equity to

borrowings. The equity ratio and Net Debt are used as a performance indicator vis-à-vis the ratio of equity to borrowings. These key ratios are calculated regularly and reported to the Management Board or, after the SE-Conversion, the Administrative Board, so that the Management Board or, after the SE-Conversion, the Administrative Board can initiate any measures necessary. The main decisions relating to the financing structure are made by the Management Board or, after the SE-Conversion, the Administrative Board.

The main risks to the Group arising from the financial instruments include interest-related cash flow risks, as well as liquidity, currency and credit risks. See "*1.2.3 The Group is exposed to certain risks associated with its financing arrangements and it may not be able to obtain additional financing on favorable terms, or at all.*" and "*1.2.4 The Group is exposed to currency fluctuation risks, interest rate risks, credit and counterparty risks, foreign exchange and translation risks, which could materially reduce the Group's profitability or operating results.*" The Company's management devises strategies and procedures to control specific types of risks. The management of the Group receives advisory support regarding financial risks and is given an appropriate general framework for managing financial risks. It is ensured that the activities of the Group that are associated with financial risks are carried out in compliance with the relevant guidelines and procedures, and that financial risks are identified, assessed and managed in accordance with these guidelines and taking into account the Group's risk appetite.

Non-financial or non-quantifiable risks, such as business risks, are not considered here; please refer to *1 Risk Factors* for more information.

10.10.1 Liquidity Risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full. The Group's objective is to maintain a balance between continuously covering financing needs and ensuring financing flexibility through the use of current account credit lines and medium-term and long-term loans. The Group continuously monitors the risk of a liquidity bottleneck based on a rolling liquidity forecast. This forecast takes into account the projected cash outflows and expected cash inflows from business, investment and financing activities.

10.10.2 Market Risk

The Group is exposed to market risks related to fluctuations in foreign currency prices, interest rates, and supply prices due to its regular business operations and proprietary trading activities.

The Group maintains a centralized system for managing foreign exchange risks. To protect its cash flows, the Group concludes transactions to limit the exchange rate risk. In addition to natural hedges, the Group also uses currency forward contracts and options to protect anticipated cash flows in foreign currency. The U.S. dollar hedging ratio is based on total inflows less outflows in U.S. dollars. The hedging ratio in the 2023/2024 Fiscal Year was approximately 89% of net inflows and outflows. In spite of economic hedges, the Group does not apply hedge accounting, and measures these transactions separately at the end of the reporting period. Furthermore, the Group also protects itself against foreign exchange risks arising from foreign currency items in the statement of financial position.

The Group's interest expense is managed by a combination of fixed-interest and variable-interest borrowings with a term extending to no later than 2036. The ratio of fixed-interest loans to the total loan volume amounted to 30% in the 2023/2024 Fiscal Year. The Group regularly reviews the possibility of conducting an interest rate swap, whereby the calculated difference between fixed-interest and variable-interest amounts is exchanged with the contracting partner at defined intervals, taking a previously agreed nominal amount into account.

10.10.3 Credit Risk

Credit risk refers to the risk of a business partner failing to meet its obligations within the scope of a financial instrument or customer agreement, and this resulting in financial losses. The Group manages its credit risk based on guidelines on how to minimize risk concentrations and thus the credit risk. The distribution companies record master data of the new customers, monitor the development of customers' payment behavior, perform credit checks on their

customers and limit order volumes, if necessary, or demand payments in advance. Guarantees or collateral, such as letters of credit, are requested. The Company creates valuation allowances for doubtful receivables, based on the expected collectability of the receivable.

10.10.4 Counterparty Risk

Counterparty risk encompasses the settlement risk relating to derivative instruments and money market instruments, and the credit risk relating to cash and term deposits. In order to control the risk concentration in financial assets and thus keep losses due to potential default of a business partner to an absolute minimum, the Group has a diversified financial portfolio in terms of maturities, ratings, sectors and industries. The issuer risk is minimized by only buying from issuers with an investment grade rating. The settlement risk and credit risk are limited by the fact that the banks and financial institutions selected as counterparties for transactions generally have an investment grade rating or a credit guarantee system similar to the German deposit guarantee fund. The counterparty risk is generally assessed annually and up until termination of the business relationship.

10.11 Material Accounting Policies and Critical Accounting Estimates

The preparation of the consolidated financial statements requires the Group's management to make certain discretionary decisions, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as on the disclosure of contingent assets and contingent liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period.

Estimates form the basis of the Group's assessment of the carrying amounts of assets and liabilities, which are not apparent from other sources. The Group bases its estimates and assessments on past experience and on other assumptions that it believes are reasonable under the circumstances. All estimates and assumptions are made to the best of management's knowledge and belief to fairly present the Group's financial position and results of operations and are reviewed on an ongoing basis. See also "*1.3.8 Changes in accounting standards or audits by enforcement bodies applicable to the Group or management changes to its discretionary decisions, estimates or assumptions used in preparation of the consolidated financial statements could adversely impact the Group.*"

The discretionary decisions, assumptions and estimates mainly relate to the following matters:

- Determination of the valuation parameters of the impairment test for the recognized goodwill (*see Note 6 and Note 9 to the Audited 2023/2024 Consolidated Financial Statements*);
- Timing and fulfillment of the criteria for the initial capitalization of product development projects (*see Note 5 to the Audited 2023/2024 Consolidated Financial Statements*);
- Feasibility of future tax charges and tax relief (*see Note 26 to the Audited 2023/2024 Consolidated Financial Statements*);
- Litigation (*see Note 33 to the Audited 2023/2024 Consolidated Financial Statements*);
- Measurement of the fair value of financial instruments whose valuation parameters are not based on observable market data (*see Note 12 to the Audited 2023/2024 Consolidated Financial Statements*);
- Measurement of contingent considerations in connection with business combinations (*see Note 9 and Note 12 to the Audited 2023/2024 Consolidated Financial Statements*);
- Determination of the expected probabilities of default in connection with the measurement of trade receivables and contract assets (*see Note 2 to the Audited 2023/2024 Consolidated Financial Statements*);
- Determination of parameters for inventory valuation (*see Note 3 to the* Audited 2023/2024 Consolidated Financial Statements);

- Estimation of the incremental borrowing rate and determination of the terms of leases containing renewal and cancellation options (*see Note 15 to the Audited 2023/2024 Consolidated Financial Statements*);
- Recognition and measurement of provisions and contingent assets and liabilities: significant assumptions about the probability and extent of the inflow or outflow of resources (*see Note 17 and Note 30 to the Audited 2023/2024 Consolidated Financial Statements*); and
- Recognition of deferred tax assets: Availability of future taxable profits against which deductible temporary differences and tax loss carryforwards can be utilized (*see Note 26 to the Audited 2023/2024 Consolidated Financial Statements*).

In addition, other areas are affected by estimates, such as the useful life of non-current assets and provisions.

10.12 Additional Information Regarding the Audited 2023/2024 Unconsolidated Financial Statements

The Audited 2023/2024 Unconsolidated Financial Statements of the Company as of and for the 2023/2024 Fiscal Year, were prepared in accordance with the German Commercial Code (HGB). For the 2023/2024 Fiscal Year, the Company's net income was EUR 11,635 thousand and the total assets of the Company as of September 30, 2024, amounted to EUR 540,687 thousand. For further information on the Audited 2023/2024 Unconsolidated Financial Statements, see F-293.

11 INDUSTRY OVERVIEW

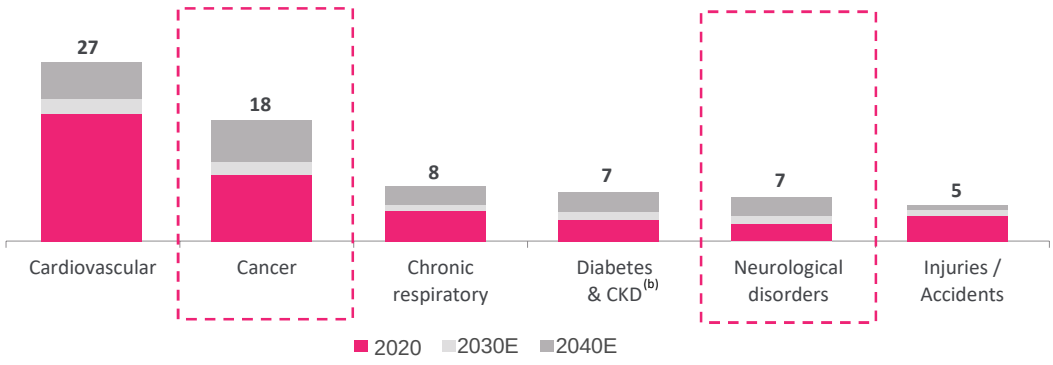
The market and industry data and forecasts and statements regarding the Group's position in the relevant market or market segments in this section are based on various market research and other publicly available information, as well as reports by independent industry sources, see "2.6 Sources of Market Data." Certain statements below are based on the Group's own proprietary information, insights, opinions or estimates, and not any third-party or independent source; these statements contain words such as "believe," "expect," "consider" or "estimate," and as such do not purport to cite or summarize any third-party or independent source and should be read this way.

11.1 Current challenges in the healthcare industry

The healthcare system is currently facing significant structural challenges on a global scale. Healthcare providers struggle to sustain existing care delivery models while operational capacity is diminishing, and demographic and epidemiological pressure concurrently evolves. Most notable are the aging global population and growing incidence of chronic conditions such as cancer and neurodegenerative diseases (see figure a below). At the same time, a globally growing middle class exerts upward pressure and expresses rising expectations to access high-quality medical treatments and personalized medical solutions. However, the number of healthcare practitioners is declining, with a likely shortage of qualified healthcare practitioners in the coming years (see figure b below).

Figure a – Increasing prevalence of cancer and chronic diseases

Number of annual global death causes with rising prevalences, 2020-2040[(a)] (in millions)



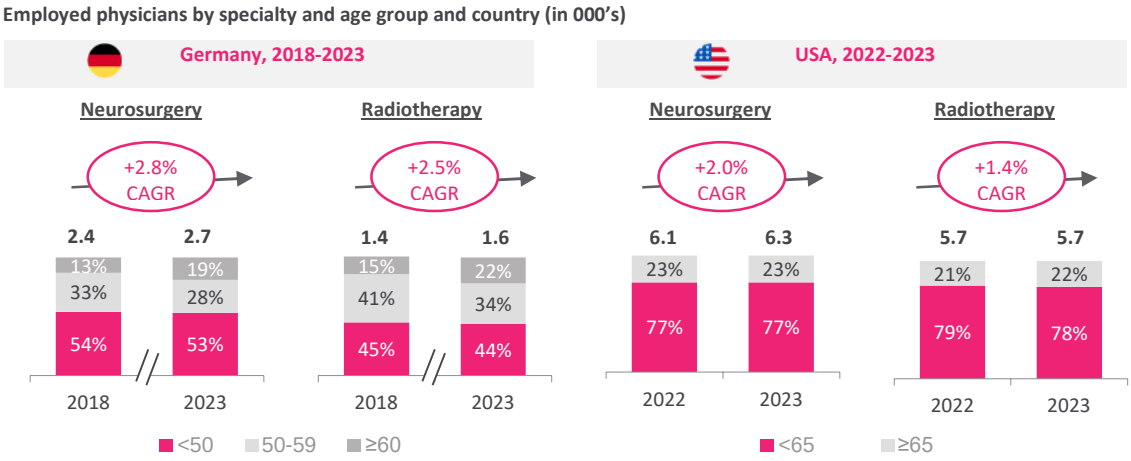
Source: Roland Berger Report

Notes:

(a) 2030E and 2040E numbers are incremental annual deaths on top of the base line from 2020

(b) CKD refers to Chronic Kidney Disease

Figure b – a significant share of physicians (neurosurgery and radiotherapy specialists) in Germany and the U.S. are expected to retire in the next 10 years



Source: Roland Berger Report

To face these challenges, the digitalization of healthcare offers a range of new solutions, such as:

- Shift to minimally invasive treatment methods
- Productivity gains through data driven process optimization
- Early screening and increasing AI-assisted cancer diagnosis
- Improved surgical precision through surgical mixed reality solutions
- Automation of workflows and documentation

However, adoption of digital tools in healthcare is slow, due to potential risks to human health, as well as intrinsic challenges linked to healthcare, in particular surgery, such as:

- Unstructured data and lack of adequate collection methods
- Analog processes and workflows still being mainstream
- Isolated solutions and lack of singular approaches
- Lack of integration and interoperability in the OR

Therefore, digital disruption in healthcare remains at a generally low level despite the ongoing digitalization of other sectors of the economy. The healthcare sector is however also primed for digital disruption. The sector's unique challenges can be addressed by digital solutions, for instance via further automation in surgical workflows, such as OR time optimization (*e.g.*, up to 24% of total OR time could be gained, resulting in an additional 9,000 surgeries annually, based on an illustrative analysis of a health system comprising 60 ORs), and administrative simplification, which could yield up to approximately USD 265 billion in potential annual savings in the United States (equivalent to approximately 28% of total administrative spending) (source: Company information).

11.2 Focus markets

Brainlab focuses on clinical areas in which it can apply its holistic digital ecosystem to enable and improve treatment efficiency where complexity had been the limiting factor. Clinical indications in Brainlab's focus are mostly life-threatening diseases, which have been increasing in prevalence due to several factors, including an aging population. In the view of the Group, the treatment of these illnesses represent some of the most profitable services for hospitals.

Brainlab has established itself as a market leader in neurosurgery (including functional neurosurgery), and a leading player in spinal surgery and radiosurgery (see "*11.9 Competitive positioning and market shares*"), where it's software-driven workflows are deeply entrenched in the daily work of roughly 4,000 healthcare institutions, including nine of the top 10 neurosurgery centers globally (source: Newsweek 2025). Furthermore, 86 of the top 100 cancer centers globally (source: Newsweek 2025) use Brainlab software.

Going forward, Brainlab also aims to address additional markets in ENT, orthopedics, sports medicine and interventional cardiology with its software-first tech stack and deep integration of workflows, devices and data. These markets demand a different, more flexible customized set of solutions with low barriers for technology adoption. This is why Brainlab is currently developing a server-based, low footprint infrastructure that can be extended with various modules to serve a variety of needs including navigation, telepresence, documentation and workflow control.

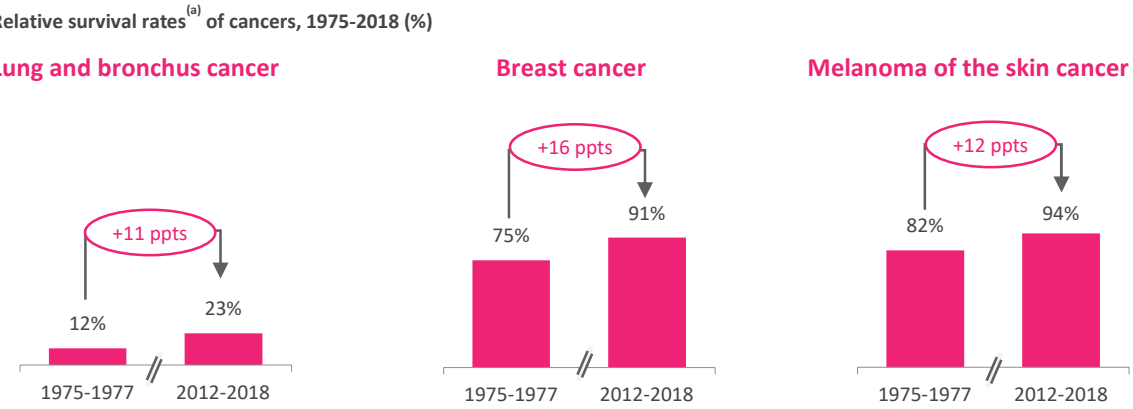
11.3 Neurosurgery market

Neurosurgeons were among the first clinicians to adopt surgical navigation. Today, navigation is considered standard of care in neurosurgery and Brainlab is the market leader in the combined markets of Europe and North America in planning and navigation systems based on total installed base of systems (source: Roland Berger Report). The neurosurgical market is growing due to an increase in incidence of metastasis that requires surgical intervention, as well as a rise in neurodegenerative disease (source: Roland Berger Report).

Neurosurgery treatments are extremely complex and require high precision to minimize and avoid damage to adjacent anatomy and ensure preservation of brain function. Precise planning and intraoperative navigation guidance helps to avoid interaction with critical cortex areas and white matter tracts and therefore has become integral to the success of neurosurgical procedures.

Over the past decades, there has been an increase in survival rates due to improved cancer treatment, which has had the negative effect of increasing the incidence of brain metastases, as secondary to a different type of cancer (see figure c below).

Figure c – Growth in brain metastases as secondary to another form of cancer, in the US



Source: Roland Berger Report

Note:

(a) Relative cancer survival is defined as the ratio of the observed all-cause survival in a group of individuals with cancer to the expected all-cause survival of a similar group of individuals who do not have cancer.

This trend has caused more complex treatments of patients with brain metastases, especially with multiple brain metastases. It is estimated that between 2025 and 2030 there will be a 2% CAGR in global neurosurgeries, from 4.0 million in 2025 to 4.5 million in 2030, with 50% of such surgeries using planning and navigation digital tools today

to optimize outcome, illustrating a trend of increasing demand for surgical workflow automation in neurosurgery (source: Roland Berger Report).

As the market leader across the combined markets of Europe and North America in planning and navigation systems based on total installed base of systems (source: Roland Berger Report), Brainlab expects to benefit from this further estimated market growth. Additionally, Brainlab is continuously increasing the depth of its portfolio through integration of additional devices such as intraoperative imaging, monitoring and disposable instruments. Integration of these devices correlates their information about anatomy and location with the digital patient model of Brainlab and thereby supports intraoperative decision-making, safety and efficiency. The Group believes that integration of such devices enables Brainlab to target growth beyond that of the rest of the market.

11.4 Functional neurosurgery market

Functional neurosurgery is a niche market within neurosurgery requiring very precise planning and execution for the treatment of neurodegenerative diseases such as Parkinson's and epilepsy. Software-based planning is considered standard of care and Brainlab has partnered with Boston Scientific for deep brain stimulation ("**DBS**") implants and planning software through well-integrated joint workflows (see "*12.11.1 Boston Scientific*").

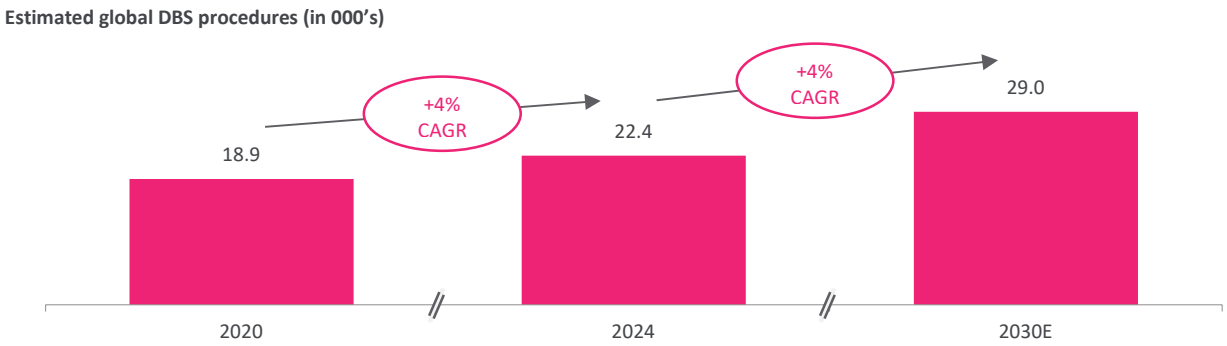
While the incidence of Parkinson's itself is not growing at a significant rate, the potential for DBS remains high, especially given the limited and sometimes diminished efficacy of drug-based therapies. The Group believes significant growth potential in DBS treatments will be fueled in part by the fact that a sizeable number of Parkinson's patients would benefit from DBS, but only a fraction undergo such treatment today.

Limiting factors in the adoption of DBS include the complexity of the procedure, lack of standardization and discomfort experienced by the patient during electrode implantation while they are awake. A significant trend in the market is the move towards performing procedures while the patient is asleep, which has been enabled through more precise surgical planning and targeting e.g., with Brainlab technology.

Earlier implementations of DBS procedures were done on patients who were conscious for the whole procedure, which led to patient discomfort, high anxiety, and an aversion to moving forward with the surgery in general. A shift to sedated patient surgeries enabled by technology, such as Brainlab's solution, has helped enable increased workflow standardization, increased patient comfort and reduced procedure time. This is expected to continue to drive growth in DBS procedures.

This shift is expected to further enhance standardization and ease of surgery but will also have a positive impact on patient tolerance and demand for DBS. Overall, these factors lead to an estimated growth in DBS with a 4% CAGR from 2024 to 2030 (see figure d below).

Figure d – Rise in deep brain stimulation procedure volumes



Source: Roland Berger Report

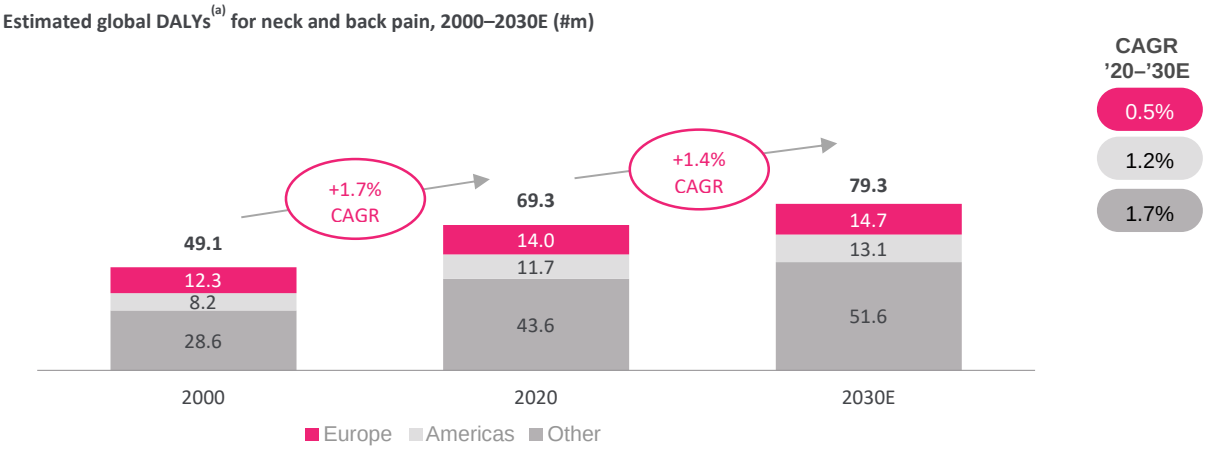
11.5 Spinal surgery market

Although the number of spine surgeries is expected to continue to grow (source: Roland Berger Report), suboptimal outcomes are limiting growth of the market. Brainlab is well-positioned to benefit from a strong and growing demand for technology fueled by a need to improve outcomes through data-driven workflows. With its Robotic Suite portfolio, Brainlab is the fastest growing player in Europe (source: Roland Berger Report) and is currently working to bring this momentum to the U.S. and emerging markets.

Due to an aging population, the disease burden of spinal disorders has been steadily increasing (see figure e below). The current market for spinal surgery suffers however from poor patient outcomes, due to the non-standardized workflows that are often used for patients with high anatomical variability. As a result, surgeons today rely in large part on their individual experience when operating and lack data to determine which patient could benefit from what treatment.

Within the spinal surgery market, three major trends can be observed: First, surgeons have shifted to a more conservative treatment paradigm given the inconsistent success rates of certain implant-based treatments. Second, the implant market has become stagnant as price pressure from the high cost of implants increases. For example, when adjusted for inflation, certain implant prices in the United States decreased by nearly 30% between 2013 and 2022 (source: Journal of Craniovertebral Junction & Spine October 2024). Implant providers in the field of spinal surgery are suffering from this trend. For such providers, it was a strategy to use margin from the sale of implants and bundle technology including navigation, intraoperative imaging and robotics with their implant offering. Competitors are however now exiting the market while Brainlab remains steadfast in its aim to continue to deliver clinical value. Third, and perhaps most importantly, a shift to adopting digitally-enabled surgical solutions can be observed, with a 18.8% growth in computer assisted spinal surgeries in the U.S. between 2016 and 2022 (see figure f below). This is driven by a broadening set of procedures and techniques in spinal surgery requiring planning and navigation, including minimally invasive surgery ("**MIS**") and the use of more systematic data-driven workflows, ensuring more closely managed post-surgery follow ups and improved outcomes. With its digital patient model and continuous investments in data and AI, Brainlab is well-positioned to benefit from this trend while its competitors are suffering from implant price pressures, which make closed bundle deals (which can include navigation, intraoperative imaging and robotics alongside implants, as described above) less commercially attractive.

Figure e – Increasing prevalence of spinal disorders

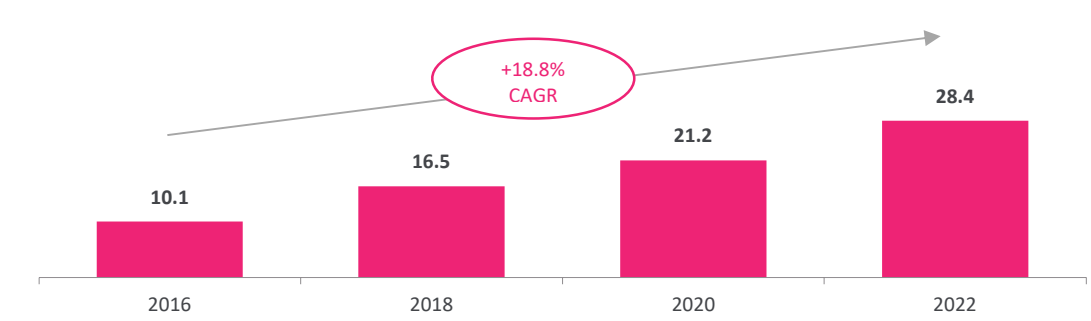


Source: Roland Berger Report

Note:

(a) Disability adjusted life years (DALYs); One DALY represents the loss of one year in full health

Figure f - Rise in digitally enabled spinal procedure volumes (in 000's)



Source: Roland Berger Report

Note:

(a) Based on Medicare/Medicaid billing data: HCPS code 61783, which refers to the use of an image-based navigation system during neurosurgery

11.6 Radiosurgery market

Within the larger radiotherapy market, Brainlab is focused on radiosurgery, where Brainlab is a leader (see "*11.9.2 Radiosurgery*"). The broader radiotherapy market is expected to continue to grow at a modest CAGR of 1.7% through 2050 (source: Roland Berger Report). Two important factors fueling growth are longer life expectancy and improved diagnosis rates through e.g., screening programs, enabling the discovery of cancers that have previously gone undetected. Higher incidence rates of primary tumors and longer cancer survivorships lead to an increased incidence rate of metastases.

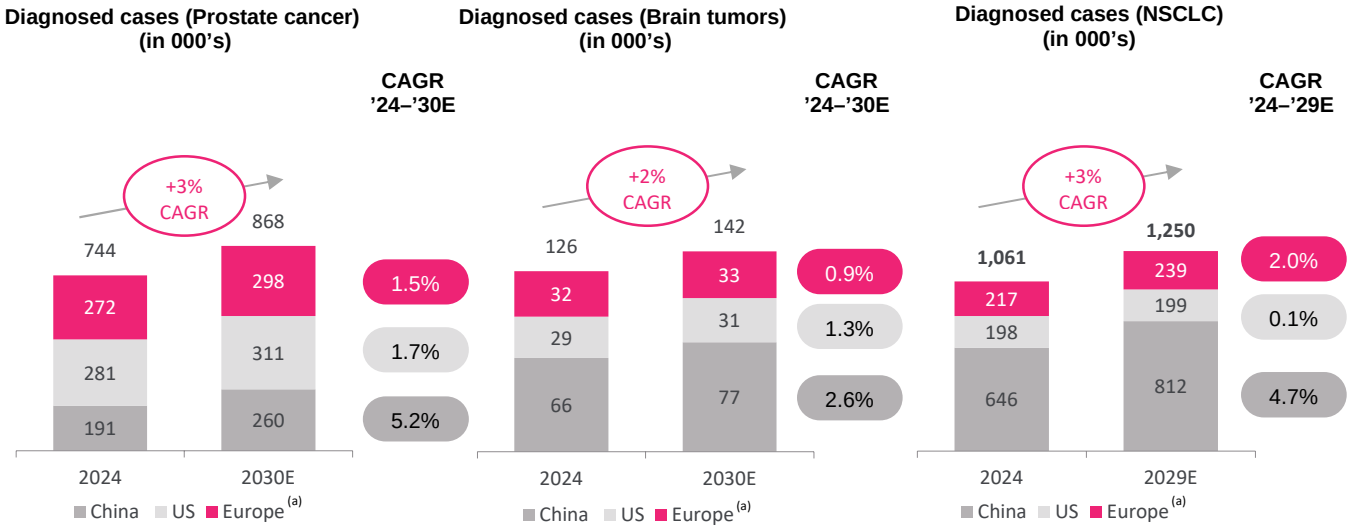
As compared to conventional fractionated radiotherapy, stereotactic radiosurgery ("**SRS**") treatments deliver higher doses of radiation in fewer (1-5) treatment sessions (fractions). SRS provides distinct advantages, such as millimetric accuracy for the treatment of small tumor volumes, improved sparing of healthy tissue, and increased patient

satisfaction due to reduced fractional treatment sessions. These benefits, together with the earlier detection of small tumors and increase in brain metastases, fuels a dynamic estimated growth of 10% CAGR (North American) and 5% CAGR (Europe) from 2023 to 2030 of SRS volume (figure h below).

Historically, the gold standard for radiosurgery was Gamma Knife. Due to its high cost, few institutions could afford it and offer radiosurgery as a treatment option to their patients. 20 years ago, Brainlab's offering emerged as a new standard based on more widely available commercial LINACs, making radiosurgery safe, streamlined, and efficient, making it possible to use even in routine practice at community hospitals.

Today, Brainlab is a market leader in radiosurgery with ExacTrac Dynamic and Elements SRS planning and thereby expects to benefit from a forecasted increase in the prevalence of lung (i.e., NSCLC), prostate and brain cancer by a 3%, 3%, and 2% CAGR from 2024 to 2030, respectively (see figure g below).

Figure g – Increasing prevalence of cancer incl. non-small cell lung cancer (NSCLC)

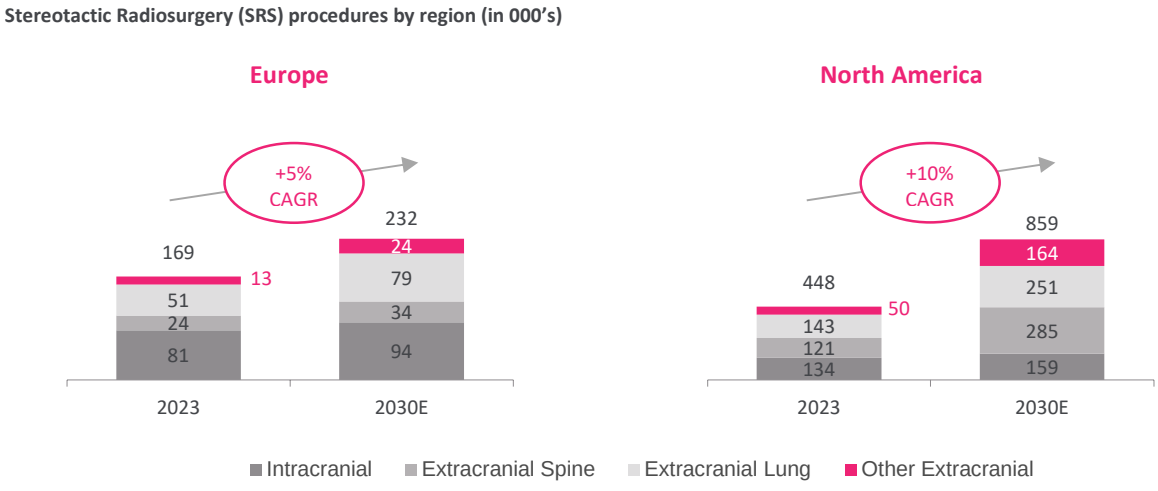


Source: Roland Berger Report

Note:

(a) European market comprised of aggregated data from France, Italy, Germany, Spain and the UK

Figure h – Rise in radiosurgery procedure volumes (in 000's)



Source: Roland Berger Report

11.6.1 Application in lung cancer

In lung cancer specifically, lifestyle choices (including large populations smoking and vaping), improved detection technologies and earlier, more systematic screening programs, have led to an increase in diagnosed cases and earlier detection. This trend is expected to continue, especially in Europe (source: Roland Berger Report).

Stereotactic body radiotherapy ("**SBRT**") is seen as an effective and cost-efficient treatment option for small lung tumors. However, today clinicians face the challenge of identifying such tumors on x-ray images and addressing respiration-induced tumor movements. To address these difficulties, Brainlab is currently developing a motion analysis software application for ExacTrac Dynamic. The application aims to enable visualization of small lung tumors on x-ray images and track tumor motion by monitoring a surrogate structure. The aim is to significantly reduce the dose to healthy tissue and therefore overall toxicity. Brainlab believes that such technology has the potential to develop SBRT into a treatment of choice for small lung tumors.

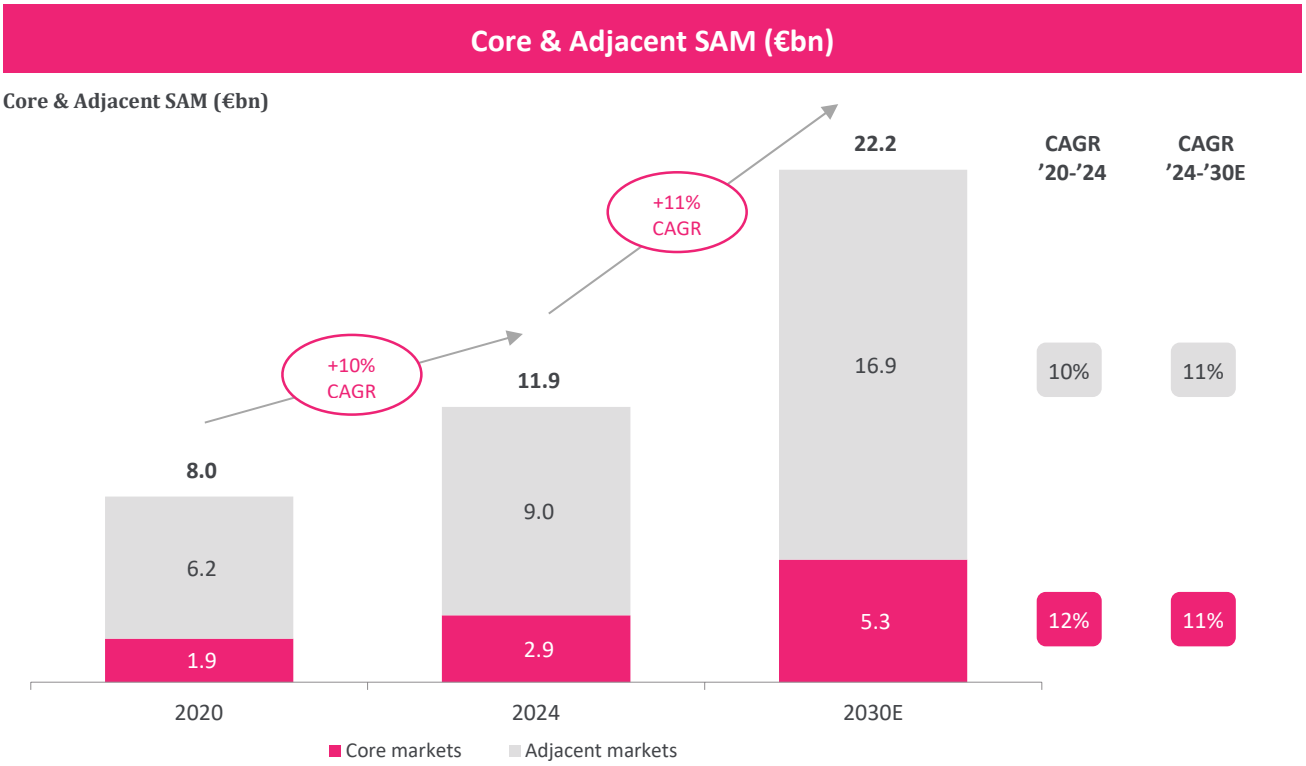
Leveraging advanced SBRT solutions, which are able to target smaller tumors, on earlier stage cancers yields a 24% reduction in lung cancer death, as cancers are able to be identified earlier and treated. With screening programs, cancers are identified 40.4% in Stage I, 8.4% in Stage II, 17.7% in Stage III, 26.7% in Stage IV, versus 13.5% in Stage I, 9.9% in Stage II, 25.3% in Stage III and 45.7% in Stage IV without screening programs (source: Roland Berger Report). Since Stage IV cancers are difficult to treat and cure (predominantly palliative treatments are used), screening programs help identify earlier stages of cancer, which can then in many cases be treated with advanced SBRT.

11.7 Market sizing

According to the Roland Berger Report, within Brainlab's core surgical disciplines – neurosurgery, functional neurosurgery and spinal surgery – the underlying market estimated through global hospital spend in neurosurgery and spinal surgery (i.e. expenses incurred in the production of hospital services, including wages, supplies and utility costs, but excluding physician salaries) amounts to approximately EUR 61 billion in 2024 (derived high-level via extrapolation of available data for selected countries). The size of the global serviceable addressable market ("**SAM**") in surgery is estimated at EUR 10.8 billion in 2024 (sized bottom-up for Europe and North America and extrapolated to a global market via share of hospitals based on Brainlab segmentation and Brainlab average prices per region). Within radiosurgery, the underlying market (comprising only key technology solutions, including *e.g.*, linear accelerators ("**LINACs**")) estimated through global technology solution sales for radiosurgery, amounts to approximately EUR 6 billion in 2024 (derived high-level via market estimates from key market participants). The size of the SAM in radiosurgery is estimated to be EUR 1.1 billion in 2024 (sized bottom-up for Europe and North America and extrapolated to a global market via revenue share in emerging markets of key market players).

Brainlab's total SAM ("**Total SAM**") on a global basis is comprised of core markets, which are markets serviceable by Brainlab's established system solutions (in surgery, this comprises planning and navigation systems, intraoperative imaging systems, and robotic surgical systems; in radiosurgery, this comprises planning software and surface-guided positioning and monitoring systems) ("**Core Markets**"), and adjacent markets, which represent markets serviceable by Brainlab's system solutions and future systems but with a less established presence today and which represent attractive growth areas (consisting of surgery markets in instruments & disposables, endoscopes, intraoperative neuromonitoring ("**IONM**"), and navigated transcranial magnetic stimulation ("**nTMS**")) ("**Adjacent Markets**"). The Total SAM addressed by Brainlab is estimated at EUR 11.9 billion in 2024, on a global basis (source: Roland Berger Report). The global SAM for Core Markets ("**Core SAM**") is estimated at EUR 2.9 billion in 2024 and expected to grow at 11% CAGR 2024-2030 (source: Roland Berger Report). The global SAM for Adjacent Markets ("**Adjacent SAM**") is estimated at EUR 9.0 bn in 2024 (sized high-level via third party market research reports and cross-checked against selected market estimates from key market participants) and expected to grow at 11% CAGR 2024-2030 (source: Roland Berger Report).

Figure i – Core & Adjacent SAM (EURbn)



Source: Roland Berger Report

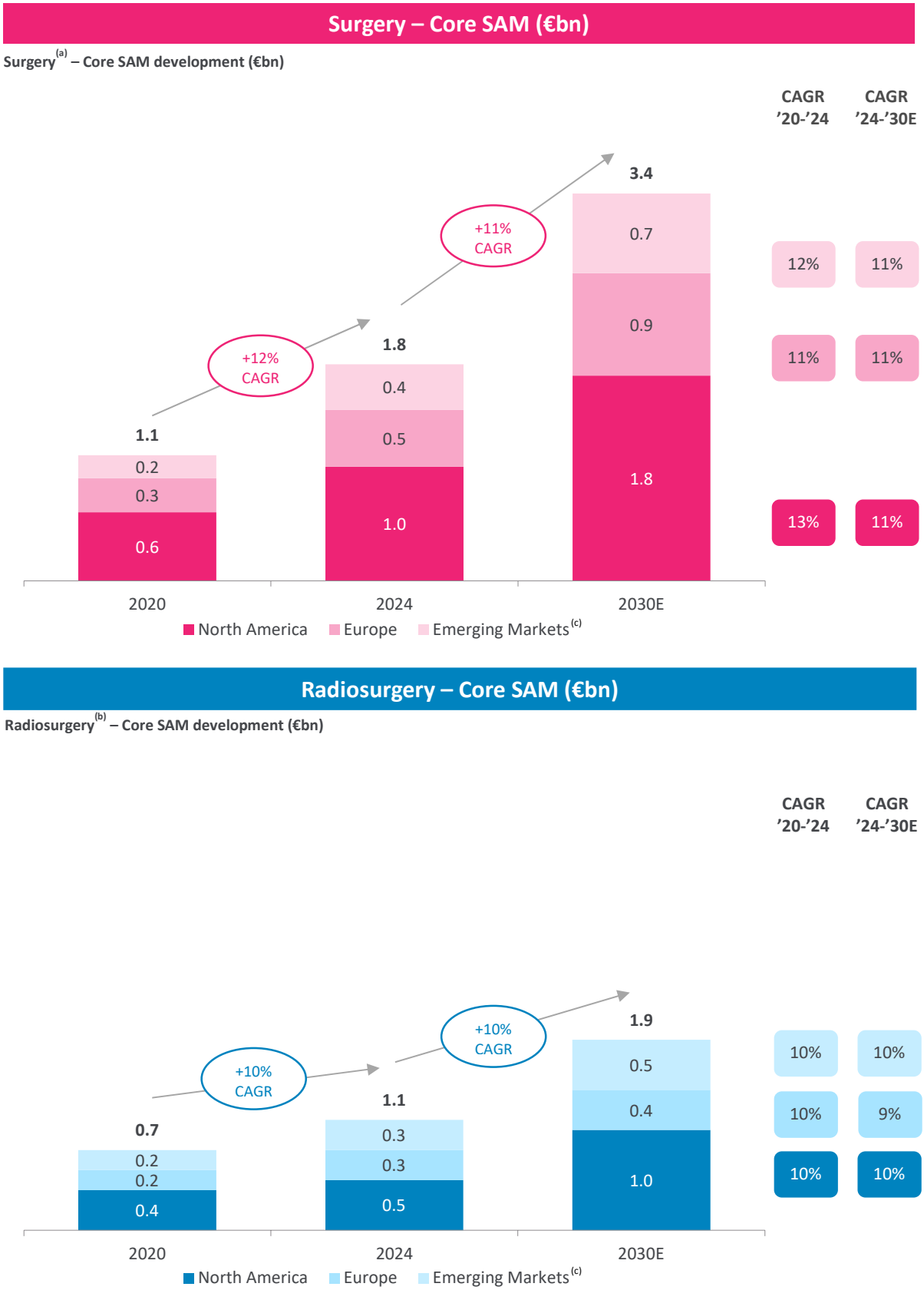
Note:

Core SAM sized bottom-up for Europe and North America and extrapolated to a global market (i) in surgery via share of hospitals based on Brainlab segmentation and Brainlab average prices per region and (ii) in radiosurgery via revenue share in emerging markets of key market players. Adjacent SAM sized high-level via third party market research reports and cross-checked against selected market estimates from key market participants.

The Core SAM in surgery is estimated at EUR 1.8 billion in 2024 and expected to grow at 11% CAGR 2024-2030. On a regional basis, the Core SAM in surgery is estimated at EUR 1.0 billion in North America in 2024, expected to grow at 11% CAGR 2024-2030, EUR 0.5 billion in Europe in 2024, expected to grow at 11% CAGR 2024-2030, and EUR 0.4 billion in Emerging Markets in 2024, expected to grow at 11% CAGR 2024-2030 (source: Roland Berger Report).

The Core SAM in radiosurgery is estimated at EUR 1.1 billion in 2024 and expected to grow at 10% CAGR 2024-2030. On a regional basis, the Core SAM in radiosurgery is estimated at EUR 0.5 billion in North America in 2024, expected to grow at 10% CAGR 2024-2030, EUR 0.3 billion in Europe in 2024, expected to grow at 9% CAGR 2024-2030, and EUR 0.3 billion in Emerging Markets in 2024, expected to grow at 10% CAGR 2024-2030 (source: Roland Berger Report).

Figure j – Core SAM in surgery & radiosurgery (EURbn)



Source: Roland Berger Report

Notes:

(a) Surgery SAM sized bottom-up for Europe and North America and extrapolated to a global market via share of hospitals based on Brainlab segmentation and Brainlab average prices per region

(b) Radiosurgery SAM sized bottom-up for Europe and North America and extrapolated to a global market via revenue share in emerging markets of key market players

(c) Emerging markets not sized bottom-up but extrapolated

11.8 Competitive environment

Brainlab approaches surgery and radiosurgery markets with a software-first and integrated platform approach, which is leveraging its tech stack and, in the view of the Group, sets a benchmark with how it integrates a broad range of workflow steps, devices and data points in a clinician's workflow in their surgical disciplines. The Company has established itself as a market leader in multiple areas (see "*11.9 Competitive position and market shares*") with high customer retention and stickiness (see "*12.2.4 Deeply digitally entrenched in global blue-chip customer base*"). Competitors often lack the level of integration across the clinical workflow that Brainlab provides and instead offer isolated solutions addressing specific surgical tasks and with narrower specializations. Through a software-first approach, Brainlab seeks to differentiate itself from traditional hardware and/or implant-focused medical technology providers by leveraging data with an open architecture, vendor-neutral and interoperable ecosystem model.

Owing to the differentiated approach to surgery employed by Brainlab, few players share a comparable business model. When looking at companies with similar technological depth and leadership in more than one surgical discipline, a comparison to Intuitive Surgical can be drawn. Similar to Brainlab, Intuitive Surgical has expanded from more niche segments to industry disruption across multiple specialties (***e.g.***, Brainlab expanding from neurosurgery into spinal surgery and Intuitive Surgical from urology / gynecology into general surgery). Both companies benefit from significant recurring revenues with long-term customer loyalty and significant incentives for customers not to switch.

11.9 Competitive positioning and market shares

11.9.1 Surgery

In neurosurgery and spinal surgery, Brainlab differentiates with its platform-based approach, software-focus and deep third-party integration, all enabling more efficient surgical workflows. Its complementary hardware offering is embedded in a full planning and navigation software ecosystem. Key competitors include surgery conglomerates Medtronic and Stryker. Other competitors include imaging specialists (Siemens Healthineers and GE Healthcare), robotics players and navigation and planning challengers, who typically compete in specific product areas but tend to lack integration and portfolio breadth across the clinical workflow.

Within planning and navigation systems, Brainlab is the market leader across Europe and North America in neurosurgery, with an estimated 50-60% market share of the total installed system base (source: Roland Berger Report). The market can be considered relatively consolidated, driven by strong competitive elements and the rising value of integrated workflow ecosystems favoring established players. Brainlab has used the expertise and precision obtained in neurosurgery to expand into spinal surgery planning and navigation systems where Brainlab now has an estimated 20-30% market share and is the number 2 player across Europe and North America based on total installed base of systems (source: Roland Berger Report). Medtronic is Brainlab's key competitor in the market for planning and navigation systems in both spinal surgery and neurosurgery.

The intraoperative imaging market is more fragmented. Brainlab recently entered this market through the launch of Loop-X, for which installations began in 2021, and holds <5% market share across Europe and North America (source: Roland Berger Report). Key competitors in this market include Medtronic and Siemens Healthineers.

In neurosurgery and spinal surgery robotics, Brainlab is the number 3 player with 10-20% market share across Europe and North America (source: Roland Berger Report). Brainlab is the fastest growing player in Europe (source: Roland Berger Report), driven by its full ecosystem offering as a comprehensive robotics suite with integrated software capabilities and price competitive position. Hospitals are increasingly receptive of increasing spend in robotics, with approximately 80% of the participants in a related survey having responded that they are planning to add at least one additional robotic system in the next 5 years, reflecting the growing traction for robotic surgery (source: Roland Berger Report). Key competitors include Medtronic and Globus Medical.

Brainlab's R&D focus on data-driven workflows and a continuous flow of innovative products, currently in the process of being launched or in the pipeline, are targeted to further strengthen the Company's technology leadership in its surgery markets (source: Company information).

11.9.2 Radiosurgery

Within the broader radiotherapy market, Brainlab operates in SRS and SBRT niche markets. As described in "*11.6 Radiosurgery market*", SRS and SBRT offer distinct benefits over conventional fractionated radiotherapy, however, they require dedicated tools due to increased requirements for precision and safety.

Brainlab offers high quality solutions across the entire radiosurgery workflow, from advanced and time-efficient treatment planning software (*e.g.*, for multiple brain metastases) to a distinctive offering in patient positioning and monitoring via combined surface, thermal and x-ray tracking (ExacTrac Dynamic) to ensure millimetric accuracy, also for cranial and spinal SRS and lung, breast or prostate cancer SBRT.

Brainlab technologies complement and enhance the general purpose technology usually offered by LINAC vendors. When a customer updates its LINAC to Brainlab technology, this enables the Brainlab customer to effectively treat more patients, including patients for whom they may not have been able to offer treatment options previously. This increases patient throughput for Brainlab's customers and improves infrastructure sustainability as it turns a LINAC already installed a number of years ago into a highly advanced SRS treatment machine (source: Company information).

In the area of positioning and monitoring solutions, two distinctly different technological methods need to be differentiated: surface-guided radiotherapy ("**SGRT**") and image-guided radiotherapy ("**IGRT**"). In addition to cameras monitoring the surface of patients, IGRT systems include x-ray imaging to use internal structures for positioning and monitoring of patients. With ExacTrac Dynamic, Brainlab is the only provider for IGRT that works at different treatment couch angles throughout the treatment, which is a prerequisite for SRS and beneficial for safe and effective SBRT (source: Company information). Brainlab recently launched ExacTrac Dynamic Surface to strengthen its offering in the SGRT field, since not all radiotherapy treatments require the high precision of IGRT. The competitive landscape for surface-guided positioning and monitoring systems include dedicated providers (such as VisionRT and C-RAD), LINAC manufacturers (such as Siemens Healthineers and Elekta) and providers of quality assurance technologies (such as LAP).

In the area of SRS treatment planning, Brainlab offers dedicated software solutions tailored to indications that are otherwise difficult to treat. The competitive landscape for more general radiation treatment planning is comprised of LINAC manufactures (such as Siemens Healthineers, Elekta and Accuray) and planning software providers (such as RaySearch). Differentiating factors for Brainlab are its focus on specific solutions for otherwise difficult-to-treat indications and advanced software capabilities. For example, Brainlab's software features a high degree of automation, which increases standardization and clinical efficiency. Another critical aspect is the deployment of planning software (including angiographic contouring and fibertracking) which are shared (i.e. known already from

the context of neurosurgery treatment planning) and therefore trusted tools for neurosurgeons, driving patient referrals through interdisciplinary collaboration, which typically boosts the success of the program.

Customer uptake of Brainlab's treatment planning software is driven in part by Brainlab's complementary offering of ExacTrac Dynamic, which enables SRS and SBRT treatments for Brainlab customers. Conversely, customer uptake of ExacTrac Dynamic is driven in part by the number of additional patients which can be treated by SRS and SBRT through the indication-specific focus of Brainlab SRS planning software, since it enables treatment of otherwise difficult-to-treat indications (source: Company information).

The European and North American market for surface-guided positioning and monitoring systems is rather concentrated with four main players. Brainlab is the number 2 player across Europe and North America based on total number of installed systems (source: Roland Berger Report), but believes it differentiates itself in the market due to product capabilities and premium positioning. It is to be noted that the assessment of Brainlab's market position in surface-guided position and monitoring systems combines both IGRT and SGRT solutions. Brainlab believes it is a pioneer by integrating x-rays with surface guidance positioning and monitoring to take both internal and external patient information into account simultaneously (source: Company information), which is optimized for safe and effective SRS treatments. Key competitors, including VisionRT and Siemens Healthineers, do not have similar technological capabilities in the Group's view, yet are able to address segments of the market centered around less demanding indications such as breast cancer (source: Company information). Customers using such surface-based systems for cranial indications mitigate targeting uncertainty by increasing safety margins around the tumor, increasing the number of fractions, selecting only certain patients, and inserting additional manual steps and checks into the process. The surface-based systems are typically available at a significantly lower price point. Accordingly, Brainlab concludes its market share in the surface-guided positioning and monitoring systems market could be significantly higher if analyzed by revenue rather than by the number of installed systems.

In treatment planning solutions, Brainlab is a leader in the SRS segment due to its dedicated indication specific focus and superior capabilities. An estimated 50% of SRS-focused hospitals across Europe and North America use Brainlab Elements planning software (source: Company information). Brainlab is estimated to hold 25-30% market share based on share of total planned SRS treatments (based on LINACs as well as Gamma Knife and CyberKnife) across Europe and North America (source: Roland Berger Report). Key competitors include LINAC manufacturers and RaySearch. These competitors offer mostly general purpose radiation treatment planning systems, which mostly compete on budget, as Brainlab is selling its solution in addition to these systems rather than instead of them (source: Company information).

11.10 Competitive elements

New competitors may face challenges in competing directly with Brainlab, as success in Brainlab's markets often depends on a range of specific factors, including:

- Substantial technology and research and development investments to build a seamless software-hardware solution with real-time accuracy and high precision
- Established, entrenched customer relationships based on collaboration, with significant time required to build market credibility with luminaries in each surgical specialty
- Diverse product portfolio, end-to-end, with presence across several surgical specialties
- Broad interoperability with a large network of strategic partners, providing additional marketing exposure to Brainlab
- Customer stickiness given long term relationship and entrenchment

- Extensive intellectual property portfolio and regulatory market clearances requiring costly and time-consuming clinical validation

This often leads to very low customer switching, as Brainlab offers efficiency enhancing workflows, software updates adding new features, and benefits from long-term relationships with key opinion leaders in surgery and technological leadership in a range of applications. Moreover, Brainlab offers compelling navigation and tracking products, an ecosystem with broad interoperability with a large number of products, and strong performance that helps reduce inefficiencies in surgical workflows.

11.11 New markets

Beyond these markets, Brainlab is expanding to new markets, leveraging its product platform in other surgical disciplines, specifically in orthopedics, sports medicine, ear, nose and throat ("**ENT**") and interventional cardiology. These specialties are anticipated to benefit from further digitally-enabled treatment beyond the current trend for robotic solutions in these spaces. Key technological trends in these markets include treatment plan personalization, lower invasiveness, procedure standardization, navigated endoscopic procedures and better intra-operative visualization. To benefit from these trends, Brainlab is developing a portfolio of modular solutions that integrate digital OR systems, telepresence, workflow guidance, automatic documentation, information visualization, data capture, and analytics with specific value-added applications (i.e. planning, navigation). The modularity of its technology portfolio allows Brainlab to focus in each clinical subspecialty on the most pressing needs and customize its products to fit specific workflow requirements (source: Company information).

The competitive landscape in these markets primarily consists of implant vendors offering (non-integrated) robotic systems (*e.g.*, Zimmer Biomet, Smith & Nephew, DepuySynthes) and endoscopy vendors focused on traditional large-scale IT-led integration projects (*e.g.*, Stryker, Karl Storz). Additionally, some startup companies offer isolated software-solutions and integration projects, but often lack technological integration into OR infrastructures (*e.g.*, Cydar, Incision, Proximie, Caresyntax) (source: Company information).

According to the Roland Berger Report, together the clinical specialties orthopedics, sports medicine, ENT (ear, nose, and throat) and interventional cardiology account for a total addressable market of approximately EUR 2.4 billion in 2024 (sized via high-level triangulation of secondary market data plus selected interview inputs), based on digital operating rooms in surgery with, in the Company's view, the potential to be penetrated by Brainlab's future low-footprint, server-based portfolio of modular solutions. Orthopedics represents a EUR 1.4 billion market with procedure volumes growing at 5% CAGR 2024-2030, driven by increasing personalization in surgery and demand for efficiency in a high-volume surgical discipline with rising cases. Sports medicine represents a EUR 0.3 billion market with procedure volumes growing at 4% CAGR 2024-2030, driven by requirement for lower surgical invasiveness and standardization of arthroscopic procedures. ENT represents a EUR 0.4 billion market with procedure volumes growing at 5% CAGR 2024-2030, driven by an increase in navigated endoscopic surgeries and the growing relevance of disposable instruments. Interventional cardiovascular represents a EUR 0.3 billion market with procedure volumes growing at 4% CAGR 2024-2030, driven by shift to endovascular interventions from open surgery and the rise of advanced and multi-modal imaging (source: Roland Berger Report).

12 BUSINESS

12.1 Overview

Brainlab is a pioneering medical software company committed to comprehensively digitizing medical workflows in a data-driven, precision-based approach to modern, personalized healthcare. Patient data is semantically structured, mapped and aggregated in a dynamic three-dimensional model using artificial intelligence. The thereby created digital representation lays the foundation for a spatial-aware navigation map of the patient's anatomy which can be used across a range of clinical interventions: Surgeons can resect brain tumors less invasively or place screws precisely in the human spine and radiotherapists and medical physicists can treat tumors with enhanced precision. By seamlessly fusing digital and physical environments using intraoperative imaging, robotics, and augmented reality, Brainlab creates a continuously evolving ecosystem which is enriched with longitudinal and multimodal data. Beyond interventions, the Brainlab subsidiaries apply gaming technologies to simulate clinical procedures for training and education purposes in immersive, high-fidelity experiences that drive the adoption of latest technologies to ultimately accelerate the digital transformation in healthcare.

Following a focused approach, Brainlab has developed innovative end-to-end workflows based on a modular architecture with open interfaces and high interoperability to seamlessly integrate other data, software and devices. Beyond its core domains, the technologies serve as a deployment framework. To date, numerous leading providers of radiotherapy machines, intraoperative imaging, optical imaging, surgical microscopy, implants, disease treatment solutions, and cutting-edge medical technology startups have already integrated with Brainlab's products and become strategic partners in its ecosystem.

Over the past 35 years, Brainlab has become a global reference point in digital surgery and navigation across clinical domains, in particular in its operating segments "Spinal and Cranial Surgery" as well as "Radiosurgery." The respective two core segments accounted for 67.4% and 23.7% of the Group's consolidated revenue in the 2023/2024 Fiscal Year.

The Group serves customers comprising roughly 4,000 healthcare institutions and its solutions have impacted over 22 million patients in approximately 120 countries worldwide. This broad range of customers includes luminary global healthcare institutions, including nine of the top 10 neurosurgery centers globally (source: Newsweek 2025). Furthermore, 86 of the top 100 cancer centers globally (source: Newsweek 2025) use Brainlab software. Brainlab's revenue base is also diversified geographically: in the 2023/2024 Fiscal Year, 45.6% of the Group's revenue (by Group company location) came from Europe and the rest of the world, 41.9% came from North America and 12.5% came from the Asia-Pacific region. Across the combined markets of Europe and North America, Brainlab is the market leader in planning and navigation systems in neurosurgery, and across Europe and North America Brainlab is the number 2 player in spinal surgery planning and navigation systems and the number 2 player in surface-guided positioning and monitoring systems in radiotherapy based on total installed base of systems (source: Roland Berger Report). Brainlab has thereby established itself as a leader in multiple verticals: neurosurgery (including functional neurosurgery), spinal surgery and radiosurgery, and it has further presence and ambitions to grow in the clinical domains of ear, nose and throat ("**ENT**"), interventional cardiology, orthopedics and sports medicine. With its global reach, Brainlab addresses trends in the worldwide healthcare sector, such as financial and human resource shortage in the context of demographic change, the growing complexity of procedures paired with less specialized resources being available, and the increasing need for effective, efficient chronic disease treatments. With roots in Munich, Germany, Brainlab has grown into an organization with approximately 2,000 employees worldwide, including approximately 1,000 engineers dedicated to advancing healthcare technology.

In June 2025, Brainlab completed the spin-off of the Snke Group, which consisted of five former subsidiaries of Brainlab active in its former Healthcare Platform segment, with approximately 330 employees largely in research and development. The Snke Group is building a privacy-preserving and scalable orchestration layer that connects all stakeholders of the healthcare sector, consisting of technologies to capture structured health data, digital patient

models, hospital or collaboration dataspaces, radiological software and operating theater platforms. Brainlab decided to spin off the Snke Group to allow both companies to focus on their distinct priorities and investment needs, while retaining a 6.84% equity stake to ensure strategic alignment and maintain access to the Snke Group's innovative solutions.

The Group has achieved double-digit topline revenue growth in its last three fiscal years, growing to EUR 470,267 thousand in the 2023/2024 Fiscal Year from EUR 364,299 thousand in the 2021/2022 Fiscal Year, representing a CAGR of 13.6%, and further strong revenue growth from EUR 213,383 thousand in H1 2023/2024 to EUR 243,328 thousand in H1 2024/2025. Brainlab has also expanded its EBITDA to EUR 77,650 thousand in the 2023/2024 Fiscal Year from EUR 53,592 thousand in the 2021/2022 Fiscal Year, representing a CAGR of 20.4%, and over the half-year periods from EUR 32,610 thousand in H1 2023/2024 to EUR 41,454 thousand in H1 2024/2025, representing period-on-period EBITDA growth of 27.1%. In the 2023/2024 Fiscal Year and in H1 2024/2025, Brainlab had EUR 454,014 thousand and EUR 239,428 thousand in revenue on a pro forma basis, respectively.

12.2 Investment Highlights

12.2.1 Clinically relevant, fast-growing and high-value market

Brainlab's technical relevance is amplified by not only feeding into new and emerging cyclic trends of the healthcare sector, but also from addressing core issues of global healthcare systems.

Healthcare providers struggle to sustain existing care delivery models while operational capacity is diminishing, and demographic and epidemiological pressure concurrently evolves. Most notable are the aging global population and growing incidence of chronic conditions such as cancer and neurodegenerative diseases. At the same time, a globally growing middle class exerts upward pressure and expresses rising expectations to access high-quality medical treatments and personalized medical solutions.

In this environment, scalable, digitally integrated surgical platforms are needed that do not necessitate radical infrastructure upgrades but rather enhance and extend the utility of existing assets of healthcare providers, driving measurable productivity gains, enabling data-driven clinical decision-making, and supporting the global shift toward minimally invasive and patient-centric care.

Brainlab responds to this demand with a platform-centric approach and intelligent workflows—augmenting the capabilities of healthcare providers, enabling improved procedural outcomes, and unlocking operational efficiencies at scale.

The size and estimated growth of the Group's Core Markets and Adjacent Markets represent significant commercial opportunities. The Group's Total SAM (defined as Core SAM and Adjacent SAM) is estimated at EUR 11.9 billion in 2024 on a global basis (source: Roland Berger Report). The Group's Core SAM in surgery and radiosurgery is estimated at EUR 2.9 billion in 2024 and is expected to grow at 11% CAGR 2024-2030 (source: Roland Berger Report), while the Group's Adjacent SAM is estimated at EUR 9.0 billion in 2024 (sized high-level via third party market research reports and cross-checked against selected market estimates from key market participants) and is expected to grow at 11% CAGR 2024-2030 (source: Roland Berger Report).

In neurosurgery and spinal surgery, the Group is distinguished by its platform-based approach, software-focus and deep third-party integrations, enabling higher efficiency. Within planning and navigation systems for neurosurgery, the Group is the market leader across the combined markets of Europe and North America with an estimated 50-60% market share of the total installed system base (source: Roland Berger Report). The Group has used the expertise obtained in precision planning and navigation capabilities in neurosurgery to expand into spine planning and navigation systems, where the Group now has an estimated 20-30% market share and is the number 2 player across Europe and North America (source: Roland Berger Report). In neurosurgery and spinal surgery robotics, the Group is already the number 3 player with an estimated 10-20% market share across Europe and North America (source: Roland Berger Report), having just recently entered this submarket with a robotic version of Cirq in 2020.

In radiotherapy, the Group offers high quality solutions to enable radiosurgery workflows. In treatment planning solutions for radiosurgery, the Group is a leader in the stereotactic radiosurgery ("**SRS**") segment due to its dedicated indication specific focus and superior capabilities. An estimated 50% of SRS-focused hospitals across Europe and North America use the Group's Elements planning software (source: Company information). The Group is the number 2 player across Europe and North America and is estimated to hold a 25-30% market share based on share of total planned SRS treatments (source: Roland Berger Report) as well as a 20-30% market share in surface-guided positioning and monitoring systems across Europe and North America based on the total installed base of solutions (source: Roland Berger Report), but believes it further differentiates itself in the market due to product capabilities and premium positioning. The Group believes it is a pioneer by integrating x-rays with surface guidance positioning to take both internal and external patient information into account simultaneously (source: Company information).

12.2.2 Holistic digital ecosystem redefining what is possible in surgery

Contemporary surgical practice is still largely shaped by legacy structures: administrative workflows dominate clinical logic; data is siloed, unstructured, and often disconnected from outcomes. Procedural knowledge is fragmented, and system architectures are typically closed, vendor-bound, and hardware-centric. This stands in contrast to the demands of personalized medicine, which require adaptable infrastructure, real-time data integration, and procedural guidance that supports consistency across increasing clinical complexity.

Brainlab's approach represents a structural response to this mismatch. Rather than developing isolated robotic or imaging products, the Group has built a holistic, software-defined ecosystem to manage complexity, reduce procedural variability, and support continuous learning at the point of care. The ecosystem integrates imaging, planning, navigation, robotic assistance, and real-time feedback into a single procedural logic—augmenting surgical precision through what can be described as a "chain of accuracy."

This principle is most discernible in the Group's Robotic Suite, where imaging (Loop-X Mobile Imaging Robot ("**Loop-X**")), navigation (Curve Navigation System ("**Curve**")), and robotic alignment (Cirq) function as interdependent nodes in a unified procedural flow. Each component adds marginal gains to the overall process, following the concept of "aggregation of small advantages" known from performance science. The result is not just improved technical execution, but an infrastructural shift—where procedural consistency and adaptability become inherent properties of the system, rather than surgeon-dependent outcomes.

Crucially, Brainlab's system logic is not restricted to hardware or proprietary implant formats. Its open platform architecture enables vendor-neutral interoperability, allowing institutions to select surgical tools based on patient-specific, clinical, or economic criteria. This supports a more flexible and democratized model of surgical innovation.

This model also enables expansion beyond traditional surgical domains: Brainlab collaborates across a spectrum of clinical areas and technology segments—anchored in a strategy of modular integration rather than proprietary isolation. In functional neurosurgery, its partnership with Boston Scientific has led to the co-development of advanced planning tools for deep brain stimulation. In intraoperative ultrasound, the Group maintains structured integration partnerships with GE Healthcare and Fujifilm, in addition to a distribution partnership with Fujifilm, ensuring seamless inclusion of real-time imaging into the surgical workflow.

Most recently, Brainlab entered a strategic collaboration with Nexstim, a Finnish innovator in neuromodulation and functional mapping, to co-develop advanced workflow solutions for neurosurgery. At the same time, the Group is actively investing in early-stage ventures such as Robeauté, which develops microrobotic systems for minimally invasive brain surgery. These activities reflect a systemic approach to innovation—focusing not on internalizing hardware, but on creating an enabling infrastructure for distributed technological progress.

This interoperability is not just technical but knowledge-based: By capturing procedural data across disciplines and institutions, Brainlab's ecosystem supports a continuous feedback loop that informs both system improvement and clinical decision-making. Structured data sets generated by the system provide the basis for long-term outcome

analysis, stratified treatment planning, and AI-supported personalization. As a result, surgical care becomes not just more precise, but more intelligent, adaptive, and evidence-generating.

In this way, Brainlab's open and extensible ecosystem is designed to transform the role of medical technology from isolated tool provision to infrastructural coordination—linking innovation across disciplines, guiding clinical complexity, and reshaping the procedural intelligence of surgical care itself.

12.2.3 Software-first tech-stack and deep integration of workflows, devices and data

From the very beginning, the Group has focused on software, infrastructure and service solutions to enable more precise planning and execution of medical procedures. The Group believes that its record of research and development achievements and innovations has earned it a reputation in the medical technology industry as an innovation pioneer. For instance, the Brainlab Digital Lightbox, introduced in 2006, was a transformative innovation that replaced traditional film-based lightboxes with a digital solution for viewing and interacting with medical images. Designed as a touch-enabled software platform (approximately six months before the launch of the first Apple iPhone with its famous touch-enabled interface), it allowed surgeons and other Healthcare Professionals to access, manipulate, and compare imaging data such as CT and MRI scans in an interactive and user-friendly way. This platform not only consolidated various imaging sources into one digital hub but also enabled advanced 3D visualization, facilitating improved surgical planning, treatment workflows, and more effective collaboration among medical teams. By integrating seamlessly into operating rooms and treatment planning areas, the Digital Lightbox pioneered the shift from analog imaging workflows to fully digital and connected environments, setting a foundation for the Group’s later developments in digital operating room platforms and highlighting the Group’s emphasis on integrating software-first solutions into surgical workflows.

In addition, the Group has been at the forefront of innovation in stereotactic radiosurgery (SRS) and stereotactic body radiation therapy (“**SBRT**”) since the late 1990s, introducing cutting-edge software solutions that transformed traditional radiation delivery methods. In collaboration with leading hardware providers, the Group played a pivotal role in integrating multi-leaf collimator (MLC) technology into LINACs, enabling flexible and dynamic beam shaping that precisely conformed to the size, shape, and location of a tumor. This breakthrough minimized damage to surrounding healthy tissues, enhanced patient outcomes, and redefined the capabilities of LINAC-based treatments. The launch of the Novalis Radiosurgery platform in 1997, developed alongside Varian Medical Systems, marked a significant evolution in the field by merging the Group’s proprietary software solutions with advanced treatment delivery systems. This platform established, in the view of the Group, a global benchmark for precision and efficiency, particularly in treating tumors in sensitive areas such as the brain and spine. By setting the standard for integrating imaging, planning, and targeted radiation delivery, the Group fundamentally disrupted the market for radiosurgery and built a strong foundation for future growth.

The Group has also received numerous awards for its products over the years, with Stefan Vilsmeier and other lead designers of the Group’s ExacTrac Dynamic radiosurgery product, being nominated and awarded top three for the Federal President’s Award for Innovation and Technology in 2022.

The Group employs a significant R&D team encompassing approximately 550 employees (not including R&D employees of the Snke Group) with key expertise in software and infrastructure. Vice Presidents within the R&D team have an average tenure of 19 years with the Group, while the average tenure of the entire R&D team is eight years, underlining the depth of experience upon which the Group draws to develop its products. The Group’s patent portfolio is also a key driver for its innovation and helps to safeguard its high-quality medical technology products and systems. The Group owns a wide-ranging portfolio of approximately 825 patents and utility models and additionally approximately 1,000 corresponding national validations of European patents in various member countries of the European Patent Convention as of March 31, 2025, and it applies for approximately 20-30 new patent families per year. As of March 31, 2025, approximately 50% of these patents have a remaining life of 10 years or more. Based on recent filing activity, the Group expects the number of patents with a long life to remain high.

The Group’s working model in research and development is designed to be agile and enable timely delivery and cost efficiency. The model is adapted to medical grade solution development, including software and infrastructure, to ensure a collaborative working method with combined check-ins and background systems for alignment. This state-of-the-art agile methodology enables accommodation of new or changing requirements or priorities. Teams are also interdisciplinary, facilitating quality due to a diversity of approaches.

12.2.4 Deeply digitally entrenched in global blue-chip customer base

Brainlab holds a deeply embedded position within a global network of leading healthcare institutions. This is driven by the Group’s ability to integrate its ecosystem into heterogeneous clinical and IT environments, the human-centered design of its products, and their adaptability to a wide range of surgical workflows. Once implemented, Brainlab solutions become structurally interwoven with daily clinical routines, hospital information systems, and interdisciplinary treatment pathways. As a result, healthcare institutions are strongly incentivized to remain with Brainlab, as doing so supports continuity in clinical and operational processes and helps maintain efficiency and safety standards—priorities for organizations managing tight budgets and high expectations.

Healthcare Professionals rely on Brainlab's systems not as optional add-ons, but as core infrastructure for surgical care—particularly in high-precision domains such as cranial, spinal, and radiosurgical procedures. These systems anchor the procedural logic and data flows of clinical teams. Staff are trained extensively on Brainlab’s tools, and many hospital departments are functionally aligned with the platform. This level of integration contributes to exceptionally low customer churn: over the last three fiscal years, the churn rate in the Spinal and Cranial Surgery segment (calculated as the Group’s Spinal and Cranial Surgery customers lost divided by total number of Spinal and Cranial Surgery customers in the same fiscal year) was 3%, and in Radiosurgery (calculated as the Group’s Radiosurgery customers lost divided by total number of Radiosurgery customers in the same fiscal year) it was only 2%. Among customers using more than one Brainlab platform, the churn rate as of September 30, 2024 was just 1%.

This degree of customer retention is reinforced by the interconnectivity of Brainlab’s ecosystem. Similar to network effects in digital consumer technologies, the clinical and operational value of the platform increases with each additional module or integration—strengthening lock-in while expanding utility. The Group sees this as a key driver of long-term relationships, customer loyalty, and sustained market access.

Brainlab’s go-to-market model reflects a customer-centric and data-informed strategy, supported by a direct salesforce of over 200 employees, more than 50 distribution partners across approximately 120 countries, and over 450 customer-facing support engineers, incorporating application consultants, clinical specialists and technical support specialists. This infrastructure enables Brainlab to engage deeply with institutions during all phases—initial contact, procurement, implementation, optimization, and expansion. The Group works not only with top-tier university hospitals but increasingly targets standard care providers, community hospitals, and outpatient surgical centers.

As of 2025, Brainlab’s technology is used by nine of the top ten neurosurgery centers globally and by 86 of the top 100 cancer centers, as ranked by Newsweek, World’s Best Specialized Hospitals 2025. These reference institutions act as multipliers for adoption and help shape international standards of care and training.

Brainlab’s commercial approach is built on flexibility, long-term alignment, and continuous feedback. Customers can configure and extend their product suites modularly - adopting only what is needed at a given point, and scaling over time. The Group accommodates both subscription-based and perpetual license models to meet diverse procurement conditions across markets. In the United States, over 95% of software revenue has recently come from subscription contracts. These typically run for a fixed term of four to seven years, sometimes longer. In Germany and other markets, perpetual licenses remain a significant portion of the business, particularly where customer preferences or public procurement rules require them.

By moving increasingly towards subscriptions—especially for software, support, and clinical specialist services—the Group targets stable recurring revenues and strengthens customer relationships through ongoing engagement. Product adoption is further supported by Brainlab's emphasis on implementation success and real-world utilization, which serve not only retention but also expansion into adjacent clinical domains.

While the Group's core base has traditionally consisted of institutions with strong research orientation and focus on advanced surgery, Brainlab is actively expanding its footprint. Broader market segments—such as multi-specialty hospitals and ambulatory surgery centers—represent a significant opportunity for scaled impact and revenue growth, particularly as digital and minimally invasive surgery become standard across care settings.

12.2.5 Strong track record in sustainable and profitable growth

The Group is spearheading the transformation of surgery. With an established footprint in Spinal and Cranial Surgery and Radiosurgery, the Group is now expanding into new surgical domains through its Other Surgery segment. The Group believes its software-first approach sets it apart from other medical device companies, representing a distinctive business model with an attractive financial profile for investors. Reflecting the adaptability and evolution of the Group's products to address hospital and patient needs, the Group has had a steadily growing customer base and substantial increase in average revenue per customer in recent years across customer types and its core segments. As the Group benefits from a highly sticky customer base, existing customers frequently reinvest in the Brainlab ecosystem due to the value and integration of its solutions. Once customers adopt Brainlab's platforms, they are deeply entrenched in its digital workflows, infrastructure, and software, creating significant incentives not to switch. The Group has thereby achieved double-digit topline revenue growth in its last three fiscal years, growing to EUR 470,267 thousand in the 2023/2024 Fiscal Year from EUR 364,299 thousand in the 2021/2022 Fiscal Year, representing a CAGR of 13.6%. In the 2023/2024 Fiscal Year, Brainlab had EUR 454,014 thousand in revenue on a pro forma basis, representing a 3.5% decrease compared to reported revenues due to the Snke Spin-Off and the Group's Level Ex Pharma Sale.

The Group's compelling financial profile is further underlined by the Group's strong profitability with robust gross profit growth driven by its diversified product mix and scalable business model. Gross profit grew to EUR 293,865 thousand in the 2023/2024 Fiscal Year from EUR 216,194 thousand in the 2021/2022 Fiscal Year, representing a CAGR of 16.6%. The gross margin increased to 62.5% in the 2023/2024 Fiscal Year from 59.3% in the 2021/2022 Fiscal Year. This steady gross profit development is generally in line with the Group's revenue and is evidence of the Group's efforts at stringent control of its cost of goods sold (COGS), while also managing the growth of its service business and associated hiring of service personnel to increase efficiency. The sustained growth margin trajectory over the last three fiscal years has also been driven by the Group's shift towards higher-margin software and services, which have increased scale benefits. In the 2023/2024 Fiscal Year, Brainlab had EUR 273,831 thousand in gross profit on a pro forma basis, representing a 6.8% decrease compared to reported gross profit due to the Snke Spin-Off and the Group's sale of the Level Ex Pharma Sale, resulting in a gross margin on a pro forma basis of 60.3%.

To continuously drive innovation in a growing number of fields in medical technology, the Group also invests significant resources on research and development. The Group had research and development expenses grow to EUR 86,095 thousand in the 2023/2024 Fiscal Year (18.3% of revenue and with a capitalization ratio of 37.0%) from EUR 61,107 thousand in the 2021/2022 Fiscal Year (16.8% of revenue and with a capitalization ratio of 39.7%). In the 2023/2024 Fiscal Year, Brainlab had EUR 63,999 thousand in research and development expenses on a pro forma basis, representing a 25.7% decrease compared to reported research and development expenses due to the Snke Spin-Off and the Group's Level Ex Pharma Sale.

Alongside topline growth and gross profit, the Group has also shown robust EBITDA growth with EBITDA margin improvements over the last three fiscal years. EBITDA grew to EUR 77,650 thousand in the 2023/2024 Fiscal Year from EUR 53,592 thousand in the 2021/2022 Fiscal Year, representing a CAGR of 20.4%. EBITDA margin increased to 16.5% in the 2023/2024 Fiscal Year from 14.7% in the 2021/2022 Fiscal Year. This EBITDA expansion was driven

by solid gross profit growth, which helped to offset increases in personnel costs as the Group's business expanded. The Group targets further margin expansion, driven by scale effects, its product mix and cost management. In the 2023/2024 Fiscal Year and in H1 2024/2025, Brainlab had EUR 92,086 thousand and EUR 54,627 thousand in EBITDA, respectively, and an EBITDA margin of 20.3% and 22.8%, respectively, when addressing the Snke Spin-Off and the Group's Level Ex Pharma Sale, reflecting a positive impact on operating expenses.

12.2.6 Full innovation pipeline accelerating transformation in more verticals

As clinical disciplines increasingly converge—blurring the boundaries between diagnostics, intervention, and surgical therapy—the need for cross-domain innovation becomes acute. Brainlab responds to this shift by engineering solutions that scale horizontally across specialties while remaining attuned to the procedural and regulatory specificities of each domain.

Brainlab's innovation is not an output but a mechanism for targeted expansion. By anchoring its ecosystem in digitally standardized, outcome-focused workflows, Brainlab opens pathways to new verticals while reinforcing its position in existing ones. This includes advancing capabilities in radiosurgery with solutions such as Lung SBRT, and entering adjacent fields like interventional cardiology, orthopedics, ENT, and sports medicine—domains traditionally fragmented by hardware silos and lacking digital coherence.

This innovation-driven expansion is guided by a differentiated go-to-market strategy that aligns product offerings with the operational profiles of distinct customer segments: For A-Type institutions (research-oriented university hospitals ("**A-Type Customers**")), Brainlab provides its most advanced capabilities, supports scientific collaboration through initiatives like the Novalis Circle, and assigns dedicated clinical specialists to support deep integration. For B-Type institutions (multi-disciplinary general hospitals ("**B-Type Customers**")), the Group emphasizes efficiency, safety, and scalability—delivering modular offerings and multi-site packages that support both operational continuity and budgetary constraints. C-Type institutions (community hospitals ("**C-Type Customers**")) benefit from cost-effective access to advanced procedures, helping them maintain competitiveness despite resource limitations. For D-Type institutions (ambulatory surgery centers ("**D-Type Customers**")), Brainlab focuses on fast-return, modular entry points that support high-throughput procedural workflows and gradual ecosystem expansion.

Underlying this expansion is a robust and focused innovation pipeline. The Group is actively pursuing regulatory clearance for cranial planning based on probabilistic fibertracking, AI-supported tumor segmentation for radiosurgery, and spine navigation workflows built on FHIR-compatible data frameworks.

Its roadmap for 2025 and beyond includes:

- In Spinal and Cranial Surgery: automated lesion detection and planning for cranial metastases; autonomous Loop-X imaging; registry-ready spine data outputs.
- In Radiosurgery: indication expansions covering prostate, lung, liver, and head & neck tumors.
- In Other Surgical Domains: an implant-agnostic navigation system for total knee arthroplasty, advanced endoscope integration for sports medicine and ENT, and enhanced image-fusion tools for endovascular navigation in cardiology.

- These innovations are not only clinically relevant—they reflect a deliberate model: expanding depth within each vertical while connecting procedural logic across domains. As a result, Brainlab's innovation engine is not simply introducing new features, but actively redefining what is operationally and clinically possible in data-driven, minimally invasive surgery.

12.3 History and Key Developments of the Group

The idea for Brainlab was born in the late 1980s, when the Group's founder and current chairman of the Administrative Board Stefan Vilsmeier was working intensively with 3D graphics and software development. At the

age of 17, he published a book on the subject that sold over 50,000 copies. With the proceeds from this book and the recognition of the potential of integrating digital technologies into medical technology, he founded Brainlab in Munich in 1989, with the aim of enabling precise surgical procedures.

At a time when computer-assisted surgery was still in its infancy, Brainlab focused on software solutions that enabled more precise planning and execution of medical procedures. In 1993, after several years of development, Brainlab sold its first stereotactic surgery system. In 1996, Brainlab entered into a technology licensing and marketing partnership with Varian Medical Systems Inc. and introduced the m3 micro-Multileaf Collimator to the market, a stand-alone radiosurgery product and an important component of the Novalis radiosurgery system that Brainlab developed together with Varian. In 1997, Brainlab received FDA clearance for VectorVision, its original image-guided surgery system. In 1998, the University of California at Los Angeles introduced Novalis as its state-of-the-art integrated radio surgery system. In 2007, Brainlab introduced the first version of its ExacTrac radiosurgical patient positioning and monitoring product; in the same year, Brainlab also partnered with Siemens Medical Solutions to digitally integrate a new intraoperative MRI scanner with surgical planning and navigation, enabling the direct transfer of acquired image data and supporting automatic patient registration. In 2014, in collaboration with Mobius Medical Systems, Brainlab released the Airo mobile CT scanner, which has been replaced by the Group's Loop-X robot. As digitalization has increased, Brainlab has continuously developed its technologies. Artificial intelligence, robotics and augmented reality have been integrated to optimize the connection between digital information and clinical reality. Today, the Brainlab digital ecosystem is based on intelligent algorithms that structure patient information based on three-dimensional models, aiming to enable more precise navigation during treatment, whether it involves removing tumors, placing implants or performing radiosurgery treatments.

In addition to expanding into new markets, Brainlab's targeted further development of its portfolio has played a central role. This has included strategic acquisitions that expanded Brainlab's capabilities in a range of areas: Brainlab acquired Voyant Health Ltd. in 2011, which was later renamed Brainlab Ltd., followed by medineering GmbH, a developer of robotic surgical systems, in 2019, which is now known as Brainlab Robotics GmbH. Brainlab has also made strategic sales of certain assets, for instance in 2019, when the Group sold its hip and knee navigation business from its orthopedic portfolio to Smith & Nephew and continued to collaborate with them. In the same year, the Group also sold its stake in Mobius Medical Systems, which was subsequently acquired by Stryker. In 2020, Brainlab strengthened its commitment to digital healthcare by acquiring VisionTree Software, Inc. and Level Ex, Inc., a provider of medical video games. In the same year, Snke OS GmbH was founded to establish an open platform for data-driven medical interventions. This was followed in 2021 by the acquisition of Mint Medical GmbH, a specialist in radiological data analysis, before Brainlab further expanded its portfolio in 2022 with medPhoton GmbH, a manufacturer of imaging systems, and Dr. Langer Medical GmbH ("**Langer Medical**"), a developer of neuromonitoring technology.

12.4 The Group's Businesses and Segments

Since the 2023/2024 Fiscal Year, the Group had been divided into four operating segments: Spinal and Cranial Surgery, Other Surgery, Radiosurgery and Healthcare Platform. The Spinal and Cranial Surgery segment focuses on technologies to enhance treatment planning and to enable precise, minimally invasive, time-saving and cost-effective procedures with the support of a digital patient model. The Other Surgery segment makes use of the Group's experience in Spinal and Cranial Surgery to enhance patient care in orthopedics, sports medicine, visceral, ear, nose and throat (ENT) and cardiovascular surgery. The Radiosurgery segment provides software, hardware and state-of-the-art tracking technologies to ensure a high level of precision in the planning and delivery of radiation therapy as a treatment for cancer. The Healthcare Platform segment had been developing a broad technology platform that includes the generation and updating of digital anatomical patient models and the patient-centered orchestration of healthcare data streams. A significant portion of the Group's operations in the Healthcare Platform segment were included in the Group's spin-off of the Snke Group. See also "*10.3.1 Segmentation – Snke Spin-Off*."

The Group's business is more established in its core markets of surgery, which comprises planning and navigation systems, intraoperative imaging systems, and robotic surgical systems, and radiosurgery, which comprises planning software and positioning and monitoring systems. The Group's business also serves Adjacent Markets, which represent markets serviceable by Brainlab's system solutions and future systems but with a less established presence today and which the Group believes represent attractive growth areas. These include endoscopes, IONM, nTMS, instruments and disposables for which the Group develops deep integrations with its surgical navigation systems.

In 2024, the Group changed the composition of its reporting segments to sharpen its business areas and moved from three segments to four:

Previous segment structure (up to and including the 2022/2023 Fiscal Year):

- Surgery
- Radiosurgery
- Digital Health

New segment structure (effective from the 2023/2024 Fiscal Year):

- Spinal and Cranial Surgery
- Other Surgery
- Radiosurgery
- Healthcare Platform

The Healthcare Platform segment will no longer be presented as a reportable segment in the Group's financial reporting going forward. See also "*10.3.1 Segmentation*" for further information.

12.4.1 Spinal and Cranial Surgery

The Spinal and Cranial Surgery segment includes image-guided navigation products that provide high-precision and real-time information that supports decision-making during spinal and neurosurgical procedures. Complex procedures can be planned and simulated based on a 3-dimensional digital model of the patient. The entire treatment process is supported by the integration of intraoperative imaging devices, neuromonitoring, robotics and mixed reality. The segment focuses on technologies that integrate digital preoperative planning with the physical execution and verification of surgical procedures. At the core of this approach is the Group's commitment to advancing surgical guidance, supporting clinicians from initial planning and simulation through intraoperative navigation and treatment validation. With over 35 years of experience in digital surgery, the Group believes it is recognized as a leader in delivering real-time, high-precision visualizations of clinically relevant data. These visualizations are dynamically composed from multiple sources, including preoperative planning data, imaging modalities such as CT, C-arms, MRI, and ultrasound, as well as intraoperative surgical devices such as microscopes and IONM. The segment's comprehensive portfolio includes AI-enhanced software for planning and simulation, alongside advanced hardware systems such as robotic arms and robotic imaging devices. By enabling real-time augmentation of multimodal data, the Spinal and Cranial Surgery segment helps empower Healthcare Professionals to deliver safer, more precise, and patient-specific care, ensuring that critical information is available exactly when and where it is needed most.

12.4.2 Other Surgery

The Group has established its Other Surgery segment and reorganized its portfolio to focus on and expand into additional clinical surgery fields such as orthopedics, ENT, sports medicine, and cardiovascular surgery by leveraging its expertise in surgical planning, navigation, and digital infrastructure. With some variation depending on the specialty, the goal is to redefine the digital operating room beyond video streaming and recording, focusing instead on planning, navigation, workflow management, automated documentation, and granular data capture. The Group

already has a presence in these fields: in orthopedics with the TraumaCad Orthopedic software planning solution ("**TraumaCad**"), in ENT with over two decades of experience in the mid- to high-end market, and in cardiovascular surgery with a newly released solution. The strategy is to build on this foundation and use the scalable Digital Operating Room infrastructure to lower technological and financial entry barriers, driving further growth across these markets. Instead of focusing on depth in individual disciplines, the main emphasis is on offering the broadest possible portfolio of partial solutions that support server-based navigation, documentation, collaboration and process control.

12.4.3 Radiosurgery

Radiosurgery provides software, hardware and state-of-the-art tracking technologies to achieve a high level of precision in radiosurgery planning and patient positioning when delivering radiation therapy as treatment for cancer. Through the Radiosurgery segment's products, Healthcare Professionals receive indication-specific tools for personalized decision-making, contouring and dose planning. Due to automated processes, treatment plans can be adapted to clinical needs within a very short timeframe. The Radiosurgery segment's software and hardware are designed to enhance accuracy in treatment planning to achieve sub-millimetric precision during irradiation with the power of cutting-edge tracking technologies. The Radiosurgery segment has been most focused on cranial and spinal radiosurgery and is further pursuing the development of products for precise treatment of extracranial tumors, such as in the prostate, breast and lungs. These solutions are specifically tailored to the respective clinical requirements of individual indications.

12.4.4 Healthcare Platform

A significant portion of the Group's operations in the Healthcare Platform segment were included in the Group's spin-off of the Snke Group. See "*10.3.1 Segmentation.*" Healthcare Platform products allow operating room teams to improve documentation, communication and integration of data. A broadly designed technology platform includes generation and updating of the digital anatomical patient model and the patient-centered orchestration of healthcare data streams. The Group's Digital Operating Room is an open, modular platform to record, manage and display the necessary data in all setups, from simple general surgery to complex hybrid operating rooms. The aim of the segment was to structure patient data immediately from the point of hospital admission, to create a broad data ecosystem in the form of an operating system for surgery, to improve the segmenting of anatomical data and to render the technologies more usable as part of operating room solutions.

12.5 Products

The Group's products aim to transform treatments for a wide variety of clinical areas in surgery and radiosurgery. The Group's products are not only used in the operating room itself, but rather encompass the full continuum of patient care, enhancing the patient experience by facilitating patient engagement throughout the process. The Group's products are also used in medical education.

Within the Spinal and Cranial Surgery segment, the Group's products cover the entire neurosurgery and spinal surgery workflow with an integrated digital end-to-end ecosystem of innovative products. The various technologies are scalable and can be used for imaging, navigation, data enrichment and data exchange for use in image-guided surgery. One example of this is the Group's "Robotic Suite," which operates with Loop-X, Curve and Cirq Robotics working together as the core parts of the Robotic Suite. The Robotic Suite is a tightly integrated digital ecosystem that supports a continuous chain of accuracy from imaging to execution, in order to elevate surgical safety and efficiency: Loop-X provides high-definition, low-dose images, Curve delivers real-time navigation and Cirq is designed to reliably and precisely execute robotic guidance. The Robotic Suite is adaptable and can be integrated seamlessly into any operating room to maximize space efficiency. The large gantry opening of the Loop-X and the open software platform support diverse surgical approaches that allow Healthcare Professionals to tailor the setup to their specific needs. The Robotic Suite offers substantial benefits across a variety of minimally invasive spinal surgery procedures. It also supports numerous indications in orthopedics, cranial surgery and functional neurosurgery. Additionally, a range of different technologies in this area are offered under the product name Elements.

The Elements software can be adapted to clinical requirements, uses standard interfaces and is compatible with various workflows and treatment systems. Customers also have multiple paths to enter the Group's neurosurgery product ecosystem, with upgrade paths to the full suite of the Group's solutions, from entry-level Kick-based cranial or spinal navigation, through further extensions including deep brain stimulation ("**DBS**") planning or Mixed Reality Navigation, to the full Robotic Suite. See *"12.5.1 Spinal and Cranial Surgery Products"* below for more information.

Within the Group's Other Surgery segment, the Group addresses further clinical surgery application areas, leveraging its experience with products enabling and enhancing surgical planning, simulation, navigation and augmentation for spinal and cranial surgery to bring products to other areas such as orthopedics, sports medicine, visceral, ENT and cardiovascular surgery. See *"12.5.2 Other Surgery Products"* below for more information.

The Group's products also aim to create a digital operating room through integration of disparate devices, documentation, communication and surgical planning. Furthering the goal of integration, the Group's products consolidate surgical information by centralizing relevant information needed for surgery, be it from radiological studies, video sources, hardware or software, onto a single platform and allow the routing of video sources to displays in the operating room. The Group's operating system can act as the only integrated interface in the operating room, with a clear overview of all patient data and instant video documentation. It also allows data storage in the preferred picture archiving or storage location.

The Group's products foster effective communication among multiple devices to ensure simultaneous access to the same information in the operating room, supported by individualized surgical checklists, and allow consultation with experts in the hospital and video streaming outside the operating room. The operating system also allows rapid access to planned cases; image viewing enhanced by multi-planar 2D and 3D reconstructions, volume rendering and segmentations of anatomical structures can be done within seconds with the touch of a finger.

The Group believes it is also a leading provider in the field of precision radiosurgery via its Radiosurgery segment, offering specific planning and positioning and monitoring products to treat various tumors with precision while preserving healthy tissue. The Group develops software to support decision-making, dose planning and treatment plan automation. The ExacTrac Dynamic system enables highly precise patient positioning and real-time monitoring during treatment and supports physicians in the delivery of precise image-guided radiotherapy (IGRT) for patients suffering from conditions such as cranial, spinal, breast or prostate tumors. See *"12.5.3 Radiosurgery Products"* below for more information.

12.5.1 Spinal and Cranial Surgery Products

12.5.1.1 Neurosurgical Cranial Planning

The Group's neurosurgical cranial planning product lineup encompasses a multitude of planning activities ahead of a neurosurgical intervention, such as preparing for the resection of a tumor, and are also applicable for DBS and stereoelectroencephalogram ("**sEEG**") trajectory planning. These products address what is generally referred to as the initial workflow stage.

To define tumor location and its relation to surrounding anatomy, the Group offers a suite of planning software tools known as Elements; Elements products enable segmentation and approach planning based on diagnostic imaging, resulting in a patient-specific surgical plan that allows precise visualization of patient anatomy. Elements Image Fusion merges multiple imaging modalities for enhanced anatomical clarity, while Elements Segmentation Cranial delivers detailed and consistent modeling of even very small brain structures and nerves. Elements Distortion Correction Cranial corrects for MRI distortions via deformable co-registration to enable high-precision contouring and tractography.

For defining tumor boundaries, the Group's Elements SmartBrush supports computer-assisted, multi-planar segmentation, including substructure differentiation (*e.g.*, High-Grade Glioma (HGG), Low-Grade Glioma (LGG), necrosis, cysts). Elements Fibertracking, optionally with seed points from preoperative nTMS assessment, helps map

displaced fiber tracts and plan safe surgical paths. All planning data, including trajectories, segmentations and fiber tracts, are consolidated in the Group's Elements Viewer 3D product, which also supports simulation of patient positioning.

To facilitate treatment decisions once initial diagnostic and planning steps have been taken, the Group's mixed reality product supports multi-disciplinary Healthcare Professional team discussions and tumor board reviews. This platform enables real-time, collaborative visualization of imaging and planning data that the Group's various software products have generated through augmented reality glasses, helping Healthcare Professionals refine treatment plans and mixed reality navigation in the operating room for spinal surgery.

Through its partnership with Nexstim (see *"12.11.2 Nexstim"*), the Group has integrated nTMS data into its planning and navigation workflow to support non-invasive mapping of brain areas that are closely linked with motor and language functions. Combined with Brainlab Elements for neurosurgical planning, it is designed to help Healthcare Professionals to achieve improved outcomes and patients' quality of life by allowing for more informed decision-making before surgery, increased resection rates and improved clinical outcomes.

12.5.1.2 Neurosurgical Cranial Navigation

The Group's neurosurgical navigation products play a central role in executing and verifying surgical interventions, including data aggregation and visualization to identify the optimal craniotomy and to localize the tumor, easy-to-use simultaneous navigation in different datasets and seamless integration of intraoperative MRI and other imaging devices (such as Loop-X) with image-guided surgery. This aims to provide clinical and patient benefits of preservation of patient functions, less complexity and higher efficiency. These products address what is generally referred to as the intraoperative stage of the workflow. During surgery, the Group's Navigation Software Cranial guides the surgical procedure with highly precise visualizations of the planned data, displaying only clinically relevant information in real time. The Group's Navigation Software Microscope enhances this by seamlessly overlaying target structures and anatomical landmarks directly onto the surgical field within a microscope using semi-transparent AR, thereby improving accuracy during microsurgical resection. This software is interoperable with a broad array of surgical microscopes from well-known manufacturers such as Carl Zeiss Meditec AG, with whom the Group has collaborated for over 20 years, and Leica Microsystems.

To support intraoperative assessment of tumor resection completeness, the Group offers intraoperative imaging products such as Virtual iMRI. This solution integrates intraoperative ultrasound with the preoperative MRI, updating it to reflect anatomical changes during surgery. The high image quality aids in identification of important anatomical structures. This enables Healthcare Professionals to visualize in real-time brain shift, navigate with current anatomical information and adapt their surgical approach as needed. Automatic receipt and registration of imaging data from the Group's Loop-X product (see "*12.5.1.5 Loop-X Mobile Imaging Robot*"), MRI or CT further enables rapid updates and direct comparison with the surgical plan.

Throughout the procedure, IONM is supported by the Group via Langer Medical's AVALANCHE PLUS, providing real-time feedback to help prevent neurological injury. The system is designed to alert the surgical team to potential impairments before they can result in permanent damage, aiming at ensuring patient safety during critical surgical steps. Almost all of the Group's Spinal and Cranial Surgery customers use a navigation system.

12.5.1.3 Spinal Planning and Navigation

The Group's spinal planning and navigation products aim at enabling a high level of accuracy in spinal navigation by addressing each step of the surgical workflow. The chain of accuracy starts with digital training, such as the Group's Xplore Spine product, which enhances Healthcare Professional education through interactive learning. High-quality imaging is fundamental, with Loop-X (see "*12.5.1.5 Loop-X Mobile Imaging Robot*") providing high-quality intraoperative scans that integrate seamlessly with the Group's navigation products. Elements Spine Planning software allows for efficient, automated preoperative planning, which aims to improve surgical outcomes. Patient

registration methods, including surface matching and seamless integration with (robotic) imaging systems, are designed to enable accurate tracking of anatomical structures and also support the option for a radiation-free workflow.

The Elements Curvature correction product refines image alignment, compensating for shifts in patient positioning. The Group's instrument tracking and design aim at enhancing navigation accuracy, with pre-calibrated tools that minimize disruptions. Workflow adaptations, such as pressure-controlled drilling with the Group's Drillguide product and pilot hole sequencing, maintain precision throughout the procedure. Extended visualization, including AR-based Microscope Navigation and Spine Mixed Reality Navigation, reduces cognitive load while enhancing decision-making. Cirq, the Group's robotic arm (see "*12.5.1.6 Cirq Robotic Surgical System*") further stabilizes surgical execution by aligning to pre-planned trajectories.

By integrating these technologies, the Group aims to deliver a high-performance, interoperable, vendor-neutral framework for a high level of treatment, patient safety and optimized surgical workflows.

12.5.1.4 Curve- and Kick- Navigation Platforms

The Curve Navigation System is a high-performance, advanced surgical navigation platform designed for complex neurosurgical workflows. It features a large 32-inch 4K resolution touch display for detailed visualization, paired with a separate infrared camera cart that includes motorized joints for remote-controlled alignment, a large tracking volume and an integrated laser pointer for quick setup. Its high-performance computing supports demanding applications and enables seamless access to picture archiving and communication systems (PACS) via multiple high-speed local area network (LAN), universal serial bus (USB) and video interfaces. The system supports wide interoperability with Elements software (see "*12.5.1.1 Neurosurgical Cranial Planning*"), Loop-X (see "*12.5.1.5 Loop-X Mobile Imaging Robot*"), and Cirq (see "*12.5.1.6 Cirq Robotic Surgical System*"), as well as third-party surgical devices such as surgical microscopes, ultrasound systems, and C-arms commonly used in the operating room. It is also designed for flexibility across operating rooms, offering optional electromagnetic tracking and dual display cart configurations. The platform supports over 100 software programs for approximately 30 different clinical use cases, offering not only navigation, but also an entry into digital surgery and aiming to provide increased safety and improved outcomes for patients.

Curve offers digital operating room integration, including automatic patient worklist creation and real-time Digital Imaging and Communications in Medicine (DICOM) protocol prefetching. It supports mixed reality visualization with Magic Leap (see "*12.5.1.1 Neurosurgical Cranial Planning*"), enabling Healthcare Professionals to plan and review cases in hyper-realistic 3D, even during procedures. Data can be archived to PACS, third-party hospital information systems (HIS), USB or cloud-based services, supporting comprehensive documentation and postoperative review. With its premium imaging capabilities, flexible positioning and integration ecosystem, Curve is designed for high-complexity, multi-disciplinary surgical environments requiring robust visualization and data connectivity. Curve may also be extended as required with a second display cart, electromagnetic tracking to perform pinless procedures, mixed reality for support in minimally invasive surgery, the Group's Buzz Digital operating room screen and other third-party displays and tablets.

The Kick Navigation System is a portable and compact version of Curve for surgical navigation, tailored for focused, efficient use. It includes a 21.5-inch full high definition (HD) touch display and a separate infrared camera cart with flexible positioning and an integrated laser pointer for alignment. Kick features a streamlined computing setup and offers essential connectivity through digital visual interface (DVI), serial digital interface (SDI) and DisplayPort interfaces, plus LAN, USB and wireless connectivity (WiFi). Kick is purpose-built for navigation purists: surgeons who need a lightweight, fast and easy-to-use system for essential surgical guidance. It supports all current Elements applications and can be extended with electromagnetic tracking. While compact, Kick still connects to external surgical devices. The Group believes that its intuitive interface and minimal footprint make it ideal for smaller operating rooms, mobile setups or institutions that need a reliable yet cost-effective navigation tool.

12.5.1.5 Loop-X Mobile Imaging Robot

The Group's Loop-X Mobile Imaging Robot is an innovative intraoperative imaging system that brings together high-resolution 2D and 3D imaging with intelligent robotic automation. Purpose-built for the Group's Robotic Suite, it plays a vital role in streamlining surgical workflows, especially in spinal surgery and neurosurgery. It can automatically receive and register image data and integrate seamlessly with surgical navigation systems so that that updated datasets are rapidly available for real-time decision-making.

In spinal surgery, Loop-X supports every step of the procedure, from preoperative planning and intraoperative guidance to postoperative verification. Its robotic movement in six axes allows for autonomous positioning and exact image reacquisition at the touch of a button. With its large flat-panel detector (43 x 43 cm) and extra-wide gantry opening (up to 121 cm), Loop-X accommodates various patient positions and spinal regions, making it ideal for procedures ranging from cervical to sacral fusion, deformity correction, trauma and minimally invasive approaches in the Group's view.

Spinal incision planning is guided by a streamlined workflow that uses just two scout views (*i.e.* images) to identify the correct vertebral level. The system projects a laser crosshair directly onto the patient's skin to mark the incision site with sub-millimeter accuracy. The same scout views can define the 3D scan volume, minimizing unnecessary X-rays and helping reduce radiation exposure. Loop-X's Dynamic Collimation and Automatic Exposure Control further tailor the imaging field to the specific anatomy, helping preserve surrounding structures and minimize dose.

For neurosurgery, particularly functional neurosurgery, Loop-X delivers high-precision imaging that directly supports stereotactic alignment, DBS lead localization and intraoperative progress verification. The system enables non-isocentric scanning, which is especially beneficial for cranial procedures where anatomical regions of interest may not be centered.

In both spinal surgery and neurosurgery, Loop-X enables intraoperative confidence. Healthcare Professionals can fuse acquired 3D scans with their preoperative plans to verify alignment, implant position and surgical progress, helping to reduce the risk of revision surgeries. Its robotic alignments, motion compensation and support for advanced imaging protocols such as Dual Arc scanning (with yaw rotation for better reconstruction) are designed to contribute to high image clarity, even in challenging anatomical regions.

Loop-X may be used preoperatively, intraoperatively and postoperatively. Preoperatively, non-isocentric imaging allows prioritization of accurate patient registration without the need to precisely align the patient's head to the center of the bore. Additionally, Loop-X reduces the need for preoperative CT scans, further increasing efficiency and lowering patient exposure to radiation. Intraoperatively, Loop-X enables acquisition of fast, well-collimated 2D images and registration of patients as needed by performing a 3D scan, with rapid automatic registration. Postoperatively, Loop-X can perform a final scan of the patient and the 3D image can be fused and blended with the preoperative plan in Brainlab Elements.

In the Group's experience, clinicians have appreciated Loop-X for replacing traditional C-arm workflows, reducing operating room clutter and significantly saving time. Its wireless control interface and pre-saved positions enable fast, consistent setup. Whether used in long-construct spinal procedures, delicate cranial surgeries or advanced research in image-guided techniques, Loop-X is helping redefine how imaging and navigation co-exist in the operating room.

In summary, Loop-X enables next-level imaging precision to both spinal surgery and neurosurgical procedures, aiming to deliver automation, adaptability and accuracy at the core of surgical performance. As part of the Robotic Suite, in the view of the Group, it supports a new standard of safer, smarter and more streamlined digital surgery.

12.5.1.6 Cirq Robotic Surgical System

The Group's Cirq Robotic Surgical System is engineered to enhance surgical precision and efficiency, particularly in spinal surgery and neurosurgery. Compact, lightweight and mounted directly to the operating room table, Cirq is designed to offer a modular, flexible, zero-footprint solution that delivers robotic alignment support with seven degrees of freedom, seamlessly integrating into the surgical environment without disrupting workflows.

In spinal surgery, Cirq plays a critical role by automatically aligning surgical instruments to pre- or intraoperatively planned, patient-specific trajectories. Whether in cervical fusion, deformity correction, trauma cases or minimally invasive procedures, Cirq is designed to enable high-precision screw placement while allowing the surgeon to stay in control. The Group believes that its fine motor stability and robust stiffness are especially valuable during complex spinal interventions where accuracy and consistency are essential.

As part of the broader spinal surgery workflow, Cirq is vendor neutral with respect to spinal instrumentation and implants and its modular design supports rapid and flexible attachment of various application-specific frontends, allowing the same base robotic system to be used across multiple indications. The Group believes that this versatility makes it a valuable resource for institutions aiming to standardize robotic support across surgical specialties without investing in multiple, procedure-specific robots.

The system's touch-sensitive joint controls, LED indicators and integrated electronics simplify setup and intraoperative adjustments. Surgeons can release individual joints using ergonomic touch strips, allowing rapid repositioning of the articulated arm. With increased reach and stiffness, the second-generation Cirq is designed to adapt well to intraoperative imaging setups and offers improved handling, even with larger instrument payloads.

As part of the Robotic Suite, alongside Loop-X and Curve, Cirq contributes to a tightly integrated platform for image-guided, robot-assisted surgery. This digital ecosystem is designed to ensure that surgical teams benefit from high-quality imaging (Loop-X), intelligent navigation (Curve) and automated instrument guidance (Cirq), together forming a closed loop of planning, execution and verification.

Beyond spinal surgery, Cirq also adds value in cranial and functional neurosurgery. For cranial biopsies, Cirq aligns tracked biopsy instruments along precise, preplanned trajectories, being fully integrated into cranial navigation workflows. In functional neurosurgery, such as sEEG electrode placement for epilepsy, Cirq leverages optical navigation to guide electrodes with high accuracy, while enabling the surgeon to monitor alignment and adjust in real time.

Healthcare Professionals have emphasized to the Group that the Robotic Suite has elevated patient safety and surgical consistency in their view. In high-risk procedures, such as those at the upper cervical spine, where the margin for error is minimal, the ability to execute a trajectory as precisely as possible, supported by Cirq's robotic alignment and Loop-X's imaging, can be the difference between success and serious complications.

In summary the Group believes that, Cirq delivers precision where it matters most, at the patient. As a modular, robotic surgical assistant purpose-built for spinal surgery and neurosurgery, Cirq is designed to enhance workflow, aiming to increase accuracy and strengthen the link between planning and execution. When paired with Loop-X and Curve, it transforms the operating room into a high-performance environment where digital planning meets real-world precision.

12.5.1.7 DBS and Epilepsy Solutions

Building upon the Group's neurosurgical cranial planning portfolio, further functional neurosurgery solutions extend the capabilities of the Group's Elements platform to support the diagnosis and treatment of complex neurological conditions, particularly Parkinson's disease, through DBS, and drug-resistant epilepsy.

In the area of DBS, the Group provides a comprehensive workflow from trajectory planning, through lead implantation, to stimulation programming. The planning phase benefits from high-resolution anatomical

segmentation, fiber tracking and 3D visualization tailored to patient-specific neuroanatomy. Intraoperatively, technologies such as Loop-X robotic imaging and compatibility with directional leads from third-party manufacturers enable precise lead placement and verification. For DBS, Loop-X is designed to deliver high-precision imaging that directly supports stereotactic alignment, DBS lead localization and intraoperative progress verification. Postoperatively, Guide XT, being developed in collaboration with Boston Scientific (see "*12.11.1 Boston Scientific*"), facilitates image guided programming by allowing clinicians to visualize stimulation field models in context with individual anatomy, supporting accurate, efficient patient programming and therapy optimization. Patient outcomes target more effective symptom control, with many patients with suboptimal responses to conventional treatment experiencing an improvement in their quality of life. Additionally, the streamlined solution supports a reduction of average programming time compared to traditional methods and helps reduce surgical risks, as visualizing patient anatomy and stimulation areas enables Healthcare Professionals to make precise adjustments, prevent unwanted spread and reduce side effects. Reduction in average programming time also targets increased hospital efficiency.

For drug-resistant epilepsy, the Group's solution supports every stage of the clinical pathway, starting with hypothesis formulation and sEEG planning and continuing through electrode implantation and surgical intervention. The planning tools enable detailed visualization of planned trajectories and electrode contact points. Cirq is designed to allow for precise, navigated sEEG placement, while Loop-X intraoperative imaging supports real-time registration and verification. Following implantation, software applications automatically localize electrode positions and assist in translating diagnostic insights into therapeutic plans, such as targeted resection, laser ablation or neuromodulation.

By building on its neurosurgical cranial planning foundation, the Group's functional neurosurgery solutions are designed to integrate imaging, navigation, robotics and programming into a streamlined and collaborative workflow, empowering clinicians to deliver personalized, data-driven care across both DBS and epilepsy interventions.

12.5.1.8 Navigated Surgical Instruments

The Curve and Kick navigation platforms are powerful, versatile solutions that support precision in modern, image-guided surgery. Their core strength lies in transforming digital surgical planning into accurate intraoperative execution within the Group's end-to-end digital ecosystem, made possible through the integration of the Group's navigated surgical instruments.

These instruments, ranging from navigated pointers and stylets to biopsy needles and pedicle access tools, enable real-time alignment with surgical plans. Tracked seamlessly within the navigation environment, they are designed to allow Healthcare Professionals to follow patient-specific trajectories with confidence, high accuracy and minimal disruption to the workflow. Whether used for cranial biopsies, catheter placements or pedicle screw access, navigated tools close the loop between imaging and action.

To support a wide variety of surgical workflows, an extensive portfolio of disposable navigated instruments is available, which includes:

- The Disposable Pre-Calibrated Suction is a navigation-ready tool combining suction and pointer functions with ambidextrous, auto-recognized markers.
- The Disposable Biopsy Needle provides pre-calibrated, sterile tools for frameless cranial biopsies, ensuring depth accuracy when used with compatible alignment systems.
- The Disposable Stylet with passive tracking markers enables efficient navigation of shunts and ventricular catheters.
- The EM Disposable Stylet allows for fast, tip-tracked electromagnetic placement of intracranial catheters and is compatible with a wide range of standard catheter systems.

- The VarioGuide Drill Kit and related accessories allow for straightforward cranial access and are compatible with other disposable tools such as biopsy needles and flexible catheters.
- The Disposable Clip-On Remote Control simplifies sterile point acquisition and navigation control, especially during patient registration.
- The Trocar Insert for Pedicle Access Needles supports accurate and safe access during navigated spinal surgery procedures, enhancing the precision of K-wire placement.
- For robotic workflows, the Cirq Disposable Kinematic Unit is designed to ensure reliable transmission of motion from the Cirq robotic arm to the surgical instrument, maintaining accuracy throughout alignment and positioning.
- The Drill Guide is designed to support performing a wide range of navigated spine and trauma procedures, both open and minimally invasive.

Additionally, mechanical guidance tools such as the VarioGuide Alignment System support trajectory-based cranial procedures and enable increased precision during navigated frameless biopsies such as biopsies. By attaching directly to the head fixation device, it offers step-by-step alignment with planning data, complementing the navigated workflow when manual guidance is preferred or required.

Together, these instruments and accessories extend the capabilities of the Group's Curve and Kick products, with the aim to enable Healthcare Professionals to act precisely on the surgical plan while maintaining sterile, ergonomic and efficient operating conditions. They support both freehand and guided approaches, adapting flexibly to the needs of the procedure, whether in high-complexity cranial interventions or routine spinal alignments.

By integrating navigated surgical instruments into the workflow, Curve and Kick go beyond visualization and become fully interactive surgical platforms, empowering precise, data-driven interventions and enabling safer, more predictable outcomes across disciplines.

12.5.2 Other Surgery Products

12.5.2.1 Orthopedic Surgery

The Group offers a range of solutions for the orthopedic surgical workflow, from preoperative planning, through intraoperative imaging, to postoperative evaluation and data sharing, helping to minimize the challenges of precision and reproducibility and to achieve the desired outcomes for patients and Healthcare Professionals. The Group's software-guided surgery for knee, hip and trauma procedures currently in development is being designed to allow Healthcare Professionals to plan and simulate orthopedic outcomes before any incision has been made and also to react intraoperatively to the surgical situation. The Group's products aim to enhance hip and knee procedures through improved efficiency and documentation tools to help healthcare institutions manage high surgical volumes.

TraumaCad Orthopedic software provides Healthcare Professionals with digital tools to perform preoperative planning and simulate the expected results prior to surgery. TraumaCad is designed to save time and improve efficiency through automation by recognizing calibration devices and detecting images for calibration, planning total hip and knee replacement and generating comprehensive pre-surgical reports, including patient images and measurements. TraumaCad is available both on the premises of healthcare providers as well as in the cloud and includes nearly 4,000 templates for implant families.

Orthopedic calibration devices, such as KingMark, for pelvic imaging, and VoyantMark, for hip, knee, shoulder, foot, and ankle, imaging, are designed to facilitate precise orthopedic templating, which means determining the most suitable implant for the specific patient. They eliminate the variable of X-ray magnification factor and are automatically recognized by TraumaCad.

12.5.2.2 ENT Surgery

Leveraging experience in spinal and cranial navigation, the Group offers its innovative surgical navigation technology to ENT specialties, providing Healthcare Professionals with the advanced image enrichment and visualization needed to perform complex and delicate procedures. Together with Kick, the Group offers electromagnetic ENT navigation, addressing the need for simple intraoperative visualization during functional endoscopy sinus surgery. The Group's products aim to seamlessly integrate with existing operating room infrastructure and enable augmentation of endoscope images to build an intelligent, automated workflow that supports intraoperative decision-making with real-time insights and structured reporting. The Group's ENT solutions have a comparatively low cost barrier to entry that increases accessibility to healthcare institutions.

The Group's ENT navigation offers advanced visualization, user-friendly touch-based and touchless patient registration options and real-time virtual anatomy updates. Surgeons can continuously track surgical instruments during procedures, such as functional endoscopy sinus surgery (FESS). ENT navigation is also seamlessly integrated with the Group's infrastructure, such as Kick, as well as most common third-party solutions.

The solution allows for optimized placement of the tracking unit with no line-of-sight issues due to its advanced set-up and articulated arm. The system can be remote-controlled directly from the sterile field using a pointer. Registration is streamlined through a precise, workflow-guided process that registers the patient with the system using a pointer, which registers CT and MR images without headsets. Integrated devices enable instrument tip calibration in seconds without any foot switches or drop-down menus. These capabilities are designed to allow for more precise treatments, which increases patient safety, as well as flexibility and cost-saving for healthcare providers.

12.5.2.3 Interventional Cardiology

The Group's vascular navigation solution for peripheral artery disease (PAD) is the Group's first step in the vascular field. It is designed to assist in endovascular PAD procedures, specifically for those using a mobile C-arm imaging device. The product is designed to address key challenges Healthcare Professionals face while treating PAD using mobile C-arms. The Group believes that its products are competitively priced to reduce entry barriers and offer advanced angio-suite imaging functionality with superior connectivity and digital operating room infrastructure.

The vascular navigation solution enables marking of regions of interest by placing lines on the angiographic roadmap to highlight key regions to ensure visibility. It also allows seamless combination of fluoroscopic and angiographic images into a continuous, high-resolution view of the vessel tree. Additionally, the software is designed to provide a comprehensive anatomical overview in a single image by stitching images together in a panorama full-length display of the arteries of the lower extremities. The roadmap overlay is also designed to be reusable, with the aim to enable the utilization of pre-acquired angiographic images, maintaining alignment even when the C-arm or patient is repositioned.

The solution allows for less radiation exposure for patients and Healthcare Professionals, less use of contrast agent to minimize the risk to kidney health and an improved anatomical assessment that eliminates the need for repeated digital subtraction angiography (DSA).

12.5.2.4 Sports Medicine

The Group's sports medicine solutions in development aim to improve interoperative imaging navigation through integration with third-party endoscopes and arthroscopes and the Group's virtualizing infrastructure. The Group's products enable integration of applications and video sources from third-party manufacturers to help enhance Healthcare Professionals' decision making and improve efficiency. The Group's sports medicine products, similar to the Group's other products, aim to create a fully-integrated digital ecosystem that co-exists with existing operating room equipment and captures granular data in every step of the patient journey.

12.5.3 Radiosurgery Products

12.5.3.1 ExacTrac Dynamic

Developed in close collaboration with various experts in radiation oncology, ExacTrac Dynamic represents, in the Group's view, a significant advance in patient positioning and monitoring solutions and a further improvement over the Group's previous ExacTrac products. ExacTrac Dynamic is an 'all-in-one solution offering four core features of positioning, surface monitoring, fiducial monitoring and image-guided monitoring in one integrated digital ecosystem. ExacTrac Dynamic is a high-resolution 4D, patient-positioning and monitoring product, incorporating an innovative combination of thermal, surface and internal anatomy information, for use in high-precision radiosurgery and radiotherapy. The thermal camera creates a highly accurate and reliable hybrid thermal surface by correlating the patient's heat signature to their reconstructed 3D surface structure. To achieve this, 300,000 3D surface points are acquired and matched to the heat signal generated by the thermal camera, creating another dimension to track the position of the patient during treatment.

ExacTrac Dynamic technology is used to track patients with various types of tumors during radiation therapy as part of cancer treatments. With this technology, real-time data is used to verify the position of the tumor and deliver radiation with sub-millimetric precision. ExacTrac Dynamic enables non-coplanar x-ray monitoring of the patient throughout the entire treatment, even during the delivery of radiation itself, which help set it apart from competing solutions. During treatment, the radiation beam can be controlled based on the position of the tumor, with the aim to make it possible to more effectively destroy tumor tissue while sparing healthy tissue by reducing the planning target volume (PTV) and incorporating a single isocenter conformal beam, a dynamic conformal arc and volumetrically modulated arc shaping. The technology is designed to enable significantly faster treatment delivery with fewer subsequent side effects compared to more standard radiosurgery and radiotherapy treatments. X-ray monitoring of implanted fiducials augments LINAC capabilities to match costly and time-consuming MR-based treatment machines.

In addition to external tracking, integrated X-ray positioning and monitoring with ExacTrac Dynamic verifies the patient's position internally with real-time imaging, at any treatment position. The product offers monitoring of the patient's position during complicated treatments of clinical indications by referencing internal anatomy with pre-defined imaging. As an example, deep inspiration breath hold with customized motion management techniques for left-sided breast treatments helps to avoid radiation dosage to a patient's critical anatomy such as the heart.

ExacTrac Dynamic is designed to address a full range of patient positioning and monitoring requirements that heretofore had been achieved, in most cases, by employing multiple systems combined with different internal tracking and surface scanning technologies. It is integrated with a wide range of high-end LINACs and designed to deliver high-precision tracking and verification while addressing the challenges associated with treating moving targets, all of which are critical requirements for delivering effective doses in precision radiosurgery.

Additionally, ExacTrac Dynamic Surface aims to widen the use of ExacTrac Dynamic for patient positioning and enable it to be used for essentially every indication and every patient, including supporting many non-radiosurgical LINACs. One significant advantage of the system is not only the unique integration of any existing imaging including Cone Beam Computed Tomography (CB-CT), but also the option to position the patients without, for example, the classical medically applied tattoos that had previously been necessary.

Customers have multiple paths to implement the Group's radiosurgery product ecosystem, with upgrade paths to the full suite of the Group's solutions, from contouring software solutions for cranial patients, through ExacTrac Dynamic for positioning and monitoring, all the way to a full suite of products including Elements SRS planning software for brain and spine metastases. A significant majority of the Group's Radiosurgery customers use an ExacTrac product.

ExacTrac Dynamic's lead designers were also nominated for the Federal President's Award for Innovation and Technology in 2022.

12.5.3.2 Elements

The Group's Elements products may also be used in radiosurgery, both cranial and spinal, providing indication-specific contouring as well as dose planning and review.

For indication specific contouring, Elements Image Fusion automatically selects pairs with rapid pre-alignment, fusing numerous modalities for enhanced anatomical clarity in both spinal and cranial radiosurgery; Elements Distortion Correction is designed to correct patient-specific MRI distortions by applying deformable registration exclusively designed for the brain; Elements Curvature Correction is designed to combine information from the anatomical atlas to account for rigidity and deformability of different tissue types, which is used to correct spinal curvatures; Elements Segmentation for cranial radiosurgery is designed to allow segmentation of organs at risk (OARs) by registering datasets to a synthetic full-body tissue model, while for spinal radiosurgery, extracranial organs at risk are segmented based on the seamless integration of AI contouring solutions powered by Therapanacea; and Elements SmartBrush is an intelligent region-growing algorithm for semi-automated tumor segmentation on multiple modalities, while Elements SmartBrush Spine provides outlining tools for GTV and CTV expansion, cropped spinal canal, based on International Consortium Guidelines.

For dose planning and review, Elements Multiple Brain Mets SRS generates consistent, volumetrically optimized SRS plans with a single isocenter in a matter of minutes; Elements Retreatment Review presents all available information from previous treatments in one place; Elements Cranial SRS is designed to enable automated geometry optimization of volumetric arcs; Cranial SRS with Cones is designed to enable automated geometry optimization of volumetric modulated arcs as well as Cone SRS planning for spherically shaped lesions; for spinal radiosurgery, Elements Spine SRS is designed to enable a high degree of automation in spinal VMAT algorithms to achieve superior plans with better dose fall-off, conformity index and spinal cord sparing.

12.6 Customers

The Group provides its products and services to a diverse range of customers worldwide, including hospitals, surgical centers and university hospitals. As of March 31, 2025, the Group has an installed base of approximately 7,000 products, including approximately 1,200 ExacTrac products, in approximately 4,000 hospitals in approximately 120 countries. Historically, the Group had focused on A-Type Customers, which are often top-tier research-driven hospitals that are leaders in advanced surgery, focusing on cutting-edge technology, research and training future Healthcare Professionals, including surgeons, and where the Group estimates it has an approximately 45% penetration rate in the markets where it is present. However, the Group has increased its coverage of B-Type Customers, being standard, multi-disciplinary hospitals, that focus on both general surgeries and advanced surgeries in a broad range of procedures, and where the Group estimates it has an approximately 30% penetration rate in the markets where it is present. Both A-Type Customers and B-Type Customers are more likely to adopt new technologies more quickly, which is reflected in a higher percentage of existing customers in these categories. For C-Type Customers, consisting of community hospitals which offer general surgery care with a focus on cost-efficiency and essential procedures, the Group has a lower penetration (which the Group estimates at approximately 2-5%) and thus more potential for growth. The standardization and automation of workflows through technology enables smaller hospitals to increasingly adopt procedures that were previously too complex. More recently, the Group has been expanding its offering to D-Type Customers, comprising ambulatory surgery centers, which are outpatient facilities specializing for instance in minimally-invasive procedures, emphasizing efficiency and relatively rapid recovery and where the Group estimates it has a penetration rate similar to that of its C-Type customers. The Group has been expanding into this newer market by aiming to increase affordability and accessibility of certain products and services.

As the Group benefits from a highly sticky customer base, existing customers frequently reinvest in the Brainlab ecosystem due to the value and integration of its solutions. The Group believes that, once customers adopt Brainlab's platforms, they are deeply entrenched in its digital workflows, infrastructure, and software, creating significant incentives to not switch. The Group believes that this captive dynamic helps revenue growth as adopt additional software, infrastructure and service solutions. The Group's growth can be further accelerated by new product launches and the Group's strategic focus on long-term adoption trends. Early-stage products might generate smaller initial revenue increases but can reach rapid growth as adoption scales, while mature offerings tend to deliver consistent and impactful contributions to the Group's overall performance. Because sales cycles at the Group's customers can be protracted at times, the Group's revenues may fall in one or the other fiscal year, such that the Group focuses on longer-term product trends in addition to shorter-term movements between fiscal periods.

Building on its three segments Spinal and Cranial Surgery, Other Surgery and Radiosurgery, the Group seeks to address multiple levels of customers, which has led to a steady expansion of its customer base since 2020, in particular in the Spinal and Cranial Surgery and Radiosurgery segments. Direct customer revenues made up 85% of Spinal and Cranial Surgery total revenues (with the remaining 15% of the segment's revenue coming from strategic partnerships and others) and 99% of Radiosurgery total revenues in the 2023/2024 Fiscal Year. Direct revenues from customers are divided into A-Type Customers, B-Type Customers, C-Type Customers and D-Type Customers (with C-Type Customers and D-Type Customers together also being "**C+-Type Customers**"). Within the Spinal and Cranial Surgery segment, the Group's total number of customers grew from September 30, 2020 to September 30, 2024 at a CAGR of 4% to 620 A-Type Customers, 689 B-Type Customers and 807 C+-Type Customers as of September 30, 2024. The Group's churn (calculated as the Group's Spinal and Cranial Surgery customers lost divided by the total number of Spinal and Cranial Surgery customers in the same fiscal year) over the last three fiscal years was 3%. Within the Radiosurgery segment, the Group's total number of customers grew from September 30, 2020 to September 30, 2024 at a CAGR of 2% to 408 A-Type Customers, 379 B-Type Customers and 336 C+-Type Customers as of September 30, 2024. The Group's churn (calculated as the Group's Radiosurgery customers lost divided by total number of Radiosurgery customers in the same fiscal year) over the last three fiscal years was 2%. Across all segments, the churn rate for customers who have more than one platform from the Group was even lower as of September 30, 2024, at 1%.

The Group's sales efforts have also translated into resilient revenue per customer since 2020. Within the Spinal and Cranial Surgery segment, the Group's average revenue per customer (calculated as the Group's Spinal and Cranial Surgery segment total revenue per customer type divided by number of customers per type) grew from September 30, 2020 to September 30, 2024 at a CAGR of 10% to EUR 208 thousand per A-Type Customer, EUR 122 thousand per B-Type Customer and EUR 71 thousand per C+-Type Customer as of September 30, 2024. The Group's average revenue per Spinal and Cranial Surgery customer across its customer types was EUR 128 thousand as of September 30, 2024. Within the Radiosurgery segment, the Group's average revenue per customer (calculated as the Group's Radiosurgery segment total revenue per customer type divided by number of customers per type) grew from September 30, 2020 to September 30, 2024 at a CAGR of 3% to EUR 134 thousand per A-Type Customer, EUR 73 thousand per B-Type Customer and EUR 72 thousand per C+-Type Customer as of September 30, 2024. The Group's average revenue per Radiosurgery customer across its customer types was EUR 95 thousand as of September 30, 2024. These CAGR trends in average revenue per customer show that the Group has benefitted from new product releases in both infrastructure and software in the past three fiscal years, in particular in the Spinal and Cranial Surgery segment. Radiosurgery average revenue per customer did not grow as significantly in comparison as the Group was in the middle of multi-year process to re-launch its premier ExacTrac product as the next-generation ExacTrac Dynamic.

The Group does not seek a one-time investment from customers, but rather seeks to be a long-term partner to its customers and thereby an integral part of their annual spend. To this end, the Group maintains an extensive network of key opinion leaders, with whom it interacts regularly. For example, key opinion leaders engage in direct

discussions with the Group's research and development teams, providing insights on new product development and offering early-stage feedback to refine the Group's innovations. See also *"12.7 Training."*

The Group is not dependent on any single customer for a significant portion of its revenue; in the 2023/2024 Fiscal Year, the top 5 customers together contributed a mid-single-digit percentage of revenue, while the top 10 customers together contributed a high-single-digit percentage of revenue. The most typical reasons for moderate losses are surgeon migration from one institution to another, followed by declining budgets. Competitors often target the purchasing department with aggressive pricing and bundling deals to gain implant market share, while clinical users typically prefer the Group's solutions due to clinical value and efficiency gains (especially through device and workflow integration).

A significant majority of the Group's Radiosurgery customers use an ExacTrac product, while almost all of the Group's Spinal and Cranial Surgery customers use a navigation system.

12.7 Training

Given their critical role in medical settings, the Group's products are delivered together with extensive training in many cases. The Group provides thorough training to Healthcare Professionals in the use of its products. Trainings take place regularly at the Group's headquarters, via comprehensive online training curriculums and at customers' facilities and are adapted to their specific needs and workflows. The Group also accompanies its customers on-site within their hospital facilities in the first weeks post-installation in many cases to enable the customers to use the Group's products and solutions efficiently. The most effective training is delivered by application consultants who focus on a specific subspecialty. By providing tailored solutions for installation and initial implementation with customers, the Group is able to further cement and build out its customer relationships over time.

The Group operates Brainlab Academy, with courses designed to increase Healthcare Professionals' medical knowledge and ability to use the Group's products. Courses feature hands-on learning with real-life clinical examples to demonstrate and explore treatment planning and personalized training from experienced clinical guest speakers and subject matter experts from the Group's research and development team. The courses are interactive and include planning stations loaded with numerous clinical case studies to demonstrate and explore the relevant product's features and capabilities, such as for dedicated radiosurgery treatment planning. Courses can be conducted in multiple languages. Depending on the specific course, it may be offered in shorter online modules, on-site in Munich for several days or through a multi-day stay at a reference hospital in a number of other locations.

The Group also offers the Brainlab Online Campus, a free, on-demand resource to learn about the Group's products and how they can support clinical workflows. It has been specifically designed as a supplement to in-person training to help Healthcare Professionals become more proficient with the Group's products. It includes over 500 interactive courses, software simulations, videos and more. Courses may also be accessed on mobile devices and offline for convenient and mobile learning. More than 5,000 users are registered on the Brainlab Online Campus, with a further 700 on a partner campus. The Group is also exploring innovative digital training methods based on technology used in the gaming industry for accelerated learning. This initiative is currently focused on creating a complete digital curriculum for spinal surgeons in training but could be extended to additional Healthcare Professionals in other specialties.

In addition, the Group maintains worldwide long-term relationships with Healthcare Professionals and researchers. The Group also engages in outreach with leading universities, such as the Technical University of Munich, to build relationships and recognition among future innovators in the field. Employees of the Group meet regularly with Healthcare Professionals, scientists, engineers, programmers and academics in order to discuss new developments and solutions in medical practice.

The Group also maintains the Brainlab Novalis Circle, a global physician network that connects Healthcare Professionals dedicated to the advancement of radiosurgery and enables them to exchange insights and collaborate,

develop new ideas and continuously shape cancer treatment of the future. Brainlab Novalis Circle partners and conducts research with clinical sites to discover and assess evidence-based methods with the aim to improve outcomes, increase patient satisfaction and reduce operational costs. The society disseminates best practices and allows Healthcare Professionals to share and discuss clinical experiences and interact with experts. The Brainlab Novalis SRS Registry is a service that supports clinical specialties involved in radiosurgical diagnoses and treatments with tools for reporting, intelligently structuring and visualizing clinical data from different sources to advance patient-specific treatment decisions. As of March 31, 2025, Brainlab Novalis Circle counts over 1,150 members worldwide and has hosted 9 international congresses and over 470 customer lectures.

The Group also offers the Novalis Circle independent certification program, dedicated to providing a comprehensive assessment of safety and quality in SRS and SBRT. It standardizes best practices as delineated by a group of experts in radiation oncology, medical physics and neurosurgery. The Novalis Circle also promotes and recognizes high standards of care in SRS and SBRT and assesses current practices with a confidential and consultative program review. The program allows certified centers to invest in quality, demonstrate their capabilities and gain insights. The certification process consists of five steps: introduction, documentation, an on-site visit, expert assessment and certification. As of March 31, 2025, the approximately 20 experts and auditors of the Novalis Circle have issued nearly 100 certifications and recertifications with a four year validity.

12.8 Product Installation, Servicing and Post-Sales Support

The Group provides services to customers throughout the life cycle of the product, from the initial planning and design of operating room suites, through installation of technology, to maintenance and further consulting. The Group's products come with a warranty, and service packages are offered after the expiration of the warranty. The Group is equipped to provide a full line of replacement parts. Where necessary, due to the urgent nature of the hospital environment, support is available around the clock organized in a global service and support network.

The Group's innovative products are designed with advanced technology and benefit from the Group's expert support aiming to ensure seamless installation in hospital environments and smooth integration into customers' existing workflows alongside their Healthcare Professionals. Installation and implementation involve a broad range of processes. Folding the Group's solutions into a customer's clinical workflow is also an essential element of the Group's product offering. The Group works closely with customers to create digital operating environments designed for seamless workflow and improved surgical outcomes. As each installation varies based on the specific needs of the customer and existing infrastructure, the Group consults its customers extensively on integration with their existing equipment and IT. Further, the comprehensive remote solution Brainlab Connected Care digitally connects customers, the Group's equipment and the Group's service and support experts in a secure, fast and effective way. See *"12.12.3 Logistics and Production."*

The Group maintains a global network of regional warehouses in consideration of customer proximity, response time, local knowledge and the ability to address geopolitical hindrances to transport that might arise. The close proximity of locations allows for reduced freight costs, building the foundation for scalability and further growth. The network and the related spare-part management is subject to ongoing improvement efforts of the Group via process mining, whereby activity logs are monitored, trends analyzed and resources optimized.

The Group services the installed systems via support technicians who provide expert technical assistance, troubleshooting and maintenance to ensure the reliability and optimal performance of the Group's products, minimizing downtime and enhancing operational efficiency for customers.

For institutions with a comprehensive suite of the Group's products and with high case volume, the Group offers a personal clinical expert on-site permanently through that is solely dedicated to that institution. The Group employs approximately 150 service specialists who work full-time within specific customer hospitals and provide ongoing clinical support services to Healthcare Professionals on-site, often for contract periods of several years. These service specialists join daily work schedules, enabling staff to be continually trained and supporting customers to overcome

clinical or technical challenges. By providing this deep level of long-term support to Healthcare Professionals on-site, the Group believes that it is able to foster its customer relationships over an extended period of time and support customers in their implementation of further solutions from the Group.

12.9 Sales and Marketing

The Group has a sales strategy informed by customer centric strategic planning and data driven targeting across specialties and geographies. An account manager is the single point of contact for a hospital. The Group employs a sales force of highly trained individuals, specialized in the sale of highly technical equipment for specific medical specialties. The Group's products are also distributed worldwide via more than 50 distribution companies and partners in more than 50 countries. The Group's go-to-market strategy seeks to leverage high-touch interactions with Healthcare Professionals worldwide to create long-term relationships with clients. As such, the Group is not dependent on 'leads' within its existing market.

The Group believes these customer relationships form a positive feedback and innovation loop. Continuous contact with customers and key opinion leaders enable the Group to strengthen long-term engagement and brand loyalty of the customer base. Leveraging top tier experts to promote products helps create a "trickle-down" effect in the medical community, encouraging broader enthusiasm for the Group's portfolio of solutions. Additionally, these key opinion leaders educate the next generation of Healthcare Professionals using the Group's technology, ensuring continued adoption and familiarity with the Group's solutions.

As of March 2025, the Group achieved an overall Net Promoter Score ("**NPS**") of 66, composed of an NPS of 63 in (functional) neurosurgery and spinal surgery and an NPS of 73 in radiosurgery.

Typical sales cycles run for 12-18 months; some may be shorter based on the Group's ability to address customer capital or operating budgets that may already exist if the Group can obtain prompt customer approval.

To accomplish its strategy, the Group also employs a dedicated sales force of more than 200 sales representatives. The Group believes its more than 450 customer-facing support engineers, incorporating application consultants, clinical specialists and technical support specialists, both those responsible for multiple sites and those dedicated to single customer sites, also enable deeper relationships with customers that enable further sales. See "*12.8 Product Installation, Servicing and Post-Sales Support.*" The Group's sales force is highly scalable, with generalists assigned to specific accounts within a territory; scalability is achieved primarily through the addition of application consultants for specific specialties. This means the Group has been focused on only moderately increasing its number of general salespeople while investing more heavily in application consultants. As application consultants are specialists for specific Group product lines, the Group's generalists are able to cover a finite amount of customers without having to expand their own numbers to sell an increasing number of products requiring specialty sales support – instead, application specialists are being scaled up with the growth of the Group's business. The Group perceives that attrition in its sales force is low, though slightly higher in the United States, compared to averages across the medical technology industry. Some sales employees have been employed by the Group for 10-20 years and are the backbone of the Group's customer relationships.

The Group also sells its subscriptions for its software products. For instance, subscriptions are of particular importance for the Group's business in the United States, where the share of total software revenue comprised of subscriptions has been over 95% in recent years. In Germany, another significant market for the Group, subscription rates are significantly lower in comparison to the United States. Software subscriptions, service contracts, and clinical specialist agreements are sold in contracts with defined terms; this term is, on average approximately four years, but may be as long as seven years, or in some cases even longer. The Group has high renewal rates for these service contracts.

Customers are served in the core markets by the sales employees of the Group's subsidiaries. In some regions, the distribution of the Group's products is reinforced by regional warehouses and local companies. The Group works

with partners primarily to co-market products, but generally sells independently of these partners. However, Boston Scientific may include certain components of the Group's planning systems in their offerings and LINAC vendors sometimes pass through the Group's radiosurgery products as part of their LINAC orders (retaining a small administration fee).

The Group's sales presence encompasses 22 offices worldwide. Brainlab, Inc. is responsible for distribution in North America, Central America and northern Latin America. In the Asia/Pacific region, products are distributed via subsidiaries in Australia, Hong Kong, China, Japan, Malaysia, Singapore, South Korea (branch office) and Thailand. Customers in all other areas of the world are served via Brainlab Sales GmbH based in Munich, with subsidiaries in Brazil, the United Kingdom, Italy and India and representative offices in France and the Middle East.

As part of its marketing strategy, the Group also employs a signature look to its products; the Group believes that its ergonomic, user-friendly and modern design is a key catalyst in winning new clients. The Group considers its brand to be a leader in the area of neurosurgery that is recognized by Healthcare Professionals all over the world.

12.10 Research and Development

The medical technology sector is characterized by constant innovations; the medical technology industry ranks in second place behind digital communication in the number of patents filed annually (source: Spectaris 2024). Thus, maintaining innovative capacity is paramount to the Group's success and is dependent, among other things, on considerable investment in research and development. The Group invested 18.3% of its revenue in the 2023/2024 Fiscal Year in research and development, and 14.1% on a pro forma basis. The Group counts approximately 550 employees, or approximately one quarter of the total workforce, engaged in research and development, reflecting the reduction of approximately 330 total employees after the Snke Spin-Off, of which the majority were engaged in research and development. As part of its research and development approach, the Group collaborates with leading external specialists in the field. These key opinion leaders engage in direct discussions with the Group's research and development team, providing insights on new product development and offering early-stage feedback to help refine Brainlab innovations. The Group also collaborates with partners with whom it conducts joint research and development projects. For example, the Group has collaborated with Boston Scientific Corporation since 2015 in the area of deep brain stimulation to improve surgical procedures and visualizing anatomical structures to treat neurological disorders such as Parkinson's disease. See "*12.11.1 Strategic Partnerships and Cooperations – Boston Scientific.*"

The Group is also sometimes asked by partners to develop or customize certain software components or interfaces. The Group does not actively pursue these, but rather agrees to these services on an as-needed basis; as such, they are not a consistent source of revenue across fiscal years. However, there is at least a 12-18 month visibility of these projects through medium term contracts. In the 2023/2024 Fiscal Year, the Group recorded EUR 7,320 thousand in revenue from such development contracts.

The Group's working model in research and development is designed to be agile and enable timely delivery and cost efficiency. The model is adapted to medical grade solution development, including software and infrastructure, to ensure a collaborative working method with combined check-ins and background systems for alignment. This agile methodology enables accommodation of new or changing requirements or priorities. Teams are also interdisciplinary, facilitating quality due to a diversity of approaches. Regular inputs from the regulatory affairs team are designed to ensure that products are compliant with applicable regulations. See "*12.12.1 Quality Management.*" Input from the procurement and production teams aims to ensure that designs are producible and that parts sourcing risk can be addressed.

Strategic research and development goals are broken down into incremental "sellable packages" with distinct customer value that seeks to clear prioritization of the smallest possible go-to-market increments for a portfolio solution. All research and development teams align on completion of these sellable packages and work in 2- or 3-week sprints depending on the size of work packages. Every 6 weeks, a synchronized research and development

retrospective is held, and once a quarter, a larger meeting facilitates strategic alignment. Vice Presidents of research teams report directly to the CEO. The typical research and development project duration through to regulatory clearance is between 18 months and 3 years.

Development activities at Brainlab focus on investigating new technological concepts with respect to their clinical relevance and effectiveness, as well as the further development of the existing product portfolio. Other focal areas include the development of new products based on available technologies and the networking of systems and devices to increase diagnostic and treatment efficiency and improve treatment outcomes for patients. Currently, the Group is engaged in the development of new concepts and regarding cranial (pre-) planning, patient positioning, new robotic platforms, a new digital operating room platform and a spinal screw placement based on AR.

Recent significant research and development advances at the Group include:

- A cranial (pre-) planning package that is AI-based and semi-automated. It is designed to allow Healthcare Professionals to not only find tumors that may have been missed during a manual process but also to speed up the accurate outlining of primary and secondary tumors. Another important research and development advance supporting the complete cranial workflow is the fiber tracking with a probabilistic and deterministic algorithm that is designed to allow, together with a specific distortion correction, the mapping of cranial nerves and their avoidance during surgery.
- Widening the use of ExacTrac Dynamic for patient positioning in radiosurgery with ExacTrac Dynamic Surface. With this extension, essentially every standard treatment can be performed with the system and many non-radiosurgical LINACs are compatible. The Group believes that one significant advantage of the system is not only the unique integration of any existing imaging including Cone Beam Computed Tomography (CB-CT), but also the option to position the patients without the classical medically applied tattoos that had previously been necessary.
- The release of the Mixed Reality Navigation Spine system, consisting of mixed reality glasses and an integrated application that is designed to allow the Healthcare Professionals in the operating room to place screws in a full 3D space. No mental transfer from 2D images to the real patient is necessary; instead, a direct augmented projection onto the surgical field allows a highly accurate and intuitive alignment.

In the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years, as well as in H1 2024/2025, research and development thus advanced in the following areas:

- Integration in the area of digital systems for analyzing, processing, managing and archiving medical images and data;
- New concepts for the interaction between medical personnel and machines;
- Robotics for cranial and spinal surgery;
- Planning systems and motion management systems for radiosurgery; and
- Imaging procedures for surgery.

The Group believes that the lung SBRT and the next-generation Cirq system will be the development products with some of the highest commercial potential. Lung SBRT is intended to be software-heavy and aims to extend the indications that require image-guided radiotherapy (IGRT), such as ExacTrac Dynamic beyond Cranial SRS and Spine SRS. The next generation of Cirq is planned to further automatize surgical workflows, since it is planned to be fully motorized and capable of leveraging state-of-the-art sensors.

Research and development is carried out at multiple sites, including in Austria, the United States and the Group headquarters in Munich, Germany. The Group maintains a comprehensive strategy in relation to intellectual property related to its research and development efforts. See "*12.14 Intellectual Property Rights.*"

12.11 Strategic Partnerships and Cooperations

The Group is engaged in numerous strategic partnerships with well-known providers throughout the healthcare industry to enhance its core competencies. From time to time the Group also enters into partnerships with start-up companies. This allows the Group to access partners' solutions with spillover effects into new disciplines, which in turn expands the Group's patient base through providing new treatment options. The partnerships drive innovation and ensure that the Group's products remain highly integrated with third-party products.

12.11.1 Boston Scientific

Since 2015, the Group has maintained a strategic partnership with Boston Scientific, a leading innovator of medical solutions, with growing revenue streams throughout the life of the partnership. The Group has partnered with Boston Scientific to develop numerous enabling devices and technologies, in particular for DBS surgical planning, which may be used to treat neurological diseases such as Parkinson's disease. The Group's software portfolio has provided a readily available, advanced and seamlessly integrated solution. In 2022, Boston Scientific received FDA approval for its latest image guided programming software, which was developed in collaboration with the Group, enabling clinicians to visualize in real-time both lead placement and stimulation modeling of the brain anatomy of their patients.

12.11.2 Nexstim

In November 2024, the Group announced a new collaboration with Nexstim, a Finnish, globally-operating medical technology company. The Group and Nexstim have signed a development and distributorship cooperation agreement; the partnership is a long-term agreement with automatic renewals and co-development responsibilities. Nexstim has created a leading non-invasive brain mapping technology based on nTMS. Together, the two companies plan to develop new solutions and improved workflows in the neurosurgery field. The Group sees the collaboration with Nexstim as a valuable addition to its portfolio for improving the preservation of function in neurosurgical interventions. Through the collaboration, the Group is able to expand and deepen nTMS integration with navigation and IONM, a development the Group believes will be a key factor in driving the adoption of nTMS. The Group sees this technology as highly relevant for many of its customers. The Group acts as a distributor of the partnered nTMS solution, seeking to bring this clinical best practice technology to global adoption while offering a new source of profitable revenue for the Group through commercially attractive pricing.

12.11.3 Robeauté

In January 2025, the Group announced its investment in Robeauté, a medical technology company focused on developing advanced micro-robotic devices for precision neurosurgery. Robeauté is developing steerable micro-robotic devices designed for minimally invasive neurosurgical procedures, using a standard carrier with multiple extensions, allowing the device to adapt to different medical indications through AI. Potential future functions of the device include implanting electrodes, delivering molecules, sampling tissue or collecting live data through sensors. The Group has invested in Robeauté to assist the company in continuing to develop its technology, begin clinical trials potentially in 2026 and establish U.S. operations ahead of planned FDA approval and commercialization.

The Company is currently considering a partnership with a start-up company in the field of convection-enhanced drug delivery. The contemplated transaction would include an obligation for Brainlab to develop certain planning software which the start-up would market together with its products after a successful clinical trial phase. As part of the transaction, the Company could become a minority shareholder of such start-up.

12.12 Operations

12.12.1 Quality Management

The Group's quality management systems are designed to meet all major applicable industry standards and are centralized out of the Group's headquarters in Munich, with an established localized quality management system structure. This allows the Group to adjust to new regulations, manage local certification and pursue an efficient product clearing process. The Group's quality management system is certified under the international seals of quality ISO 9001 and ISO 13485. Additionally, all key suppliers are certified to at least ISO 9001 standard, and the Group conducts supplier quality audits every year. New suppliers are subject to a thorough supplier selection process. In addition, certain goods are subject to a quality assurance check upon receipt.

The Group's quality management system encompasses all parts and elements of a medical device manufacturer's organization that deal with the quality of processes, procedures and devices. It governs the structure, responsibilities, procedures, processes and management resources necessary to implement the principles and actions needed for compliance with EU MDR. This includes the designation of a person responsible for regulatory compliance (PRRC) who has the required expertise in the field of medical devices as required by the EU MDR.

The Group's global quality management and regulatory affairs function comprised approximately 80 employees, who are necessary to maintain the Group's high product standards and also compliance with EU MDR and FDA rules and other applicable global regulations. They include, for example, quality management and regulatory affairs professionals, who are responsible for ensuring that corporate activities are conducted under compliant, effective and well-documented processes and quality assurance professionals, who are responsible for ensuring all finished products and associated processes fully conform with the specified requirements.

The Group proactively integrates quality control into all stages of production processes and the product life cycle. Quality-by-design is inherent to the various stages of the development process, beginning with assessments at the early stages of product development and continuing through the validation of each finished product. As such, the Group has developed internal governance for the cadence of design review and manufacturing activities for the systematic development and manufacture of products that are validated as safe, reliable and effective.

For the U.S. market, the Group has implemented relevant U.S. Code of Federal Regulations (CFR) parts and "current Good Manufacturing Practices (cGMP)".

The Group also complies with further regional regulatory requirements as necessary. These standards are regularly monitored and continuously refined. The Group has a procedure in place for the recall or withdrawal of products if necessary. The Group actively manages global product registrations of the product portfolio in approximately 70 regulated countries.

12.12.2 Procurement and Supply Chain Management

The Group procures its components from numerous suppliers. For reasons of quality assurance and cost-effectiveness, even with low order quantities, the Group maintains long-term relationships with key suppliers for costly and development-intensive components. For less expensive parts, the Group prefers to retain flexibility and bargaining power where possible. In this way, the Group attempts to avoid reliance on any single supplier, though this is commercially unavoidable in certain instances. Contractual provisions aim to ensure that certain key components are only manufactured for the Group. Approximately 90% of the Group's suppliers deliver from Europe, notably in Germany.

The Group maintains active risk management measures to avoid supply chain interruptions, such as careful stock management and safety stocks for critical components; additionally, continuous product development enables the Group to change at-risk or lacking components if necessary. The Group maintains a global network of regional warehouses that enable customer proximity (see also "*12.8 Product Installation, Servicing and Post-Sales Support*"

and "*12.12.3 Logistics and Production*"). The Group also seeks to proactively navigate uncertainties in cross-border trade policies and accelerates shipments where possible.

In addition, the Group has implemented a rigorous monitoring process for spare part orders. Enhanced approval steps ensure that only essential spare parts are shipped, minimizing unnecessary logistics expenses and avoiding exposure to potentially added tariffs. This careful and deliberate approach reflects the Group's commitment to operational efficiency and fiscal responsibility amidst evolving trade policies internationally.

12.12.3 Logistics and Production

The Group operates a global network of eleven regional warehouses equipped with advanced shelving systems, a high-bay warehouse and specialized areas for testing and decontamination. A unified systems, applications and products (SAP) system, digital material tracking and process mining ensure efficient supply chain management, enhancing scalability, cost-efficiency and customer proximity while seeking to address potential impediments to transport. This global network enables customer proximity, faster reaction times, local knowledge and the ability to address geopolitical hindrances to transport that might arise. The close proximity of locations also allows for reduced freight costs, building the foundation for scalability and further growth. The network and the related spare-part management is subject to ongoing analysis and improvement efforts of the Group.

Lean management methodologies, including Shopfloor Management, 5S, Kaizen, Kanban, Poka-Yoke, advanced product quality planning (APQP) and plan, do, check, act (PDCA), are applied or under implementation at all manufacturing sites. The Group follows a pull system where customer demand drives final assembly, preventing overproduction and minimizing inventory where possible. Standardized work and batch processing enhance flexibility and reduce setup times, while just-in-time deliveries and continuous flow optimize material movement and storage efficiency. In-house assembly supports quality control, error prevention and waste reduction, aligning suppliers with lean principles for a seamless value stream in which 97% of Curve and 94% of Cirq production is order-neutral, with customer-specific customization added only at the final stage. This approach minimizes complexity early in the process while maintaining the ability to meet individual customer requirements.

For logistics and production, the Group's Munich site employs more than 50 staff across a 3,050 m² warehouse and a 1,000 m² production area. Langer Medical operates with a 400 m² manufacturing space, while medPhoton GmbH produces products within a 1,200 m² facility. Capacity is continuously optimized through better space utilization, reduced excess stock and streamlined spare parts distribution.

As of March 31, 2025, the Group operated at approximately 85% production capacity on a single-shift model. This capacity could be efficiently scaled in a variety of ways. One important lever would be the ability to implement flexible, demand- and growth-driven working time models. These may include continuous or discontinuous shift systems, such as a two-shift setup, depending on future needs. All these models support similar outcomes: improved utilization of systems and resources, high scalability, minimal capital investment, and increased productivity and throughput.

The Group's workstations are also highly flexible. They are designed to accommodate the production of different products and can be easily adapted to balance workloads and adjust output levels as needed. This versatility allows the Group to respond quickly to shifting customer demands while maintaining high efficiency.

In terms of scaling speed, hiring and training the additional workforce required for expanded shift operations can typically be accomplished within a six-month timeframe. The medical device market is relatively predictable, and new product development cycles usually span several years. This generally provides the Group with enough lead time to anticipate future demand, prepare accordingly, and implement workforce expansion in a timely manner.

The Group assembles and manufactures all products, including robotics, platforms, imaging products and neurosurgery monitoring products, only externally sourcing sub-components; this enables more control over supply chain and delivery. Since 2019, in-house manufacturing has driven key improvements, such as:

- Integration of all manufacturing steps into a continuous flow;
- Increased protection of intellectual property;
- Significant reduction of overall supply chain lead time for the Group's Curve products from ten weeks to three weeks;
- Increased shopfloor space for value-adding activities;
- Lead time reduction for decontamination and testing by over 50%;
- Substantial expansion of shelving rack capacity; and
- Enhanced quality control through "Smart Operator"-guided processes.

These advancements ensure top-tier delivery performance and quality, reinforcing the Group's commitment to operational excellence.

Approximately 50% of the Group's cost of goods sold are driven by material costs, with the remainder being operations and support personnel. The Group's steady gross profit development is reflected in its gross margin increasing to 62.5% (63.4% excluding depreciation and amortization) in the 2023/2024 Fiscal Year from 62.4% (63.4% excluding depreciation and amortization) in the 2022/2023 Fiscal Year and 59.3% (60.2% excluding depreciation and amortization) in the 2021/2022 Fiscal Year. While the Group has had steady growth in cost of goods sold in the last three fiscal years, it has also maintained them at a stable level of revenue at approximately 40% on a cash basis.

12.13 Environmental, Social and Governance

The Group makes sustainability a priority throughout its operations and believes it delivers sustainability impact across four key pillars: Product, Social, Governance and Environment.

12.13.1 Product

The Group's priority is the transformation of the healthcare system to ensure better patient outcomes and improve accessibility to state-of-the-art healthcare technologies, which the Group believes is an extension of its sustainability strategy. In this way, the Group believes its work advances the third of the UN's Sustainable Development Goals: Good Health and Well-Being. The Group is dedicated to being a leader in innovation and improving the sustainability of its products through improving existing technology and developing new technological solutions. To protect its innovative edge, the Group holds approximately 825 granted patents and utility models and approximately 35% of the Group's staff is engaged in research and development, with 18.3% of its 2023/2024 Fiscal Year revenue invested in this area. Through its commitment to innovation, the Group believes it advances the ninth of the UN's Sustainable Development Goals: Industry, Innovation and Infrastructure. The Group's products also offer reparability at both the product and component level, with an average product life of 8 years.[2]

This can help achieve reductions in greenhouse gas emissions from the healthcare sector by increasing focus on reusability and software over hardware. The interoperability of the Group's products with third-party products

[2] The Group's average product life calculation describes the average product life of all its hardware products in use as of April, 2025. To calculate this, the maximum time the hardware products are defined as safe and effective for use is considered for each product category. The weighted average is calculated based on the number of products in use by customers in each category. The calculation is predicated on the estimate that all customers utilize the product for the maximum time indicated by the Group.

increases the sustainability of existing healthcare infrastructure, since the Group's products do not necessarily replace existing third-party products, which might require disposal of existing equipment, but instead often augment such equipment. For example, the Group's ExacTrac radiosurgery product uses a customer's prior investment into expensive and complex LINACs, by adding some components (though mostly software) to extend their useful lifetime and clinical capabilities. Moreover, by expanding the use of subscription-based software, the Group has effectively decoupled infrastructure from software, resulting in many cases in the maximization of hardware's lifetime.

12.13.2 Social

The Group is proud of its workforce, which comprises highly skilled employees from dozens of countries with diverse backgrounds committed to helping make healthcare services more widely available. Not including the Snke Group, approximately 25% of the Group's leadership roles and approximately 35% of research and development roles are filled by women.

Furthermore, the Group estimates that approximately 22 million lives have been impacted through its technology.[3] The Group also seeks to enable safer medical interventions through customer training and capacity building for developing nations. Brainlab Academy delivers customer training through in-person training programs that enable them to drive healthcare transformation. For example, the Group offers 14 courses focused on radiosurgery. See "*12.7 Training.*" Since 2014, the Group supports the non-profit organization Right.Brain Foundation e.V. (Right.Brain), of which Brainlab AG is a founding member. Right.Brain has provided medical technology and education to hospitals and public institutions in Malawi, Honduras, Cambodia and Tanzania. Furthermore, Right.Brain provides a vehicle to engage employees in giving back, such as providing additional on-site training and support to local hospitals and monetary contributions.

The Group's Brainlab Culture Program bridges its high-tech foundation with social responsibility in the areas of art and culture, initiating projects with creative personalities and institutions in the art and culture scenes. The Brainlab Culture Program advocates cultural projects that promote experimentation and create community. The Group supports the work of artists from traditionally marginalized segments of global society. Together with its cultural partners, the Group is dedicated to being a source of inspiration and arousing curiosity about art as well as technology. The Group is also dedicated to progress on social topics such as gender identity, diversity, anti-racism, feminism, non-violence and antisemitism.

12.13.3 Governance

The Group is committed to high ethical standards. For the Group, ethical behavior is essential, not least because the confidence that customers, strategic partners and society have in the Group depends on it. Acting and doing business with integrity are therefore crucial for the Group and its management. The Group is committed to responsible corporate governance and believes it is perceived by society and the healthcare and medical technology communities as a strong partner. The Group has robust policies in place to further this goal, such as a Code of Conduct applicable to all employees, a Policy on Interaction with Healthcare Professionals and an Integrity and Compliance Policy. As of March 31, 2025, the Group has a 97% employee pass rate in compliance training. The Group is also strongly committed to protecting its IT infrastructure. To comply with digital security and privacy, the Group maintains Data Privacy and Information Security Policies and the Group has been ISO 27001 certified since 2018. See also "*12.15 Information Technology.*"

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[3] The number of lives impacted calculation measures the number of patients treated with the Group's technology. Approximately 5-10% of the data is collected directly based on availability, which differs between world regions. The data from each region is extrapolated to the total number of installed systems per region in which the Group operates. The data prior to 2008 was determined by an estimate based on the respective Group revenue of the fiscal year.

The Group's commitment to ethical behavior extends beyond its own walls. The Group seeks to promote compliance with human rights values through its Human Rights and Supply Chain Due Diligence Policies. In this way, in combination with its other policies within its own organization, the Group also believes it advances the eighth of the UN's Sustainable Development Goals: Decent Work and Economic Growth.

12.13.4 Environment

The Group has made and continues to make significant efforts to improve its environmental profile at both the operational and product levels. The Group's headquarters building is LEED Gold certified, and the Group's most energy-intensive sites in Munich, Kirchheim, Salzburg and Waldkirch used approximately 89% renewable energy as of September 30, 2024. The Group has implemented an Environmental Management System following ISO 14001, which has been certified by TÜV Süd, and applies an Environmental, Health and Safety (EHS) Policy that prioritizes the health and safety of its employees and stewardship for the environment. Activities related to sustainability are aimed at all business departments, including sales and support, production and logistics, and facilities management. Focuses include reducing electricity and resource consumption, environmentally efficient travel, improved waste management, along with eco-friendly product design and product development.

Since the Group is not primarily a manufacturing company, instead conducting the final assembly of products, this already limits energy use to a certain extent; the Group also does not use any highly toxic chemicals or materials in its production processes. The Group is also in the process of conducting lifecycle analysis for select products to calculate their climate and carbon footprint. Recently, the Group has carried out a double materiality assessment and begun measuring GHG emissions in preparation to meet applicable Corporate Sustainability Reporting Directive (CSRD) requirements.

The Group has set a goal of reducing CO_2 emissions from its travel activities. Various measures have been implemented to achieve this, such as a reduction of the travel budget and travel policy requirements. Another focus of this work is the reduction and, where this is not possible, improvement of product packaging, such as by switching to reusable packaging. For instruments, the Group is switching to packaging that is more resource-efficient and uses less plastic and more recyclable cardboard. Further projects are in progress with the aim of further minimizing packaging waste.

12.14 Intellectual Property Rights

Intellectual Property ("**IP**") rights are strategic and essential assets for the Group; in particular, the Group relies on patents to ensure freedom to operate. The Group's IP rights are the result of the interplay of its experience, knowledge and know-how and flow into its constant innovations during the development of its products and services. The Group develops, owns, uses and maintains a significant number of IP assets to protect its technology and innovation base, products, systems, services and brands. The IP portfolio comprises registered IP rights such as patents, utility models, trademarks, design rights, domain names and applications for the aforementioned, as well as non-registered IP rights such as copyrights, know-how and trade secrets. While IP rights are of great importance for the success of the Group, the Group believes that no single IP asset is critical, but rather they are assets best understood in the aggregate.

The Group pursues a global IP strategy with a focus on the most business-relevant geographic regions, in particular Europe and the U.S., and vigorously defends its IP portfolio as part of its regular business activities. To achieve this, the Group has implemented an effective IP management and the Group's in-house IP department located in Munich, Germany centrally coordinates, monitors and manages the Group's IP rights worldwide. External IP law firms support the Group on various IP matters that occur in the Group's ordinary course of business, such as filing and defending of IP rights as well as asserting IP rights against third parties infringing such rights and defending the Group against IP-infringement allegations by third parties (see "*1.3.5 The Group may be unable to obtain, protect or effectively enforce its IP rights and may be required to engage in costly litigation as a protective measure.*" and "*1.3.6 The Group may be subject to claims of infringement of third-party intellectual property rights that may cause it to incur significant costs or impair its ability to sell certain products.*").

12.14.1 Patents, Utility Models and Know-how

The Group's patent portfolio is a key driver for its reputation and safeguards its high-quality medical technology products and systems. The Group owns a wide-ranging portfolio of a total of approximately 1,130 patents and patent applications and additionally approximately 1,000 corresponding national validations of European patents as of March 31, 2025, as well as five utility models, in various countries worldwide, including member countries of the European Patent Convention and the U.S. In the course of its business, the Group constantly applies for new patents, amounting to approximately 20-30 new patent families per year. As of March 31, 2025, the Group holds a total of approximately 825 granted patents and utility models, approximately 1,000 corresponding national validations of European patents as well as approximately 300 patent applications. As of March 31, 2025, approximately 50% of these patents have a remaining life of 10 years or more. Based on recent filing activity, the Group expects the number of patents with a long life to remain high. The vast majority of the Group's portfolio of patents and utility models is owned by the Company. There are also a few patents that are owned by the Company's subsidiaries, *e.g.*, medPhoton GmbH or Langer Medical. A few patents in the Group's IP portfolio (approximately 30) are co-owned with third parties, in particular with certain Group cooperation and joint development partners. Additionally, the Snke Group has access to approximately 90 patent families, the majority of which consist of background IP that are related to the Group's business and the Group's licenses to Snke. See "*12.14.3 IP Agreements.*"

The Group typically acquires patent rights by exercising its rights to employee inventions and in 2024, the Group remunerated an approximately mid double-digit number of its employees as inventors. Also, consultants and other contracted parties are typically obliged to assign all inventions conceived using the Group's property or that relate to the Group's business. Inventions are submitted for registration or are protected by other means. In addition to self-developed IP, the Group is also licensing IP from third parties from time to time. For example, the Company is engaged in negotiations with a third-party regarding the acquisition by the Company of certain IP licenses in the field of intraoperative visualization.

While patent protection plays an important role for the Group, non-patentable or deliberately not patented proprietary technology of the Group, as well as further knowledge, including specific instructions, (product) specifications or data, is also protected as know-how or trade secrets. The Group has implemented various confidentiality measures, including the obligation of employees, consultants, business partners and other contracted parties to not disclose the Group's IP rights to third parties, confidentiality clauses in certain agreements, its standard terms and conditions and separate non-disclosure agreements.

12.14.2 Trademarks, Design Rights and Domain Names

The Group owns the material trademarks, logos, design rights and domain names used in its business. The trademark portfolio consists of approximately 370 trademarks and trademark applications and comprises international and national trademarks registered in various countries with a focus on the Group's key markets in the European Union and the U.S., as well as the United Kingdom and Brazil. Most trademarks are registered in the Company's name and a few in the name of its subsidiaries, *e.g.*, Langer Medical. The registered trademarks and trademark applications cover, *inter alia*, the Group's main brand "Brainlab," the brands of certain subsidiaries, such as "Langer Medical" as well as names and logos of the Group's medical technology products and initiatives, such as "ExacTrac," "Cirq," "Loop-X" or "Novalis Circle."

The Group's design right portfolio, which is predominantly registered in the name of the Company, consists of approximately 160 individual and collective design right registrations and applications with a territorial focus on the European Union and the U.S. The design rights reflect the Group's business and protect various medical instruments such as surgical hardware, navigation platforms and graphical user interfaces.

The Group also owns approximately 600 domain names, including among others the Group's main domain name "brainlab.com." The Group's domain name portfolio mostly comprises domain names containing the terms "Brainlab" or names of the Company's subsidiaries as well as names of the Group's products and systems, *e.g.*,

"Novalis" or "Vero," all also in various spellings. They are registered with different top-level domains with a focus on ".com" domains.

12.14.3 IP Agreements

The Group enters into licensing agreements from time to time for the use of IP in the ordinary course of its business. These agreements mostly concern the licensing-in of patents from third parties or the licensing-out of the Group's IP, in particular, patents, to third parties. The Group also employs such licensing agreements to protect its IP rights while supporting collaboration with partners or to amicably settle IP disputes.

The Group and the Snke Group have entered into agreements concerning the use of IP relating to certain products. For a description of these agreements, see "*14.1.1 Relationships with the Snke Group.*"

12.14.4 IP Legal Proceedings

For a description of the IP legal proceedings, see "*12.22.2 Intellectual Property and Others.*"

12.15 Information Technology

The Group's IT systems are designed and organized to support the Group's strategies and operations in virtually all aspects of its business, from product development, through marketing, tender preparation, invoicing and order and warehouse management, to customer service and financial reporting. Key applications include Microsoft M365 for communications and collaboration, SAP and Salesforce for key business processes and PTC Windchill and Siemens Polarion as product and application life-cycle management solutions, among others. The Group believes that its IT environment will play an even more important role in its future business success as it aims to further digitalize its business and employ new advances, such as in the field of digital customer services and engagement, AI and similar fields.

Over the past several years, the Group has invested significant time and resources into a cloud and service transformation. The Group currently runs a hybrid IT infrastructure strategy. IT systems are partially hosted on dedicated hardware infrastructure in a co-location at a data center operated by a leading provider. A substantial portion of globally utilized business-critical applications is operated cloud-natively. As part of its IT and system strategy, the Group is committed to ongoing standardization and harmonization of IT systems, with a focus on transitioning to standardized systems in the coming years to further streamline operations and enhance efficiency.

The Group's business and operations generate large amounts of data, including personally identifiable data from customers and business partners. Data security regarding both data protection and regulatory compliance is a core tenet of the Group's IT operations. The planning for the implementation of any new IT products and services considers regulatory measures and requirements and includes the monitoring and adjusting of ongoing processes for regulatory compliance. IT risks, such as the potential for data breaches, are constantly monitored. The Group's IT organization carries out preventative system maintenance and updates, develops continuity plans and endeavors to ensure compliance with important IT regulations and special IT processes. Measures are taken to protect systems and data, such as perimeter systems, Endpoint Detection and Response, restricted user access rights, data backups and system, network and service monitoring. Network and service monitoring was further professionalized during the 2023/2024 Fiscal Year and is now operated in close collaboration with external specialists. The Group also holds compulsory training sessions for employees. Where IT services are provided by external companies, these are carefully selected in compliance with organization and technical standards as well as data protection requirements.

The Group has a comprehensive cybersecurity framework with policies covering information security, data privacy, IT operations and compliance. Key areas include access controls, incident response, disaster recovery and IT change management. Cybersecurity oversight is at the executive level under the Chief Marketing & Digital Officer, with dedicated security teams supported by outsourced services such as a Managed Security Operations Center (SOC) and an external Data Protection Officer.

The Group is ISO 27001:2022 and HITRUST certified, aligning with NIST, CIS, CSA STAR and C5 frameworks for certain systems to ensure global cybersecurity compliance. The Group is actively investing in its security infrastructure with a dedicated roadmap focusing on automation, enhanced threat intelligence, Identity and Access Management (IAM), cloud security and Data Loss Prevention (DLP). These improvements are planned to be gradually implemented as part of ongoing business operations to further strengthen resilience and maintain customer trust in the Group's IT security measures.

12.16 Employees

The Group is an international company with employees from approximately 80 countries. In order to attract key talent, in particular technical specialists in a variety of fields who are critical to the Group's operations, the Group prioritizes recruiting top talent in its strategy. The Group is committed to the long-term retention of employees. Measures to achieve this include staff development and training, flexible working hours models, the communication of corporate values and provisions for a healthy workplace, such as on-site fitness facilities. The Group also values employee feedback and conducts exit interviews to target a low turnover rate. The Group's recruitment team is also countering the general shortage of skilled workers by taking measures to retain students through event series, networking evenings and building talent pools.

Both new employees and existing staff are given targeted training and further education. Regular training courses are held both in-house and externally; the Group also uses a company-wide learning management system, Learning Lab, which contains nearly 1,500 courses both specific to the Group and more general. Training and education also includes visits to hospitals and operating rooms, insofar as this is necessary for employees. During annual performance reviews, line managers discuss and determine the need for seminars or training sessions with their employees. Since the end of 2018, the Group has instituted a mandatory six-day management development program for all managers in Europe, as well as annual follow-up events and an e-learning library. Managers outside Europe participate in the international leadership development program, a hybrid format with video courses and live online course days. Training sessions are offered live and in a digital format.

12.16.1 Employee Statistics

The table below sets forth the number of the Group's employees (headcount) by function for the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years as well as for H1 2023/2024 and H1 2024/2025.

	Fiscal year ended September 30,			Six-month period ended March 31,	
	2022[(1)]	**2023[(1)]**	**2024[(1)]**	**2024[(2)]**	**2025[(3)]**
Operations and Support (cost of goods sold)	609	678	706	709	697
Sales and Marketing	736	779	833	823	844
Research and development	722	810	836	844	794
Total	**2,066**	**2,266**	**2,376**	**2,376**	**2,334**

Notes:

(1) Average number of employees per end of quarter (headcount).

(2) Number of employees (headcount) on March 31, 2024.

(3) Number of employees (headcount) on March 31, 2025.

The table below sets forth the number of the Group's employees (headcount) by geographic region for the 2021/2022, 2022/2023 and 2023/2024 Fiscal Years as well as for H1 2023/2024 and H1 2024/2025.

	Fiscal year ended September 30,			Six-month period ended March 31,	
	2022[(1)]	**2023[(1)]**	**2024[(1)]**	**2024[(2)]**	**2025[(3)]**
North America	536	575	548	564	483
EMEA	1,346	1,504	1,627	1,621	1,629
Rest of World	184	187	201	191	222
Total	**2,066**	**2,266**	**2,376**	**2,376**	**2,334**

Notes:

(1) Average number of employees per end of quarter (headcount).

(2) Number of employees (headcount) on March 31, 2024.

(3) Number of employees (headcount) on March 31, 2025.

As of May 31, 2025, the Group had a total employee headcount of 2,042 when reflecting the reduction of approximately 330 employees which were part of the Snke Spin-Off. Since May 31, 2025, there has been no material change in the number of employees until the date of this Prospectus.

The Group also works with apprentices, trainees and working students to support the growth of its businesses.

12.16.2 Remuneration Structure

In general, most of the Group's employees receive a fixed gross monthly salary, including a 13th monthly salary, half of which is paid in June and half in November, as well as additional variable salary components. The variable components are generally based on annual target agreements and performance reviews. Employees are often also entitled to additional payments (*e.g.*, annual special bonuses or rewards for inventions) and benefits (*e.g.*, certain insurance benefits). Employees in sales-related functions also receive sales commissions and other bonuses, aligned to specific business objectives, based on gross profit, strategic objectives and timing of orders and revenue against specific targets.

The Group regularly reviews its compensation schemes in line with company business objectives, market trends, and the competitive employment landscape.

12.16.3 Pension Plans and Retirement

As of March 31, 2025, most active employees of the Group are entitled to defined benefit pension plans in the form of direct commitments. Moreover, there are support fund commitments as a part of retirement provisions, for which no pension provisions are to be made. In addition, there are defined contribution plans from direct insurance policies, under which contributions are carried as expenses. The Group also has significant pension obligations towards former employees. The majority of the pension plans relate to employees in Germany. In order to determine the value of the pension plan obligation, an expert report is prepared annually by independent actuaries using the projected unit credit method. For more detail, please see Note 16 to the Audited 2023/2024 Consolidated Financial Statements.

The Group recognized total contributions to statutory pension funds of EUR 14,664 thousand in the 2023/2024 Fiscal Year and EUR 13,814 thousand in the 2022/2023 Fiscal Year.

12.16.4 Employee Participation Program

Following the completion of the Offering, the Company plans to introduce an employee participation plan (the "**Participation Plan**") designed to enable all employees below the Managing Director's level to acquire shares in the Company at favorable conditions. The objective of the Participation Plan is to provide a broad base of employees with an attractive opportunity to become shareholders, aiming to foster a stronger alignment of interests between employees and the Company.

The Participation Plan will be implemented shortly after the completion of the Offering. The administration of the Participation Plan will be handled by an external service provider. The Company plans to roll out the Participation Plan across all Group companies in Germany, as well as in other designated countries – including the EU Member States, the United Kingdom, Switzerland, Australia, and the United States.

All current employees below the Managing Director's level who have been employed for at least one year will be eligible to participate in the Participation Plan.

The Participation Plan is designed as a discount plan, allowing eligible employees to acquire shares in the Company annually with a one-time investment at a discount of 25% to the market price. Eligible employees may choose to invest either via payroll or from their own funds. Each participating employee may select an investment volume within a specified range up to a maximum of EUR 6,000 per year. The minimum investment amount will be determined in the final Participation Plan. The structure is designed to allow participants, for example in Germany, to make use of the annual tax-free allowance of EUR 2,000 for employee share schemes.

Purchased shares will be subject to a one-year holding period (lock-up). The Company assumes an overall volume of the program of approximately EUR 3.5 million (assuming a participation rate of up to 70% of eligible employees).

12.17 Health and Safety

The Group is not primarily a manufacturing company, in that it conducts the final assembly of hardware products using a wide variety of components; the Group also does not use any highly toxic chemicals or materials in its production processes. Nonetheless, the Group's operations involve the use of certain equipment and machinery during production, installation and servicing activities. The Group is subject to health and safety rules and regulations in respect of its production. The Group is committed to maintaining high standards of health and safety in its own facilities as well as when operating at customer sites, recognizing the importance of health and safety not only for employee wellbeing but also for the efficient operation of its facilities.

Protecting employees and maintaining rigorous safety protocols is particularly important in environments where risks such as radiation exposure or disease transmission may arise. Employees working in such environments, including production, installation, or servicing activities, are required to follow strict guidelines to mitigate these risks. For radiation exposure, the Group employs safety measures, including the use of personal dosimeters to monitor exposure levels, shielding equipment to limit unnecessary radiation exposure, and scheduled safety training sessions to keep employees informed of best practices. Regular equipment checks and site-specific risk assessments are also carried out to ensure safe operation.

To minimize the risk of disease exposure, particularly in healthcare settings such as hospitals, the Group provides employees with appropriate personal protective equipment (PPE) tailored to the specific work environment. This includes masks, gloves, and, in some cases, specialized equipment for handling biohazardous materials. Furthermore, employees are trained in infection control procedures and hygiene practices to safeguard both themselves and the patients or staff they may encounter on-site. Another critical precaution involves required vaccinations for employees before entering healthcare institutions in certain jurisdictions.

To manage health and safety topics, the Group's Environmental, Health and Safety Policy sets forth standards that the Group enforces. Regular workplace inspections and workplace risk assessments are carried out, and comprehensive training and guidelines are offered, including to those customer service employees who regularly

carry out installation, maintenance and repair of equipment at customer sites. The Group is committed to further developing its health and safety culture by using safety performance indicators and implementing ongoing safety measures.

12.18 Significant Locations and Real Property

The Group has 25 different locations worldwide. They are used for offices, storage or production. Each location may serve several of these purposes. All but one of these facilities are rented; the facility of Langer Medical in Waldkirch, Germany is owned by the Group. The Group's headquarters are located in Munich, Germany, where it leases a building at Olof-Palme-Straße 9, 81829 Munich, Bavaria. The table below lists the locations that the Group considers significant for its business operations.

Entity	Location	Purpose
Brainlab AG Group Headquarters	Munich, Germany	Group Headquarters, G&A[(1)], R&D[(2)], Marketing, Production, Sales, Support
Brainlab Sales GmbH	Munich, Germany	G&A, Sales, Support
Brainlab Corporate Services GmbH	Kirchheim, Germany	G&A, Production, Support, Storage
Brainlab Robotics GmbH	Munich, Germany	R&D, Support
Dr. Langer Medical GmbH	Waldkirch, Germany	G&A, R&D, Marketing, Production, Sales, Support, Storage
medPhoton GmbH	Salzburg, Austria	G&A, Marketing, R&D, Production, Sales, Support, Storage
Brainlab Ltd.	Petah-Tikva, Israel	G&A, R&D, Marketing Sales, Support,
Brainlab, Inc. Headquarters	Westchester, U.S.	G&A, Marketing, Sales, Support, Storage
Brainlab, Inc., Training	Chicago, U.S.	Education
Brainlab Ltda.	São Paulo, Brazil	G&A, Marketing, Sales, Support, Storage
Brainlab Australia Pty. Ltd.	Melbourne, Australia	G&A, Marketing, Sales, Support, Storage
Brainlab Ltd. (HK)	Hong Kong, China	G&A, Marketing, Sales, Support, Storage

Entity	Location	Purpose
Brainlab India Pvt. Ltd.	Gurgaon, India	G&A, Marketing, Sales, Support, Storage
Brainlab Beijing Medical Equipment Trading Co., Ltd.	Beijing, China	G&A, Marketing, Sales, Support, Storage
Brainlab K.K.	Tokyo, Japan	G&A, Marketing, Sales, Support, Storage,

Notes:

(1) General and Administration.

(2) Research and Development.

12.19 Risk Management and Compliance

The Group's risk management system supports and coordinates the implementation and further development of risk management and is responsible for the centrally managed risk management process on behalf of the Management Board or, after the SE-Conversion, the Administrative Board. The Management Board or, after the SE-Conversion, the Administrative Board is responsible for monitoring the effectiveness of the risk management system. In addition, a risk management manual has been implemented and internal Auditing conducts risk-based audits as part of its routine audits of selected subsidiaries and Group functions.

The system is based on the holistic frameworks for company-wide risk management and internal control systems in line with industry standards. The system has been adapted to suit the structure and the corporate and management culture of the Group. Within this system, risks are identified, evaluated, managed, monitored and systematically reported. Reporting may also occur on an *ad hoc* basis, when issues are identified of which the Management Board or, after the SE-Conversion, the Administrative Board must be immediately informed. The main objective is to protect and further enhance corporate value through opportunity-focused and risk-aware conduct.

The Group has policies in place requiring employees and board members to behave ethically and comply with all laws and regulations when carrying out their duties, from procurement, through production and management, to sales and interactions with the end customer. The Group has guidelines relating to specific legal areas such as anti-corruption/bribery, anti-money-laundering, data protection, sanction list screening and others. Data protection, and thus compliance with the GDPR, is of particular importance in the view of the Group. Compliance reporting takes place quarterly, and any compliance-related developments are communicated to the Management Board or, after the SE-Conversion, the Administrative Board. The Group's compliance management system aims to promote sustainable growth through good corporate governance, reduce and mitigate the risk of financial losses or damage arising from non-compliance, protect and further strengthen the value and reputation of the Group through law-abiding conduct, preserve diversity by preventing harassment and discrimination and contribute to continuous improvement in all areas of business.

The Group therefore operates its compliance program along three pillars: prevention, detection and response. In addition to the Code of Conduct applicable to all employees and management, training is an important part of prevention; the Group conducts online trainings about its Code of Conduct, Interaction with Health Care Professionals Policy, Data Privacy Policy and IT Security, for example. In the field of detection, the Group offers several channels to report misconduct, including an external service for anonymous reporting to inform about misconduct, and conducts regular internal audits. Response, where necessary, consists of internal investigations that may lead to sanctions, including termination.

12.20 Insurance

The Group's objective with respect to insurance is to minimize the risk of financial loss and increase resilience at reasonable cost and with appropriate deductibles. The Group believes that the nature and extent of its existing insurance policies, both in terms of coverage amounts and coverage terms, are adequate to cover the principal risks of its business, considering the cost of insurance coverage and the potential risks to the business, and are in line with industry standards. The Group also believes that the Company and its subsidiaries have reasonable insurance protection, to the extent customary in the industry. Group-wide and local insurance policies are subject to customary exclusions, limits and deductibles. The Group reviews the nature and extent of its insurance coverages using acknowledged methods at regular intervals and in collaboration with its insurance brokers.

The Group holds a number of insurance policies in various jurisdictions, including public and product liability insurance, property damage and business interruption insurance, cyber risk insurance, stock and transit insurance, directors' and officers' insurance, travel health and accident insurance.

12.21 Material Agreements

12.21.1 Sale of Level Ex Pharma Business

On September 9, 2024, the Group announced the strategic sale of the pharmaceutical and life science business of its former subsidiary, Level Ex, to Relevate Health Group. The Level Ex Pharma Sale underpinned the Group's further strategic focus on core competencies in the medical technology sector. The medical technology business of Level Ex remained with the Group as part of the Healthcare Platform segment. See also "*10.3.1 Segmentation – Snke Spin-Off.*" The sale was completed by way of an asset purchase agreement governed by Delaware law and containing terms and conditions customary for such asset disposals. The disposal included internally developed software and a proportion of customer relationships. The brand name "Level Ex" was also transferred in full to the purchaser.

12.21.2 Snke Spin-Off and Acquisition Agreement

On April 29, 2025, the Company's extraordinary General Meeting resolved on the Snke Spin-Off and approved the draft spin-off and acquisition agreement between Brainlab AG and Snke Holding SE (the "**Spin-Off and Acquisition Agreement**"). The Spin-Off and Acquisition Agreement was concluded and notarized on May 26, 2025. The Snke Spin-Off was registered with the commercial register competent for Snke Holding SE on June 5, 2025 and eventually became effective with the entry into Brainlab AG's commercial register on June 6, 2025. See "*16.1.1.2 Implementation of the Snke Spin-Off*".

12.21.3 Financing Agreements

12.21.3.1 Syndicated Loan Agreement

In September 2024, the Company and certain of its subsidiaries entered into a facility agreement in an amount of EUR 180.0 million with certain financial institutions and COMMERZBANK as agent (as amended from time to time, the "**Syndicated Loan Agreement**"). The Syndicated Loan Agreement can be used for general corporate purposes, among other uses, and contains financial covenants by which the Company may not exceed a Net Debt / EBITDA (net leverage) ratio of 3.25:1.00 and its equity ratio (meaning the ratio of balance sheet equity to balance sheet total assets) does not fall below 25%.

12.21.3.2 European Investment Bank Loan Agreement

In December 2022, the Company entered into a loan agreement with the European Investment Bank in an amount of EUR 50.0 million (as amended from time to time, the "**EIB Loan**") with the purpose of supporting the Company's research and development projects in 2023 and 2024 in the areas of surgery, radiosurgery and digital health. The EIB Loan is guaranteed by certain Group subsidiaries and contains financial covenants by which the Company may not exceed a Net Debt / EBITDA (net leverage) ratio of 3.25:1.00 and its equity ratio (meaning the ratio of balance sheet equity to balance sheet total assets) does not fall below 25%.

12.21.3.3 German Promissory Note

In April 2022, the Company entered into a promissory note loan (*Schuldscheindarlehen*) in the amount of EUR 23.0 million (the "**Promissory Note Loan**"). As of June, 2025, the principal amount due under the Promissory Note Loan was EUR 22.0 million. The Promissory Note Loan provides for customary set-offs, undertakings and events of default.

12.22 Legal Proceedings

The Group is currently involved in legal disputes and administrative proceedings as a result of its ordinary course of business activities, including in the United States, Ireland and elsewhere. Other than the proceedings described below, there have been no material governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus that may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

12.22.1 Product Liability

On January 13, 2021, an action was filed in New York against Brainlab, Inc. and other defendants unrelated to the Group by a patient who underwent a brain biopsy in 2019. The treating physician used a Brainlab Navigation system for the procedure. The action alleges strict product liability and negligence against Brainlab, Inc. and also contains allegations against the other defendants. The Group's insurer has taken over its defense. The Group does not expect this matter to have a material financial effect on the Group.

On July 13, 2022, Brainlab, Inc. was served with a complaint in California against Brainlab AG, Brainlab, Inc. and other defendants unrelated to the Group, alleging wrongful death resulting from a May, 2021 craniotomy and brain biopsy and seeking compensatory damages. The complaint alleges strict liability and negligence against Brainlab AG and Brainlab, Inc. The Group's insurer accepted the claim and provided defense. Brainlab was dismissed with prejudice from the case on August 13, 2024.

12.22.2 Intellectual Property and Others

On June 20, 2024, Brainlab AG and its wholly-owned U.S. subsidiary, Brainlab, Inc. filed a complaint in the U.S. District Court for the District of Delaware, asserting that the defendant manufactures products that infringe the Group's U.S. patents and trademarks and that the defendant competes against the Group using unlawful and deceptive trade practices. This litigation is in its earliest stages. At the date of this Prospectus, the Group does not have enough information to value the litigation.

Three proceedings, of which two are administrative nullity requests and one is a non-use cancellation request, are pending against Brainlab trademarks and one proceeding is pending against a Brainlab patent. The Group also takes action against third-party IP rights and at the date of this Prospectus, five proceedings due to trademark collisions are pending against third parties. The Group does not expect a negative outcome of any of these proceedings to have a material adverse effect on its financial situation.

Proceedings were issued in the High Court of Ireland on July 4, 2024, by way of plenary summons by a local distributor against Brainlab Sales GmbH as the sole defendant. The proceedings concern the supply of equipment by Brainlab Sales GmbH to a local distributor for distribution to one of its customers. The local distributor is claiming that due to alleged "compatibility issues" with third-party instruments, its customer terminated its agreement with the local distributor. The local distributor alleged that this "in-compatibility" constitutes a material breach of the agreement with the local distributor and gave notice of the termination of the purchase agreement with Brainlab Sales GmbH, requesting repayment of EUR 733,814.97 in respect of the cost of the equipment and services purchased by the local distributor and is now pursuing declaratory reliefs, that Brainlab is to indemnify the local distributor for costs and expenses arising out of the supply of the equipment – a "consequential loss" style claim. Prior settlement discussions did not result in a resolution. At the date of this Prospectus, the Group cannot speculate on any outcome of this case.

The Group is party to ten additional lawsuits, which are not described above, that are unlikely to have a material adverse effect on the Group's financial situation, regardless of their outcome.

13 REGULATORY ENVIRONMENT

13.1 Overview

Because the Group operates in a highly-regulated industry, it is subject to various laws and regulations in each market in which it conducts business that impact all aspects of its operations, including research and development, manufacturing, distribution and marketing operations. The legal and regulatory requirements applicable to the Group are diverse, continuously evolving, wide-ranging and may impose conflicting obligations and limitations on the Group. The cost of compliance with legal and regulatory requirements can be significant and is ongoing. Any reference in this section to any legislation or regulation is deemed to refer to such legislation or regulation as amended, supplemented or otherwise modified, and all further rules and regulations promulgated thereunder, unless the context requires otherwise.

At the European Union ("**EU**") level, the legal and regulatory environment in which the Group operates includes EU regulations, which apply directly, as well as EU directives, which are implemented in the individual EU Member States through national legislation. Additionally, national laws, particularly German law, apply to the Group. In the United States, the legal and regulatory environment consists of laws and regulations promulgated at both the federal level and the individual state level. In addition, international agreements, including bilateral and multilateral agreements between countries concerning customs duties or other regulations related to the import and export of products, may apply directly or indirectly to the Group.

The below discussion includes those regulations that management deems the most relevant to the Group's operations; it is therefore not exhaustive and does not include all regulations that may apply to the Group.

13.2 European Union and Germany

13.2.1 Product approval process

In the EU and in the EEA, which is comprised of the 27 EU Member States EU plus Norway, Liechtenstein and Iceland, medical devices are required to comply with Regulation (EU) 2017/745 on medical devices ("**EU MDR**"), which replaces the former EU Medical Device Directive (Council Directive 93/42/EEC or "**EU MDD**"). The aim of the EU MDR is to establish a modernized, more robust EU legislative framework to ensure better protection of public health and patient safety, covering the development, design, manufacturing, marketing, testing, labelling, packaging, advertisement, sale, and distribution of medical devices. It also seeks to improve transparency and promotes cooperation in the control and monitoring of medical devices. The EU MDR is directly applicable in the EU/EEA and, together with supplementary legislation of the respective EU Member States, creates a single set of medical device regulations for products commercialized in all EU Member States.

The regulatory regime includes requirements for:

- product design, development and manufacture;
- product labelling, packaging and storage;
- product safety and clinical performance;
- record-keeping procedures;
- post-marketing surveillance or post-market studies, complaint handling, medical device reporting, reporting of deaths, serious injuries or device malfunctions and repair or recall of products; and
- import, export and distribution.

In order to place a medical device on the EU/EEA market, it must comply with the general safety and performance requirements as set out in its Annex I of the EU MDR ("**Essential Requirements**"). Generally, medical devices shall be, *inter alia*, designed and manufactured so that, during normal conditions of use, they are suitable for their intended

purpose, shall be safe and effective and are compatible with a high level of protection of health and safety, taking into account the generally acknowledged state of the art. Software products that are medical devices themselves must, *inter alia*, be designed to ensure repeatability, reliability and performance in line with their intended use and developed and manufactured in accordance with the state of the art taking into account the principles of development life cycle, risk management, including information security, verification and validation. Further specific requirements apply to devices intended for diagnostic radiology.

Compliance with these Essential Requirements is a prerequisite both for the issuance of an EU declaration of conformity and for affixing a CE marking on a specific medical device. The CE mark demonstrates that a product has been assessed and found to meet the applicable requirements set out in the EU MDR as well as other applicable EU legislation ("**CE Mark**"), allowing it to be commercialized and distributed in the EU/EEA. The complexity of the underlying conformity assessments depends on the risk class of the respective medical device. According to EU MDR there are four main classifications: Class I (low risk), which can be further subdivided into Is – sterile condition, Im – measuring function and Ir – reusable surgical, Class IIa or IIb (medium risk) and Class III (high risk). All medical devices other than Class I devices (excluding Is, Im and Ir), which, other than custom-made or investigational devices, are self-certified by the manufacturer, are subject to a conformity assessment procedure regarding the manufacturer's quality system that requires an independent review by a notified body (*i.e.*, the relevant third-party organization designated by the competent authorities of an EU/EEA country to conduct conformity assessments, the "**Notified Body**") in order to affix the CE Mark to the device. For Class Is, Im and Ir medical devices, the involvement of the Notified Body in the conformity assessment procedure is limited to certain aspects in relation to the specific subclassification.

In order to classify software products into those classifications, the EU MDR provides for specific classification and implementing rules. Generally, the application of the classification rule to a medical device is governed by its purpose as intended by its manufacturer. If software operates a device or influences its use, it is categorized in the same risk class as the device itself. When software functions independently of any device, it is classified independently. If such software products are intended to provide information for decisions relating to diagnosis or therapeutic purposes, they are classified as Class IIa. If such decisions might cause a serious deterioration of a person's state or surgical intervention, the software is classified as Class IIb, and if these decisions could lead to death or irreversible health deterioration, the software is classified as Class III. Moreover, software that monitors physiological processes is classified as Class IIa, except if it is intended for monitoring of vital physiological parameters, where the nature of variations of those parameters is such that it could result in immediate danger to the patient. In this case, it is classified as Class IIb. All other software falls under Class I.

The audit and examination of the Notified Body depends on the risk class of the medical device as well as the conformity assessment procedure. Such assessment particularly includes the legal manufacturer's quality management system and, depending on the risk class, technical documentation of the respective products and clinical evaluations; if deemed required, a Notified Body may also request further tests of products and materials and may also decide to assess the legal manufacturers' production sites and processes. If the quality management system conforms to the relevant provisions of the EU MDR, the Notified Body issues an EU quality management system certificate. If the device conforms to the relevant provisions of the EU MDR, the Notified Body further issues an EU technical documentation assessment certificate. The manufacturer uses the Notified Body's certificates as a basis for its own Declaration of Conformity, which allows it to affix the CE Mark to products. Devices with the CE Mark can be sold throughout the EU/EEA without requiring further conformity tests in other EU Member States. Some countries, however, require specific notifications before starting to distribute products with a CE Mark in the respective market.

Significant changes to the quality management system, or the device range covered, are subject to an assessment by the Notified Body. The approval of such a change takes the form of a supplement to the EU quality management system certificate. Changes to the approved device also require a new conformity assessment and approval from the

Notified Body where such changes are significant, meaning they could affect the safety and performance of the device, or the conditions prescribed for use of the device.

Additionally, as part of the conformity assessment process, medical device manufacturers must carry out a clinical evaluation of their medical devices to verify that they comply with the relevant Essential Requirements covering safety and performance under the normal conditions of the intended use as required by the EU MDR. A clinical evaluation includes an assessment of whether a medical device's performance is in accordance with its intended use and that the known and foreseeable risks linked to the use of the device under normal conditions are minimized and acceptable when weighed against the benefits of its intended purpose. The clinical evaluation conducted by the manufacturer must also address any clinical claims, the adequacy of the device labelling and information and the suitability of related instructions for use. This assessment must be based on clinical data, which can be obtained from clinical studies conducted on the devices being assessed and/or scientific literature from similar devices whose equivalence with the assessed device can be demonstrated. With respect to devices classified as Class III in the EU, the manufacturer must conduct clinical investigations to obtain the required clinical data, unless relying on existing clinical data from similar devices can be justified. Clinical investigations for medical devices usually require the approval of an ethics review board and approval by or notification to the national regulatory authorities. Both regulators and ethics committees also require the submission of serious adverse event reports during a clinical study and may request a copy of the final study report. Generally, the level and quality of clinical evidence required to underpin a CE Mark has increased under the EU MDR compared to the previous EU MDD. The validity of certain certificates obtained under the previous EU MDD legal framework is subject to a transition period. Products that were certified under the EU MDD must be recertified under the EU MDR at the latest by December 31, 2027 or December 31, 2028, depending on the classification.

In addition to the Essential Requirements set out in the EU MDR, the European Commission has also adopted various standards applicable to medical devices, including on common requirements (*e.g.*, as to sterilization and safety of medical electrical equipment), product standards for certain types of medical devices and harmonized standards relating to design and manufacture. While not mandatory, compliance with these standards is viewed as the easiest way to satisfy the Essential Requirements as a practical matter.

In order to improve transparency, a European database on medical devices ("**EUDAMED**") is being implemented. Once fully usable, EUDAMED will contain, *inter alia*, the Unique Device Identification (UDI) for the registered medical devices on a mandatory basis. To facilitate traceability throughout the supply chain to the end user, manufacturers are already obliged to introduce the UDI system when labelling devices. Furthermore, an EU-wide coordinated procedure for authorization of multi-center clinical investigations is available and the post-market surveillance requirements for manufacturers have been strengthened in recent years, in particular by improved coordination mechanisms between EU Member States in the fields of vigilance and market surveillance.

Since natural or legal persons may claim compensation for damage caused by a defective device, the EU MDR also prescribes that manufacturers shall, in a manner that is proportionate to the risk class, type of device and the size of the enterprise, have measures in place to provide sufficient financial coverage in respect of their potential liability under the European Product Liability Directives (Directive 85/374/EEC and Directive (EU) 2024/2853), without prejudice to more protective measures under national law.

Additionally, software based medical devices that are (or contain) artificial intelligence systems, *i.e.* a machine-based system that is designed to operate with varying levels of autonomy and that may exhibit adaptiveness after deployment, and that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments ("**AI System**"), will become subject to additional requirements as required by Regulation (EU) 2024/1689 of June 13, 2024 on artificial intelligence (Artificial Intelligence Act, "**AI Act**") in the future.

Under the AI Act, AI Systems that are either intended to be used as a *safety component* of a medical device, *i.e.* a component of a product or of an AI System which fulfils a safety function for that product or AI System, or the failure or malfunctioning of which endangers the health and safety of persons or property, or are the medical device itself, classify as a high-risk AI System, if the medical device is classified as Class IIa or above under the EU MDR. High-risk AI Systems must comply with certain requirements as set out in Chapter III Section 2 of the AI Act related to a risk management system, data governance, technical documentation, record-keeping, transparency and provision of information, human oversight as well as accuracy, robustness and cybersecurity. While the AI Act foresees that the manufacturer of medical devices that are (or include) high-risk AI systems follow the relevant conformity assessment procedure as required under the EU MDR, it requires the conformity assessment procedure to cover the requirements for a high-risk AI System as mentioned above. In this regard, the AI Act allows integration, as appropriate, of the necessary testing and reporting processes, information and documentation they provide with regard to their product into documentation and procedures that already exist and are required under the EU MDR.

The AI Act has entered into force as of the date of this Prospectus with some provisions being applicable already for EU countries. The AI Act will be fully applicable from August 2, 2026, with the exception of Article 6, paragraph 1 relating to high-risk AI Systems, which will be applicable from August 2, 2027; recertification by a Notified Body, as applicable, must be completed by this date at the latest.

13.2.2 Post-approval requirements

For each device, manufacturers are obliged to plan, establish, document, implement, maintain and update a post-market surveillance system in a manner that is proportionate to the risk class and appropriate for the type of device. That system shall be an integral part of the manufacturer's quality management system and based on a post-market surveillance plan. The post-market surveillance system shall be suited to actively and systematically gathering, recording and analyzing relevant data on the quality, performance and safety of a device throughout its entire lifetime, and to drawing the necessary conclusions and to determining, implementing and monitoring any preventive and corrective actions. Throughout the lifetime of the device, manufacturers of Class IIa, Class IIb and Class III devices shall prepare a periodic safety update report (PSUR) summarizing the results and conclusions of the analyses of the post-market surveillance data together with a rationale and description of any preventive and corrective actions taken.

Once the product has been placed on the market in the EU/EEA, the manufacturer must comply with requirements for reporting serious incidents and field safety corrective actions associated with the medical device. The manufacturers must maintain a vigilance system that enables them to notify relevant regulatory authorities of serious incidents, or a recall of the relevant product. This includes obligations to submit reports to the relevant national competent authorities for recording and evaluating when serious incidents occur, for disseminating information that could be used to prevent a recurrence of the incident or to alleviate its consequences, and, where appropriate, for implementing corrective actions to reduce the risk of death or serious injury associated with the use of the device (such as a product recall). Furthermore, manufacturers shall report any statistically significant increase in the frequency or severity of incidents that are not serious incidents or that are expected undesirable side-effects that could have a significant impact on the benefit-risk analysis, and that have led or may lead to risks to the health or safety of patients, users or other persons that are unacceptable when weighed against the intended benefits.

Each EU Member State's competent authorities, as well as the relevant Notified Bodies, have broad regulatory enforcement powers. The competent authorities shall perform appropriate checks on the conformity characteristics and performance of devices including, where appropriate, a review of documentation and physical or laboratory checks on the basis of adequate samples. The Notified Bodies may conduct unannounced inspections and general surveillance visits to review the quality management systems to ensure continued compliance with applicable standards. Class IIa and IIb technical documentations are selected and reviewed annually to ensure changes to the products remain compliant with regulations. Class III devices undergo a full review every five years to determine compliance with regulations and to ensure that life-cycle changes are correctly handled. All inspections and audits

may also include the relevant manufacturing and research and development facilities of some of the subcontractors, where designated ‘‘critical’’ by the relevant competent authority.

13.2.3 Reimbursement

The EU has no uniform regulatory regime regarding reimbursements. Reimbursements for medical products, including medical devices, are therefore mainly regulated by the EU Member States.

Germany’s healthcare system is organized through statutory health insurance (“**SHI**”) and private health insurance, with nearly 90% of the German population covered by SHI (source: Federal Health Statistics 2025). In-patient care reimbursement primarily uses the German Diagnosis Related Group (“**G-DRG**”) system, a flat-rate remuneration system based on real-life cost data from reference hospitals. All G-DRG values are recalculated yearly. Hospitals receive a lump sum per patient case covering admission, surgery preparation, treatment procedures, and patient hospitalization costs. Supplemental reimbursements are available for new diagnosis and treatment methods (*Neue Untersuchungs- und Behandlungsmethoden*, *NUB*).

In December 2024, the Hospital Care Improvement Act (*Krankenhausversorgungsverbesserungsgesetz*) entered into force. The new legislation will replace the current G-DRG system with a new remuneration system combining flat-rate allowances and performance-related payments. In addition, clinics are to meet certain quality criteria in the future in order to be assigned to a so-called performance group, which determines the amount of performance remuneration. Under the reform, hospitals will receive 60% of their remuneration from performance-related systems, and 40% from flat-rate allowances (source: Hospital Reform Answers 2025). In the coalition agreement dated April 9, 2025, the German federal government has announced to continue the reform, with some adjustments to be made by the summer of 2025.

Reimbursement eligibility for medical devices generally follows the “cost-efficiency principle” pursuant to Section 12(1) of the fifth book of the German Social Code (*Sozialgesetzbuch*, “**SGB V**”). Medical devices or the medical procedures or therapies delivered with them may be considered as novel and, despite having obtained a CE Mark, still lack sufficient clinical and practical prevalence or evidence to be eligible for reimbursement. Payors, in the first place SHIs, may require that the procedures carried out with these devices be first endorsed by acknowledged medical associations or that special studies are performed to demonstrate health benefits to patients. Even if there is sufficient clinical and practical prevalence, reimbursement may not be achieved if an alternative treatment that is functionally equally suitable is available and cheaper (cost-efficiency principle).

Additionally, reimbursement routes vary based on treatment type (outpatient or inpatient) and fee schedule codes/categories. Reimbursement for medical devices can take many years to accomplish, or may even never be achieved. Furthermore, changes in reimbursement practices that are not currently foreseeable may arise under the new Hospital Care Improvement Act.

13.2.4 Data protection and security

The EU’s General Data Protection Regulation (“**GDPR**”) sets out the legal framework for the processing of personal data. It imposes strict obligations and restrictions on the ability to collect, use, analyze, store or transfer personal data. Any processing of personal data requires a valid legal basis (*e.g.*, consent or, where applicable, legitimate interests, provided that such interests are not overridden by the interests of the data subject). The GDPR establishes rules regarding, for example, data subject rights, data breach notification, accountability, international data transfers and the appointment of a data protection officer, where applicable. The principles of privacy by design and by default must be observed. With respect to the processing of sensitive data relating to individuals (for example, a patients’ health or medical information), more stringent rules apply, limiting the circumstances and the manner in which it is legally permitted to process data. In particular, in order to process such data, in the context of the Group’s business, explicit consent to the processing (including any transfer) from the data subject (an identified or identifiable natural person to whom the personal data relates) is generally required.

There are strict sanctions in case of violations of these requirements: non-compliance may result in administrative fines, civil liability, and, where applicable, criminal sanctions. Administrative fines vary based on the specific articles violated; the maximum fine can, in some cases, amount to EUR 20 million or up to 4% of the undertaking's total worldwide annual turnover of the preceding fiscal year, whichever is higher, for each infringement and, in other cases, can amount to EUR 10 million or 2% of the undertaking's total worldwide annual turnover of the preceding fiscal year, whichever is higher. Furthermore, complaints raised by data subjects may lead to damage claims, reputational damage and/or trigger audits conducted by the competent data protection authority or supervisory action (such as an order to cease and desist). Additional penalties may apply, such as the deprivation of profits (*Gewinnabschöpfung*).

The GDPR imposes comprehensive regulations that apply to the processing of personal data in the context of the activities of an establishment of an entity in the EU, regardless of whether the data processing takes place within the EU or not, and also to entities not established in the EU, where the processing activities are related to the offering of goods or services to individuals in the EU, or monitoring of their behavior as far as their behavior takes place within the EU. Specifically, the regulation covers both data controllers (those who determine the purposes and means of processing personal data) and data processors (those who process personal data on behalf of the controller). One of the key principles under the GDPR is that personal data may only be collected for clearly defined, legitimate purposes. Furthermore, the data can only be processed in a manner that aligns with these purposes and must be based on legal grounds outlined in the GDPR or local laws.

Personal data must also be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed. It must be handled in a way that ensures appropriate security. Personal data should not be transferred outside of the EU unless the stringent requirements laid down in the GDPR on third country data transfers are complied with and appropriate steps are taken to ensure an adequate level of protection. Additionally, personal data must not be retained longer than necessary for the purposes of its collection or further processing.

The national data protection laws of EU Member States (*e.g.*, the German Federal Data Protection Act (*Bundesdatenschutzgesetz* – BDSG)) also supplement the GDPR. The Directive (EU) 2022/2555 of the European Parliament and of the Council of December 14, 2022, on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 ("**NIS 2 Directive**") aims to strengthen cybersecurity requirements for providers of critical infrastructure and essential services (including certain health care service providers) and harmonize the related sanction regimes of the EU Member States. The NIS 2 Directive set a deadline of October 18, 2024 for transposition into national law; this deadline was, however, not met in Germany. At present, therefore, previous laws implementing the preceding NIS Directive remain in force in Germany, though they may be replaced by updated versions during the course of 2025 or 2026.

Directive 2002/58/EC on privacy and electronic communications ("**ePrivacy Directive**"), amended by Directive 2009/136/EC, aims at harmonizing the provisions of the EU Member States required to ensure an equivalent level of protection of fundamental rights and freedoms, and in particular the right to privacy, with respect to the processing of personal data in the electronic communication sector and to ensure the free movement of such data and of electronic communication equipment and services in the EU. The ePrivacy Directive concerns the provision of electronic communications networks and services to end-users and specifies rights of end-users and the corresponding obligations of undertakings providing publicly available electronic communications networks and services, and specifically applies to the processing of personal data in connection with the provision of such publicly available electronic communications services in public communications networks.

The ePrivacy Directive currently is mainly implemented in Germany, in particular, by the German Telecommunications Digital Services Data Protection Act (*Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz,* "**TDSDPA**"). The TDSDPA combines data privacy regulations formerly set forth in the Telemedia Act (*Telemediengesetz*) and the Telecommunications Act (*Telekommunikationsgesetz*) with data privacy regulations applicable to digital services. It notably provides for numerous data privacy provisions, including on the storage of

information in the terminal equipment of end users or access to such information, consent management, and penalties and fines for violation of the TDSDPA's provisions.

The Directive (EU) 2024/2847 of the European Parliament and of the Council of October 23, 2024 on horizontal cybersecurity requirements for products with digital elements and amending Regulations (EU) No 168/2013 and (EU) No 2019/1020 and Directive (EU) 2020/1828 (Cyber Resilience Act) aims to enhance the cybersecurity of digital products and in particular requires manufacturers and providers to address cybersecurity risks throughout the product life-cycle, ensure timely updates, and strengthen the resilience of digital products against cyber threats. Additionally, in Germany, the C5 (Cloud Computing Compliance Criteria Catalogue) published by the Federal Office for Information Security (*Bundesamt für Sicherheit in der Informationstechnik*, "**BSI**") specifies minimum requirements for secure cloud computing by German government agencies, organizations that work with the government and healthcare providers (*e.g.*, hospitals). Though non-binding on many private-sector companies, according to BSI, it has been increasingly adopted by the private sector.

13.2.5 Fraud, transparency and advertising

Fraud and abuse

Fraud and abuse legislation is absent at the EU level; EU Member States criminalize this conduct. The German Criminal Code, the SGB V and the state rules for professional conduct of physicians prohibit promising, granting, receiving or offering any payment or other advantage in turn for recommending, prescribing or supplying medical aids or devices. Any circumvention of the regulations is prohibited as well. These requirements aim to prevent any inadequate influence by companies on the physicians' practice of prescribing treatments and products or other procurement decisions by prohibiting the provision of improper economic benefits to physicians.

The potential legal consequences of an infringement of these regulations include criminal liability (imprisonment or fines) for the person acting or nullification of legal agreements. In addition, violations may also be deemed to constitute an infringement of the German Unfair Competition Act (*Gesetz gegen den unlauteren Wettbewerb*, UWG), which prohibits unfair business practices. The violation of the Unfair Competition Act, may, in turn, *inter alia*, result in injunctive relief, liability for damages, criminal conviction and reputational harm. Furthermore, the offering or receipt of payments or other incentives may be subject to criminal sanctions.

Sunshine-type regulations

Several countries in the EU have enacted sunshine-type regulations to increase the transparency of financial relationships between the healthcare industry and providers. In principle, these regulations prescribe transparency, such as with respect to certain payments and other transfers of value made to physicians and other Healthcare Professionals and healthcare organizations, but vary from country-to-country. In Germany, there is no explicit legal obligation imposed by law in respect of such transparency requirements. Rather the pharmaceutical and medical technology industry is bound to self-commitments of industry associations (applying to its member companies), such as the *BVMed Medizinproduktekodex*.

Advertising and promotion

The advertising and promotion of medical devices is subject to additional EEA Directives concerning misleading and comparative advertising and unfair commercial practices, as well as other member states of the EEA legislation governing the advertising and promotion of medical devices, such as the German Medical Product Advertisement Act (*Heilmittelwerbegesetz*, "**HWG**"), which includes numerous prohibitions and restrictions. Among other things, it prohibits misleading advertising of medical devices and restricts the offer and granting of gifts or other advantages in connection with promotional activities. The HWG contains further restrictions for advertisements addressing persons other than healthcare professionals. Infringements of the HWG may be punished as an administrative offense; violations of the prohibition of misleading advertisement may even result in one year of imprisonment. Further,

infringements may constitute an infringement of the Unfair Competition Act. This may result in injunctive relief and liability for damages.

13.2.6 Safety and environmental

Waste Management and Industrial and Environmental Control

In Germany, the Group is subject to several national environmental laws and regulations in respect of its operations, properties, products and waste including, in particular, the German Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*) and related ordinances, the German Water Resources Act (*Wasserhaushaltsgesetz*), the German Chemicals Act (*Chemikaliengesetz*), the German Federal Soil Protection Act (*Bundes-Bodenschutzgesetz*), and the German Closed Substance Cycle Waste Management Act (*Kreislaufwirtschaftsgesetz*, "**KrWG**") and related ordinances, which in each case in part implement or supplement requirements under EU law. The KrWG places the general obligation on waste generators and owners to recover or, if proper recovery is not possible or economically unreasonable, properly dispose of their respective waste. Furthermore, *inter alia*, generators, owners, collectors and transporters of waste must demonstrate to the competent authority and to other parties that they have properly disposed of hazardous waste and, subject to a respective order by the competent authority, also of non-hazardous waste.

Additionally, Directive 2012/19/EU on waste electric and electronic equipment, also known as the WEEE Directive, governs the recovery of electric and electronic equipment within the European Union, providing for ambitious recovery, reuse and recycling rates and requires that manufacturers cover all, or a significant part of, the costs associated with recovery, reuse and recycling measures. The WEEE Directive has been transposed into German law by the Electric and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz*).

Batteries Regulation

The EU has adopted Regulation (EU) 2023/1542 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC ("**Batteries Regulation**") governing the treatment of batteries in the EU throughout their life-cycle, from design to disposal. The Batteries Regulation lays down requirements on sustainability, safety, labeling, marking and information to allow the placing on the market or putting into service of batteries in the EU, including, *inter alia*, carbon footprint rules, minimum recycled content, performance and durability criteria as well as safety standards for batteries. It also includes minimum requirements for extended producer responsibility, the collection and treatment of waste batteries and reporting. Notably, any producer of products incorporating portable batteries must ensure that those batteries are readily removable and replaceable by the end-user at any time during the lifetime of the product; such batteries must also be accompanied by instructions and safety information regarding the use, removal and replacement of the batteries. Certain medical imaging and radiosurgery devices may derogate from this requirement in such a way that the batteries may only be removed and replaced by independent professionals.

Regulation of Chemicals and Hazardous Substances

The Group is subject to the EU Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals (Regulation (EC) No 1907/2006 ("**REACH**")) and Regulation on Classification, Labelling and Packaging of Substances and Mixtures (Regulation (EC) No 1272/2008 ("**CLP**")). REACH requires manufacturers and importers of chemicals to identify and manage risks linked to the substances they manufacture or import and place on the market, to submit a registration dossier for substances manufactured or imported in quantities of one ton or more per year per company, and to provide their downstream users with the risk information they need to be able to use the substances safely. In addition, for "substances of very high concern" ("**SVHC**"), REACH may either require authorization for further use or impose restrictions in the future, which may delay or increase the costs of operations. For SVHC which are contained in articles with a concentration of ≥0.1% (w/w), recipients of the articles must be informed pro-actively to allow safe use of the article. Such information must also be provided, upon request, to a

consumer within 45 days of the receipt of the request. Under certain circumstances, a notification to the European Chemicals Agency (ECHA) is required. CLP complements REACH by requiring suppliers of substances and mixtures, including manufacturers, downstream users and distributors, to apply harmonized criteria to their classification, labeling and packaging. In recent years, the substance group of per- and polyfluoroalkyl substances (PFAS) has been subject to increasing regulatory scrutiny. A restriction proposal under REACH aiming at a general ban of PFAS in their entirety (subject to certain defined derogations) is currently in the legislative process.

The Group must also comply with the Stockholm Convention on Persistent Organic Pollutants, which the European Union adopted as Regulation (EU) 2019/1021 (POP Regulation), restricting or, in some cases, prohibiting the production, placing on the market, release and use of numerous persistent organic pollutants, and the Biocidal Product Regulation (Regulation (EU) 528/2012), which regulates placing on the market and use of biocides and anti-microbial substances. In addition, the Group must comply with Directive 2011/65/EU (RoHS Directive) on the restriction of the use of certain hazardous substances, such as lead, mercury, hexavalent chromium, and cadmium in electrical and electronic equipment, which has been transposed into German law by the Ordinance on the Restriction of Use of Hazardous Substances in Electrical and Electronic Equipment (*Elektro- und Elektronikgeräte-Stoff-Verordnung*).

Health and Safety

In all jurisdictions in which it operates, the Group must comply with applicable laws and regulations to protect employees against occupational injuries. Under such laws and regulations, employers typically must establish and maintain working conditions that effectively prevent danger to employees. In particular, employers must comply with certain medical and hygiene standards and meet certain health and safety requirements at work, such as carrying out risk assessments and deriving measures for the safety of employees. This is based, for example, on permissible maximum values for noise at the workplace, regulations for the use of personal protective equipment and requirements for ambient temperature, ventilation and lighting, as well as working time and work break regulations.

At the European Union level, Directive 98/24/EC, *inter alia*, seeks to protect employees from hazards relating to dangerous substances. In Germany, the Occupational Health and Safety Act (*Arbeitsschutzgesetz*), the Industrial Safety Regulation (*Betriebssicherheitsverordnung*), the Hazardous Substances Ordinance (*Gefahrstoffverordnung*), the Ordinance on Workplaces (*Arbeitsstättenverordnung*) and the Technical Rules for Hazardous Substances (*Technische Regel für Gefahrstoffe*), as well as further specific regulations, in part based on EU directives, regulate aspects of the Group's facilities.

Radiation Protection

Additionally, the Group is subject to the requirements of radiation protection laws, in particular the Directive 2013/59/Euratom laying down the basic safety standards for protection against the dangers arising from exposure to ionizing radiation and the German Act on the Protection Against the Harmful Effect of Ionizing Radiation (*Strahlenschutzgesetz*) ("**Radiation Protection Act**"). Under the Radiation Protection Act, *inter alia*, the construction of, or significant changes to, an installation for the generation of ionizing radiation of specific types as well as the handling of radioactive substances require a prior license by the competent authority. The operation of X-ray equipment must be notified to and, in certain cases, also requires a license by the competent authority. Furthermore, the use of radioactive substances or ionizing radiation on humans for the purpose of medical research principally requires a license by the Federal Office for Radiation Protection (*Bundesamt für Strahlenschutz*). The Radiation Protection Act, along with the Ordinance on the Protection Against the Harmful Effect of Ionizing Radiation (*Strahlenschutzverordnung*) also includes, *inter alia*, general requirements for the operational organization of radiation protection and for activities in connection with the exposure to ionizing radiation.

13.3 United States

13.3.1 Product approval process

FDA regulation in general

All medical devices sold in the United States are subject to the Food, Drug and Cosmetic Act ("**FDCA**") as implemented and enforced by the Food and Drug Administration ("**FDA**"). Among other responsibilities, the FDA regulates the following activities to ensure that medical products commercially distributed in the United States are safe and effective for their intended uses:

- product design, development, manufacture, storage and distribution;
- non-clinical and clinical testing of products;
- record-keeping procedures;
- labelling and packaging;
- product marketing, sales, advertising and promotion;
- post-marketing surveillance or post-market studies;
- complaint handling and medical device reporting of certain product-related deaths and serious injuries and device malfunctions;
- removal or correction of field products; and
- import and export of products.

There are numerous FDA medical device regulatory requirements applicable to medical devices and the companies that manufacture and market them. These requirements include:

- device establishment registration and product listing, which help facilitate FDA inspections and other regulatory action;
- the Quality System Regulation ("**QSR**"), which requires device manufacturers, including third-party contract manufacturers, to follow stringent design, production, testing, control, documentation and other quality assurance procedures during all applicable aspects of the manufacturing process;
- device labelling regulations and, in many cases, FDA prohibitions against the promotion of uncleared or unapproved products or ''off-label'' uses of cleared or approved products;
- premarketing clearance, approval or authorization of new products or certain product modifications;
- the medical device reporting regulations, which require that manufacturers report if their device may have caused or contributed to a death or serious injury, or has malfunctioned in a way that would be likely to cause or contribute to a death or serious injury if the malfunction of the device (or a similar device of the manufacturer) were to recur;
- post-approval restrictions or conditions, including, in some cases, post-approval study commitments;
- post-market surveillance regulations, which apply in certain cases when necessary to protect public health or to provide additional safety and effectiveness data for a device; and
- regulations governing reporting of corrections or removals of field products.

FDA marketing approval, clearance or authorization of medical devices

Unless an exemption applies, each medical device commercially distributed in the United States requires marketing authorization through one of the FDA's premarket review mechanisms. The three main mechanisms are FDA clearance of a premarket notification (510(k)) submission, FDA approval of a premarket approval application ("**PMA**") and FDA "*de novo*" classification of a device. The Group's products primarily require either a 510(k) submission or *de novo* classification. The FDCA classifies medical devices into one of the following three classes depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness:

- Class I: includes devices with the lowest risk to the patient or user. These are devices whose safety and effectiveness can be assured by adherence to the FDA's general controls for medical devices. These general controls include: compliance with the applicable portions of the QSR; establishment of registration and product listing requirements; medical device reporting requirements; labelling requirements; 510(k) requirements (if applicable); and removal/correction reporting requirements. Most Class I devices are exempt from the 510(k) requirement, and some are exempt from most QSR provisions.

- Class II: includes devices that are subject to the FDA's general controls, and special controls as deemed necessary by the FDA, to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents. Manufacturers of many Class II devices are required to file a 510(k) submission with the FDA requesting permission to commercially distribute their device in the United States.

- Class III: includes devices deemed by the FDA to pose the greatest risks. These devices can include certain life sustaining or life supporting devices, and some implantable devices, as well as some devices that have a new intended use or use advanced technology that is not substantially equivalent to that of a legally marketed non-PMA device. They generally require compliance with the FDA's general controls and PMA approval (as opposed to 510(k) clearance) from the FDA.

510(k) clearance

In order to clear the proposed device for marketing in the United States through the 510(k) clearance process, the FDA must determine that a proposed device is substantially equivalent in its intended use, technology and safety and effectiveness to a ''predicate device." A predicate device is:

- a previously cleared 510(k) device;

- a device authorized for marketing through the *de novo* classification review process described below; or

- a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of PMA applications.

After a 510(k) premarket notification is submitted, the FDA determines whether to accept it for substantive review. The FDA will refuse to accept the 510(k) notification if it lacks necessary information for substantive review. If it is accepted for filing, the FDA begins a substantive review of the proposed device's substantial equivalency to the predicate device. A manufacturer can also submit a petition for direct *de novo* review if the manufacturer is unable to identify an appropriate predicate device and the new device or new use of the device presents a moderate or low risk. If the FDA determines that the device is not substantially equivalent to a predicate device, or if the device is automatically classified into Class III, the device sponsor must then fulfill the much more rigorous premarketing requirements of the PMA approval process, or seek reclassification of the device through the *de novo* process.

By statute, the FDA is required to complete its review of a 510(k) notification within 90 days of receiving the 510(k) notification. As a practical matter, if the FDA requires additional information, clearance often takes far longer, and

clearance is never assured. Although most 510(k) premarket notifications are cleared without clinical data, the FDA may require further information, including clinical data, to make a determination regarding substantial equivalence, which may significantly prolong the review process. If the FDA agrees that the device is substantially equivalent, it will grant clearance to commercially market the device.

13.3.2 Post-approval requirements

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a new or major change in its intended use, will require a new 510(k) submission clearance or, depending on the modification, could require a *de novo* classification request or PMA application. The FDA allows each manufacturer to make this determination initially, but the FDA can review any such decision and can disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination regarding whether a new 510(k) or other premarket submission is required for the modification of an existing device, the FDA can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or other approval or authorization is obtained. In addition, in these circumstances, the FDA can impose significant regulatory fines or penalties for failure to submit the requisite marketing application.

The FDA has broad regulatory compliance and enforcement powers. The FDA may conduct announced or unannounced inspections to determine compliance with the QSR and other regulatory requirements, and these inspections may also include the facilities of contract manufacturers, among other possible parties. Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA or other regulatory authorities, which may result in sanctions including, but not limited to:

- untitled compliance letters, warning letters, fines, administrative detentions, seizures, injunctions, consent decrees and civil penalties;
- customer notifications with repair, replacement, and/or refund of products;
- recall of products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying 510(k) clearance or de novo classification of new products or modified products;
- withdrawal of approval that has already been granted; or
- criminal prosecution.

Addressing or defending against such actions by the FDA can trigger unanticipated costs and expenses; see "*1.3.2 In the United States, the FDA and other regulatory agencies actively enforce the laws and regulations governing the development, approval and commercialization of medical devices. If the Group is found to have failed to comply with these laws and regulations, it may become subject to significant liability and restricted market access.*"

The FDA, in cooperation with U.S. Customs and Border Protection ("**CBP**"), also administers controls over the import of medical devices into the United States. The FDA, in cooperation with CBP, can inspect medical devices offered for import and impose sanctions for non-compliance, such as refusal of admission or placing all or some of a company's products on automatic detention upon offer for import. In addition, there are also foreign trade controls administered by certain U.S. government agencies, including the Bureau of Industry and Security within the U.S. Commerce Department and the Office of Foreign Assets Control within the U.S. Treasury Department (OFAC).

After a device is cleared, approved or otherwise authorized for marketing in the United States by the FDA, numerous and pervasive regulatory requirements continue to apply. These include but are not limited to:

- device establishment registration and product listing with the FDA;

- QSR requirements, which require manufacturers, including contract manufacturers, to follow stringent design, production, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process as applicable. QSR also requires, among other things, maintenance of a device master file, device history file and complaint files;
- labelling regulations and FDA prohibitions (in many cases) against the promotion of investigational products, or ''off-label'' uses of cleared or approved products;
- other requirements related to promotional activities;
- clearance of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness of the device or that would constitute a major change in intended use of a cleared device and supplemental approval or authorization of certain modifications to *de novo* and PMA devices;
- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury if the malfunction were to recur;
- correction and removal reporting regulations, which require that manufacturers and other parties report to the FDA corrections and removals of field product undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- the FDA's recall authority, whereby the agency can order device manufacturers to recall a product from the market under certain circumstances; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

13.3.3 Reimbursement

Healthcare providers and patients in the United States generally rely on third-party payors, including both private and governmental payors, such as the Medicare and Medicaid programs, to cover and reimburse all or part of the cost of a procedure in which the Group's products are used. Sales volumes and prices of products depend in large part on the availability of coverage and adequacy of reimbursement from such payors. The Medicare and Medicaid programs increasingly are used as models in the United States for how private payors and other governmental payors develop their coverage and reimbursement policies for medical devices. Furthermore, funding for governmental insurance policies may vary from state to state and from year to year.

A key factor in determining whether the appropriate payment amount is received for physician and other services is the existence of a Current Procedural Terminology ("**CPT**") code, to describe the procedure in which the product is used. To receive payment, healthcare practitioners must submit claims to insurers using these codes for payment for medical services. CPT codes are assigned, maintained and annually updated by the American Medical Association and its CPT Editorial Board.

Some payors are moving toward a managed care system and control their healthcare costs by limiting authorizations for certain procedures, including elective procedures. Although no uniform policy of coverage and reimbursement among payors in the United States exists and coverage and reimbursement for procedures can differ significantly from payors to payor, reimbursement decisions by particular third-party payors may depend upon a number of factors, including the payor's determination that use of a product or procedure using a product is: (i) a covered benefit under its health plan; (ii) appropriate and medically necessary for the specific indication; (iii) cost-effective; and (iv) neither experimental nor investigational.

Third-party payors are increasingly auditing and challenging the prices charged for medical products and services with concern for upcoding, miscoding, using inappropriate modifiers, or billing for inappropriate care settings. Some third-party payors must approve coverage for new or innovative devices or procedures before they will reimburse healthcare providers who use the products or therapies.

13.3.4 Data protection and security

In the United States, a complicated patchwork of state and federal information security laws set baseline security requirements for sensitive personal data, mandating physical, technical, and administrative safeguards, as well as data breach reporting obligations in the event of an incident. To the extent the Group is treated as a "business associate" that processes protected health information ("**PHI**") on behalf of a "covered entity" under the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), the Group would be required to comply with the HIPAA security rule. The Group's compliance obligations stem in part from the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009, which bolsters HIPAA by applying the HIPAA security rule and the HIPAA privacy rule directly to business associates. The HIPAA security rule requires business associates and covered entities to: ensure the confidentiality, integrity, and availability of all PHI they create, receive, maintain, or transmit; protect against reasonably anticipated threats to the security or integrity of PHI; protect against reasonably anticipated, impermissible uses or disclosures of PHI; and ensure compliance by their workforce.

In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts. Many state legislatures have adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security and data breaches. All states now have laws requiring businesses to provide notice to customers whose sensitive personally identifiable information has been disclosed as a result of a data breach (*e.g.*, information which, if exposed, could give rise to a risk of identity theft or fraud), leading to an inconsistent patchwork of standards regarding timing of notices, thresholds for what triggers a need to notify consumers (and regulators), and other material matters. In addition, a growing number of states have taken an interest in legislating general privacy matters, in the absence of a single comprehensive federal privacy law.

13.3.5 Fraud, transparency and advertising

Anti-kickback laws

In the United States, federal and state anti-kickback laws prohibit the offering, paying, soliciting, or receiving remuneration (anything of value) intended to induce or reward the purchase of healthcare products and services the use of which is reimbursable by federal or state healthcare programs. These laws are applicable to manufacturers of products regulated by the FDA and hospitals, physicians and other potential purchasers of such products.

False claims and civil monetary penalties laws

The U.S. federal False Claims Act prohibits, among other things, any person or entity from knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment or approval to the U.S. government, knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the U.S. government or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the U.S. government. A claim includes "any request or demand" for money or property presented to the U.S. government. Actions under the False Claims Act may be brought by the government or as a *qui tam* action by a private individual in the name of the government. Violations of the False Claims Act can result in very significant monetary penalties and treble damages.

Physician Payment Sunshine Act

In past years, there has been an increased trend of federal and state awareness of payments made by medical device companies to physicians and other healthcare entities. The U.S. federal Physician Payments Sunshine Act requires medical device companies to track and report gifts, compensation and other remuneration paid to or on behalf of

physicians or hospitals. Certain manufacturers must also disclose ownership or investment interests held by any physicians or their immediate family members.

Advertising and Promotion

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. However, companies may share truthful and not misleading information that is otherwise consistent with a product's FDA-approved labeling. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

14 CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated entities in the Company's consolidated financial statements. Control exists if a shareholder owns more than one half of the voting rights in a company or, by virtue of an agreement, has the power to control the financial and operating policies of a company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures), as well as transactions with persons who have significant influence on a company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board or, after the SE-Conversion, the Administrative Board and close members of their families, as well as those entities over which the members of the Management Board or, after the SE-Conversion, the Administrative Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below are details of such transactions with related parties for the current financial year up to and including the date of this Prospectus and as of and for the financial years ended September 30, 2022, 2023 and 2024. Further information on related-party transactions, including quantitative amounts, are contained in note 14 to the Unaudited Condensed Consolidated Interim Financial Statements, note 29 to the Audited 2022/2023 Consolidated Financial Statements, note 32 to the Audited 2023/2024 Consolidated Financial Statements, which are included elsewhere in this Prospectus (see "21 Financial Information") and the Pro Forma Consolidated Financial Information (see "9 Pro Forma Consolidated Financial Information"). Business relationships between companies of the Group are not included.

14.1 Transactions with Related Parties

14.1.1 Relationships with the Snke Group

Since the Snke Spin-Off, the commercial relationship between the Group and the Snke Group focuses on (i) the development of certain new software and hardware products by Snke Group and the licensing of software and supply of hardware to the Company, and (ii) the maintenance of certain products of the Company by Snke Group. In addition, Snke Group will provide R&D services to the Company. Until its own infrastructure has been fully set up, Snke Group will partly use the Group's infrastructure to develop and maintain its products, and the Company will provide certain transitional services, including but not limited to R&D services to Snke Group for certain development projects for a limited period of time.

Specifically, the Company and Snke Group have entered into a number of agreements that will govern their relationship after the Snke Spin-off, including the development, license and supply agreement dated October 1, 2023, as amended ("**Development, License and Supply Agreement**"), the supply agreement which came into force effective March 1, 2025, as amended (the "**Supply Agreement**"), the maintenance services agreement dated October 1, 2023, as amended (the "**Maintenance Services Agreement**"), and the license and supply agreement dated March 26, 2025 between the Company and Snke, Inc. ("**License and Supply Agreement**"). Also, Snke, Inc. will provide R&D services to the Company under the R&D services agreement entered into on June 17, 2025 ("**R&D Services Agreement**"). Further agreements to cover a transition period are certain R&D services agreements where the Company provides R&D services to Snke Group, an agreement on access to the development environment to enable Snke Group employees to develop products in accordance with the Company's quality management (QM) system, and transitional services agreements between the Company and Snke OS GmbH as well as between local subsidiaries which cover several different services such as, by way of example, human resources, facility, finance and controlling services. During March 2025, additional contracts were entered into, including a (i) set-off agreement in connection with the License and Supply Agreement by an amount of EUR 12,450,000.00 (USD 13,431,000.60), (ii) a debt waiver to the amount of USD 10.0 million (EUR 9.2 million) between the Company and Snke, Inc., and (iii) the transfer of the Quentry technology to Snke Group at fair value by way of an asset purchase agreement.

14.1.1.1 Development, License and Supply Agreement with Snke OS GmbH

The Development, License and Supply Agreement regulates the cooperation between the companies regarding certain software component products and certain hardware components that Snke OS GmbH develops and licenses to the Company. The Development, License and Supply Agreement has an effective date of October 1, 2023 and was amended twice effective October 1, 2024, and once effective May 22, 2025. To enable Snke OS GmbH to, *inter alia*, develop, market and sell the covered products, the Company licenses its background IP, consisting of several copyrights and patents, to Snke OS GmbH on a non-exclusive, worldwide, perpetual, irrevocable, non-transferable and non-sublicensable basis. While Snke OS GmbH owns, respectively has the exclusive right to use, all IP developed under the agreement with respect to the products, the Company is granted with a non-exclusive, non-transferable, irrevocable and sublicensable right to, *inter alia*, market, sell or distribute these products either on a standalone basis or as component of the Company's products. The parties have agreed on a certain minimum compensation, which can be increased depending on the Company's revenue generated with such products. Also, the parties annually agree on a prepayment based on the Company's sales forecast. Up to 50% of the compensation may be credited against the pre-payments. The Development, License and Supply Agreement initially runs for five (5) years until September 30, 2028. The Company has an option to extend the initial term until September 30, 2030. Thereafter, the Development, License and Supply Agreement renews automatically for consecutive one (1) year periods. It can be terminated by either the Company or Snke OS GmbH with three (3) years prior written notice effective either (i) the end of the initial term, but only if the Company does not make use of its right to extend the initial term; (ii) September 30, 2030; or (iii) any anniversary thereof.

14.1.1.2 Supply Agreement with Snke OS GmbH

The Supply Agreement regulates the cooperation between the companies regarding certain software component products and certain hardware components that Snke OS GmbH develops and licenses to the Company without relying on any background IP of the Company. While Snke OS GmbH owns, respectively has the exclusive right to use, all IP developed under the agreement with respect to the products, the Company is granted a non-exclusive, non-transferable, irrevocable and sublicensable right to, *inter alia*, market, sell or distribute these products either on a standalone basis or as component of the Company's products. The compensation to be paid by the Company is determined by its revenues generated with such products. The agreement has an initial term of five (5) years. The Company has an option to extend the initial term until September 30, 2030. Thereafter, the Supply Agreement renews automatically for consecutive one (1) year periods. It can be terminated by either the Company or Snke OS GmbH with three (3) years prior written notice effective either (i) the initial term, but only if the Company does not make use of its right to extend the initial term; (ii) September 30, 2030; or (iii) any anniversary thereof.

14.1.1.3 Maintenance Services Agreement with Snke OS GmbH

Under the Maintenance Services Agreement, replacing a 2021 R&D services agreement, the Company and Snke OS GmbH agreed on the provision of various maintenance and development services including related project management and knowledge transfer which Snke OS GmbH provides to the Company with respect to certain software component products. The Maintenance Services Agreement has an effective date of October 1, 2023 and was amended effective October 1, 2024 and June 16, 2025. Under the Maintenance Services Agreement, the Company licenses its background IP, consisting of certain copyrights and patents, to Snke OS GmbH on a non-exclusive, worldwide, perpetual, irrevocable, non-transferable and non-sublicensable basis to enable Snke OS GmbH to fulfil its obligations under the Maintenance Services Agreement. Any IP developed by Snke OS GmbH in course of the provision of its services under this agreement is owned by the Company, provided that, if and to the extent an assignment of IP is legally not possible, for example in the case of IP protected by copyrights under German law, then the developed IP can be used by the Company under an exclusive, irrevocable, unconditional, transferable, sublicensable, worldwide and perpetual license. Where required to provide its services under this agreement, Snke OS GmbH is granted with a non-exclusive license to the developed IP. The agreement has an initial term of five (5) years until September 30, 2028. It automatically renews for one (1) year periods if not terminated by either party by

one (1) month prior written notice. The compensation, which is calculated on an annual basis, depends on the revenues the Company generates with the products and the parties annually agree on prepayment based on the Company's sales forecast.

14.1.1.4 License and Supply Agreement with Snke, Inc.

Under the License and Supply Agreement, Snke Inc. licenses certain "Snke Forms" products to the Company for sublicensing them to its end customers. Snke Forms provides a solution for the development, deployment and collection of patient reported outcomes and clinical data that offers a low-threshold tool to add structured data to the data ecosystems based on FHIR data formats. The Company is granted with a non-exclusive, non-transferable, irrevocable, and sublicensable license to use the Snke Forms products, which includes, *inter alia*, the rights to further develop the Snke Forms products, and market, sell, distribute and/or sublicense them either as integrated part of its own products, other Snke, Inc. products or on a standalone basis. During the agreement's term, Snke, Inc. provides the Company with maintenance services and shall develop, maintain, update and upgrade the Snke Forms products with commercially reasonable efforts. The Company's access to the Snke Forms products is secured by its option to initiate the negotiation of an escrow agreement. As compensation for the license and supply of the Snke Forms products, the Company had to pay EUR 12,450,000.00 (USD 13,431,000.60). In addition, as compensation for the maintenance services, Snke will receive 20% of the third party revenue that the Company achieves with the relevant Snke Forms products. The agreement runs for a fixed term until September 30, 2030.

On March 26, 2025, the Company and Snke, Inc. also entered into a set-off agreement, under which the parties agreed to set-off part of Snke, Inc.'s liability towards the Company under an existing intercompany loan by EUR 12,450,000.00 (USD 13,431,000.60) against the same amount which would otherwise have been payable by the Company under the License and Supply Agreement.

14.1.1.5 R&D Services Agreements

Snke, Inc. is providing R&D services to the Company under the restated and amended content development, license and marketing agreement dated May 27, 2020, as amended. On June 17, 2025, Snke, Inc. and the Company have entered into a new R&D services agreement ("**R&D Services Agreement**") effective October 1, 2024 in order to align the terms of R&D services that Snke, Inc. provides to the Company with the terms of the Maintenance Services Agreement, the Development, License and Supply Agreement, and other R&D services agreements between Snke Group and the Company. Under the R&D Services Agreement, the Company licenses its background IP, consisting of certain copyrights and patents, to Snke, Inc. on a non-exclusive, worldwide, perpetual, irrevocable, non-transferable and non-sublicensable basis to enable Snke, Inc. to fulfil its obligations under the R&D Services Agreement. Any IP developed by Snke, Inc. in the course of the provision of its services under this agreement is owned by the Company, provided that, if and to the extent an assignment of IP is legally not possible, for example in the case of IP protected by copyrights under German law, then the developed IP can be used by the Company under an exclusive, irrevocable, unconditional, transferable, sublicensable, worldwide and perpetual license. Where required to provide its services under this agreement, Snke, Inc. is granted with a non-exclusive license to the developed IP. The R&D Services Agreement has an initial term of five (5) years until September 30, 2029. The Company can extend the initial term until September 30, 2030 by giving 6 months written notice. Thereafter, the R&D Services Agreement automatically renews for one (1) year periods if not terminated by either party by one (1) month prior written notice. The compensation, which is calculated on an annual basis, depends on the revenues the Company generates with the products and the parties annually agree on prepayment based on the Company's sales forecast.

In addition, there are R&D services agreements in place between Brainlab Ltd. (Israel) and Snke OS GmbH as well as between the Company and Snke OS GmbH for the provision of certain development services by Brainlab Ltd. or the Company with respect to different Snke products and services. Any and all IP generated under such R&D services agreements will be owned by Snke OS GmbH, provided that, if and to the extent an assignment of IP is legally not

possible, for example in the case of IP protected by copyrights under German law, then the developed IP can be used by Snke OS GmbH under an exclusive, irrevocable, unconditional, transferable, sublicensable, worldwide and perpetual license. Where required to provide its services under this agreement, the Company is granted with a non-exclusive license to the developed IP.

14.1.1.6 Transitional Services Agreements and Intercompany Contract Amendments

The Company and the Snke Group entered into several transitional services agreements as well as reverse transitional services agreements relating to corporate services, including office space rental, IT software licenses, subscriptions and IT infrastructure, administrative services (including accounting and human resources), and quality management as well as an agreement on access to the development environment. See "*9 Pro Forma Consolidated Financial Information*" for more detail.

14.1.1.7 Shareholder Loans to the Snke Group after the Snke Spin-Off

The Company will continue to provide certain shareholder loans to the Snke Group after the Snke Spin-Off. See "*9 Pro Forma Consolidated Financial Information*" for further information.

14.1.1.8 Asset Transfer Agreement "Quentry" and Transitional as well as Reverse Transitional Services for Quentry

Effective March 28, 2025, the Company entered into an Asset Transfer Agreement for the Quentry technology, a cloud-based communication and collaboration platform, with Snke OS GmbH ("**APA Quentry**") under which the Company has sold and transferred certain assets related to the Quentry technology, and Snke OS GmbH grants the Company a non-exclusive, perpetual back-license to the Quentry technology for specific use cases.

In connection with the APA Quentry, in order to enable further development and maintenance of the Quentry technology, the Company and Snke OS GmbH have entered into (i) a transitional services agreement under which the Company provides quality management services for the Quentry technology to Snke OS GmbH, and (ii) a reverse transitional services agreement in order to enable the use of Quentry by the Company in accordance with the back-license for certain use cases.

14.1.2 Relationships with the Selling Shareholders

14.1.2.1 Indemnification and Cost Reimbursement Agreement

On June 23, 2025, the Company and the Selling Shareholders entered into an indemnification and cost reimbursement agreement (the "**ICRA**") regarding the allocation of liability and costs in connection with the Offering. Pursuant to the ICRA, the Company and the Selling Shareholders agreed to allocate the liability among the parties (*im Innenverhältnis*) for any liability claims in connection with the Offering in the following ratios: the liability ratio of the Company is based on the number of New Offer Shares placed in the Offering, the liability ratio of each Selling Shareholder is based on the number of Existing Offer Shares and Additional Shares placed by such Selling Shareholder in the Offering, in each case, as proportion from the aggregate number of Offer Shares finally placed in the Offering (excluding Over-Allotment Shares) (the "**Liability Ratio**"). The Company and the Selling Shareholders agreed to indemnify each other so that any liability claims in connection with the Offering are eventually allocated in accordance with the Liability Ratios. The Base Fee, the Discretionary Fees and certain costs and expenses of the Underwriters, the costs for the prospectus liability insurance in connection with the Offering as well as other costs in relation to the Offering, provided, however, that such fees, costs and expenses are necessary and reasonable for the successful conduct and consummation of the Offering and are not expressly excluded in the ICRA (together the "**Shared Costs**") are also borne and allocated between the Company and the Selling Shareholders in accordance with the Liability Ratio. It is further agreed in the ICRA that the Selling Shareholders bear further costs (other than the Shared Costs) incurred by themselves in connection with the Offering.

14.2 Management Compensation

For information on the service and other agreements concluded with the Management Board and the Supervisory Board or, after the SE-Conversion, the Managing Directors and the Administrative Board and the compensation of the Management Board and the Supervisory Board or, after the SE-Conversion, the Managing Directors and the Administrative Board, see "*18.2.3 Remuneration and other benefits*", *"18.8.3 Remuneration and other Benefits"*, *"18.3.4 Remuneration and Other Benefits of the Supervisory Board"* and "*18.9.4 Remuneration and Other Benefits of the Members of the Administrative Board*".

15 SHAREHOLDER INFORMATION

15.1 Current Shareholders

As of the date of this Prospectus, Stefan Vilsmeier (through SV2019 GmbH as his wholly-owned subsidiary, holding just over 50.0% of the voting rights in the Company), EMH Digital Growth Fund GmbH & Co. KG (directly holding 19.4% of the voting rights in the Company which are ultimately attributed to Maximilian Kuss), BMB Verwaltungsgesellschaft mbH (directly holding 12.6% of the voting rights in the Company), EMH Invest II GmbH & Co. KG (directly holding 8.5% of the voting rights in the Company), EMH Invest I GmbH & Co. KG (directly holding 7.3% of the voting rights in the Company) and other shareholders (holding in total 2.2% of the voting rights in the Company) hold 100.0% of the issued and outstanding share capital of the Company.

The following table sets out the (i) the direct shareholdings of the shareholders that directly hold an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 et seq. of the German Securities Trading Act, if these provisions were already applicable to the Company, as well as the direct holdings of Rainer Birkenbach (ii) the ultimate controlling shareholders of these shareholders within the meaning of Sections 33 et seq. of the German Securities Trading Act as of the date of this Prospectus, and following completion of the Offering, assuming (i) placement of all 2,000,000 New Offer Shares and all 2,000,000 Existing Offer Shares, but no placement of Over-Allotment Shares and Additional Shares and (ii) placement of all 2,000,000 New Offer Shares, all 2,000,000 Existing Offer Shares, all 600,000 Over-Allotment Shares (and full exercise of the Greenshoe Option) and all Additional Shares.

Ultimate Shareholder	**Direct Shareholder**	**Ownership**		
		As of the date of this Prospectus	**Upon completion of the Offering**	
			Assuming placement of all New Offer Shares and all Existing Offer Shares, but no placement of Over-Allotment Shares and Additional Shares	**Assuming placement of all New Offer Shares, all Existing Offer Shares and all Over-Allotment Shares (full exercise of the Greenshoe Option) and all Additional Shares**
			(*in %*)	
Stefan Vilsmeier	SV2019 GmbH[(1)]	50.0	43.5	42.6
	BMB Verwaltungsgesellschaft mbH[(2)]	12.6	10.7	10.7
Maximilian Kuss	EMH Digital Growth Fund GmbH & Co. KG[(3)]	19.4	12.3	8.8
	EMH Invest II GmbH & Co. KG [(4)]	8.5	7.6	7.6

EMH Invest I GmbH & Co. KG [5]	7.3	4.7	3.3
Rainer Birkenbach	0.4	0.3	0.3
Free Float[6]	1.8	20.8	26.6
Total	**100.0**	**100.0**	**100.0**

Notes:

[1] The voting rights held by SV2019 GmbH are ultimately attributed to Stefan Vilsmeier as its ultimate shareholder pursuant to Section 34 para. 1 of the Germany Securities Trading Act.

[2] Michael Bertram and his wife Bärbel Bertram each own 48.9% of the voting rights in BMB Verwaltungsgesellschaft mbH, the other shares with voting rights are held by their son Daniel Bertram.

[3] The voting rights held by EMH Digital Growth Fund GmbH & Co. KG are ultimately attributed to Maximilian Kuss indirectly through EMH GP I GmbH, EMH Partners GmbH, and Aragon GmbH pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Maximilian Kuss directly holds no voting rights in the Company. In addition, EMH Digital Growth Fund GmbH & Co. KG entered into separate agreements with each of EMH Invest I GmbH & Co. KG and EMH Invest II GmbH & Co. KG pursuant to which each party to the relevant agreement, among others, exercises its voting rights in the Company in coordination with the other party to the agreement. Thus, the voting rights held by EMH Invest I GmbH & Co. KG and EMH Invest II GmbH & Co. KG are each attributed to EMH Digital Growth Fund GmbH & Co. KG pursuant to Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) and ultimately to Maximilian Kuss as its ultimate shareholder, who consequently controls, in total, 35.2% of the voting rights in the Company.

[4] EMH Invest II GmbH & Co. KG does not have an ultimate beneficial owner pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In addition, EMH Invest II GmbH & Co. KG and EMH Digital Growth Fund GmbH & Co. KG entered into an agreement pursuant to which each party, among others, exercises its voting rights in the Company in coordination with the other party. Thus, the voting rights held by EMH Digital Growth Fund GmbH & Co. KG, including the voting rights held by EMH Invest I GmbH & Co. KG and attributed to EMH Digital Growth Fund GmbH & Co. KG pursuant to Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), are attributed to EMH Invest II GmbH & Co. KG pursuant to Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). As a result, EMH Invest II GmbH & Co. KG controls, in total, 35.2% of the voting rights in the Company.

[5] EMH Invest I GmbH & Co. KG does not have an ultimate beneficial owner pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In addition, EMH Invest I GmbH & Co. KG and EMH Digital Growth Fund GmbH & Co. KG entered into an agreement pursuant to which each party, among others, exercises its voting rights in the Company in coordination with the other party. Thus, the voting rights held by EMH Digital Growth Fund GmbH & Co. KG, including the voting rights held by EMH Invest II GmbH & Co. KG and attributed to EMH Digital Growth Fund GmbH & Co. KG pursuant to Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), are attributed to EMH Invest I GmbH & Co. KG pursuant to Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). As a result, EMH Invest I GmbH & Co. KG controls, in total, 35.2% of the voting rights in the Company.

[6] Collectively refers to other shareholders individually holding less than 3% of the voting rights in the Company immediately prior to the Offering, as of the date of this Prospectus and upon settlement of the Offering.

15.2 Controlling Interest

As of the date of this Prospectus, SV, through SV2019 GmbH, holds an (indirect) controlling influence (*beherrschenden Einfluss*) in the Company.

SV, indirectly through SV2019 GmbH, will continue to hold an (indirect) controlling influence (*beherrschenden Einfluss*) in the Company following the completion of the Offering (as defined below).

As SV2019 GmbH is a wholly owned subsidiary of SV, the voting rights attached to 42.6% of the Brainlab Shares (assuming full exercise of the Greenshoe Option and the Upsize Option) held by SV2019 GmbH after the completion of the Offering will be attributed to SV pursuant to Section 30 para. 1 sentence 1 no. 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*; "**WpÜG**") in conjunction with Section 290 para. 2 no. 1 of the German Commercial Code (*Handelsgesetzbuch*; "**HGB**"). Therefore, SV will be considered to hold 42.6% of the voting rights in the Company, which qualifies as control (*Kontrolle*) under Section 29 para. 2 WpÜG.

SV, SV2019 GmbH, Michael Bertram, who holds approx. 0.5% of the voting rights in the Brainlab Shares, and BMB Verwaltungsgesellschaft mbH have agreed to generally exercise their voting rights in alignment in the Voting Commitment Agreement dated March 31, 2025, with the exception of certain matters on which voting rights may be exercised at the parties' own discretion if no unanimous decision can be reached. The Voting Commitment Agreement

has an initial term until December 31, 2029 and provides for certain restrictions on the disposal of Brainlab Shares by each party of the Voting Commitment Agreement.

The entering into the Voting Commitment Agreement is considered to result in an acting in concert within the meaning of Section 30 para. 2 of the WpÜG. Therefore, as of the date of this Prospectus, each of SV, SV2019 GmbH, Michael Bertram and BMB Verwaltungsgesellschaft is considered to hold 63.1% of the Brainlab Shares, each of which qualifies as control (*Kontrolle*) under Section 29 para. 2 WpÜG.

Following the completion of the Offering and assuming full exercise of the Greenshoe Option and the Upsize Option, each of SV, SV2019 GmbH, Michael Bertram and BMB Verwaltungsgesellschaft will be considered to hold 53.7% of the Brainlab Shares, each of which qualifies as control (*Kontrolle*) under Section 29 para. 2 WpÜG.

16 GENERAL INFORMATION ON THE GROUP

16.1 Establishment, Formation and History

The Company is registered under HRB 135401 in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Munich, Germany. The Company (formerly operating under the name "Brainlab Holding AG") became operational as the acquiring entity as a result of the merger with BrainLAB Aktiengesellschaft, HRB 123036 in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany ("**BrainLAB OLD**") in April 2001 (the "**Brainlab Merger**"). The development of the Company is summarized as follows:

The Company was established on January 9, 2001, with an addendum dated January 17, 2001 by Thomas Mayrhofer, having his business address at Neuhauser Straße 15a in Munich, Germany, in the legal form of a German Stock Corporation with a share capital amounting to EUR 50,000 as a shelf company domiciled in Munich, Germany. The Company was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Munich, Germany, on January 24, 2001, under HRB 135401. On February 8, 2001, the shareholders resolved to change the Company's name and objective and to relocate its domicile to Heimstetten, which was registered in the commercial register for the Company on February 28, 2001.

BrainLAB OLD was founded by Stefan Vilsmeier and Robert Grüter on September 22, 1998, with a share capital of DM 100,000 and registered on December 2, 1998, under the business name BrainLAB AG.

On October 30, 1998, BrainLAB OLD acquired part of the assets of BrainLAB Medizinische Computersysteme GmbH ("**BrainLAB GmbH**," formerly "**GENESIS Graphics Software-Lizenzverwertungs GmbH**"), co-founded by Stefan Vilsmeier on August 24, 1989, with a share capital of DM 50,000 and registered on September 28, 1989, under HRB 88823. BrainLAB OLD focused subsequently on producing and distributing software developed by BrainLAB GmbH. In 2000, BrainLAB OLD acquired additional assets and intellectual property rights from BrainLAB GmbH.

On February 9, 2001, the shareholders of the Company and BrainLAB OLD approved the merger agreement dated February 8, 2001. Prior to this, BrainLAB OLD's shareholders had acquired shares in the Company proportionate to their participation in BrainLAB OLD. The merger by absorption was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Munich, Germany, competent for the Company, on April 10, 2001. The Company increased its share capital by EUR 15,000,000 to EUR 15,050,000 through contribution in kind, issuing 15,000,000 new ordinary registered shares with Ernst & Young Deutsche Allgemeine Treuhand AG confirming that the value of BrainLAB OLD sufficed to cover the nominal value of the new shares issued. As a post-formation transaction under section 52 of the German Stock Corporation Act (*Aktiengesetz*), a post-formation verification procedure confirmed the accuracy and completeness, registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Munich, Germany, on June 6, 2001.

The new shares from the capital increase were issued to BrainLAB OLD's shareholders proportional to their shareholding in BrainLAB OLD. This did not alter the Company's shareholder structure. On February 9, 2001, the shareholders of the Company resolved to rename the Company to "**BrainLAB AG;**" this change was registered in the commercial register for the Company on October 11, 2001.

In 2001, the Company's registered seat (*Sitz*) was relocated from Kirchheim Germany, to Feldkirchen, Germany, and, subsequently, to Munich, Germany, where it has been located since 2017.

On February 24, 2011, the Company's General Meeting resolved to change the Company's business name (*Firma*) from BrainLAB AG into Brainlab AG, which was registered with the commercial register for the Company, on March 8, 2011. The Company operates since then under this business name (*Firma*).

16.1.1.1 Decision to Spin-off Snke OS GmbH Shares

On March 17, 2025, the management board of the Company, which at that time still had the legal form of a German Stock Corporation (*Aktiengesellschaft*) and operated under the name Brainlab AG ("**Brainlab AG**") adapted a draft spin-off and acquisition agreement for the transfer of all of its 25,003 shares in Snke OS GmbH, with its registered office in Munich and registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 258098 ("**Snke OS GmbH**," together with its controlled companies within the meaning of Section 17 AktG, the "**Snke Group**"), by way of a spin-off by absorption in accordance with section 123 para. 2 no. 1 of the German Transformation Act (*Umwandlungsgesetz*, "**UmwG**") to Snke Holding SE, with its registered office in Munich, registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 297907 ("**Snke Holding SE**") as the acquiring entity. In addition to the shares in Snke OS GmbH, the profit and loss transfer agreement concluded on December 22/23, 2021 between Brainlab AG and Snke OS GmbH and the profit and loss transfer agreement concluded on December 22/23, 2021 between Brainlab AG and Mint Medical GmbH, a wholly owned subsidiary of Snke OS GmbH (together the "**PLTAs**"), were to be spun off from Brainlab AG to Snke Holding SE (the spin-off of the Snke OS GmbH shares together with the PLTAs to the absorbing entity Snke Holding SE, hereinafter the "**Snke Spin-Off**"). Prior to the Snke Spin-Off, Snke OS GmbH and Snke Holding SE were each wholly owned subsidiaries of Brainlab AG. Snke Holding SE was initially founded as a shelf company under Blitz 24-896 SE with a share capital of EUR 120,000.00, representing 120,000 shares, until its acquisition by Brainlab AG on March 14, 2025, for the purpose of the Snke Spin-Off. On March 31, 2025, Brainlab AG as sole shareholder of Snke Holding SE, adopted a resolution at the extraordinary general meeting of Snke Holding SE to increase the share capital of Snke Holding SE against cash contributions by EUR 1,265,170.00 to EUR 1,385,170.00 by issuing 1,265,170 new shares in Snke Holding SE and to subscribe for these new shares in Snke Holding SE at the issue price of EUR 15.80 ("**Cash Capital Increase**") and to change the company name from Blitz 24-896 SE to Snke Holding SE. Both resolutions came into effect with the entry into effect with the entry into the Snke Holding SE's commercial register on April 15, 2025.

16.1.1.2 Implementation of the Snke Spin-Off

On April 29, 2025, the Company's extraordinary general meeting resolved on the Snke Spin-Off and approved the draft spin-off and acquisition agreement between Brainlab AG and Snke Holding SE (the "**Spin-Off and Acquisition Agreement**"). The Spin-Off and Acquisition Agreement was concluded and notarized on May 26, 2025. The Snke Spin-Off was registered with the commercial register competent for Snke Holding SE on June 5, 2025 and eventually became effective with the entry into Brainlab AG's commercial register on June 6, 2025. As from this date, Snke Holding SE holds all 25,003 shares in Snke OS GmbH and assumed all rights and obligations of Brainlab AG under the PLTAs.

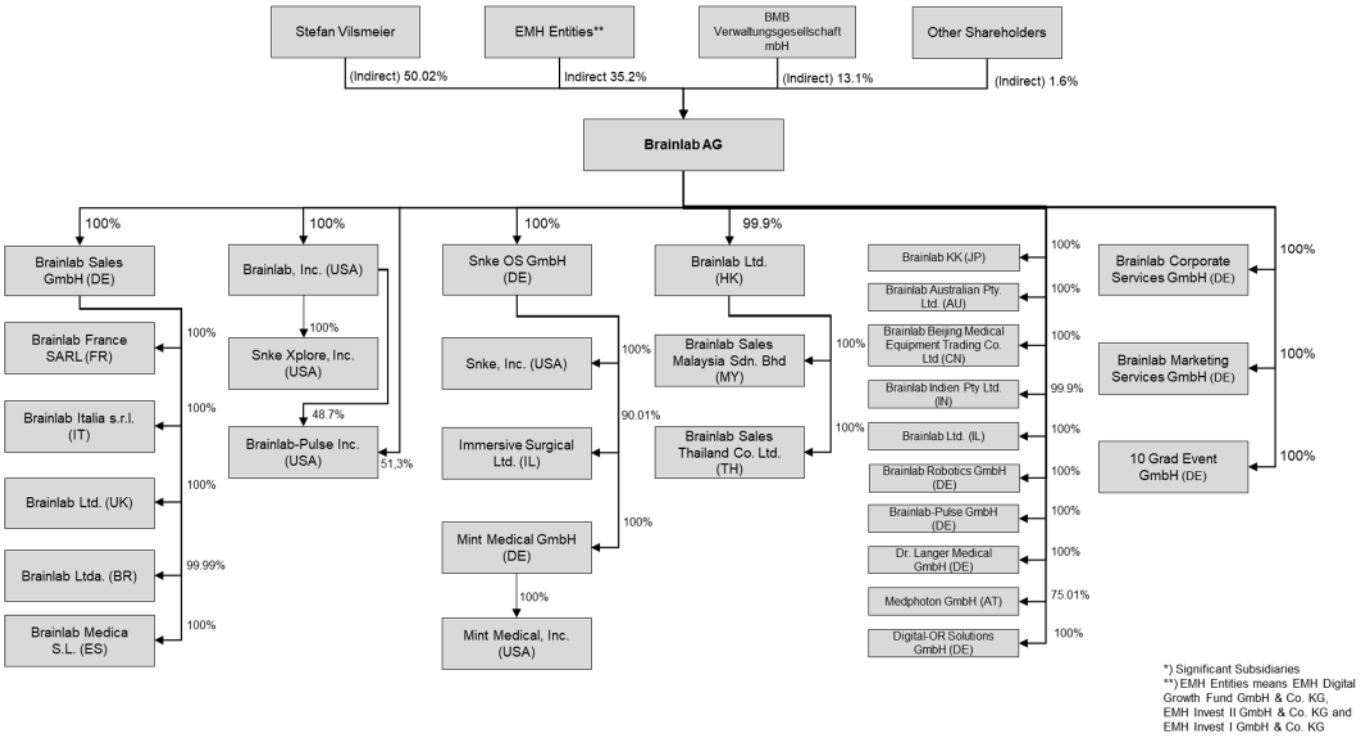
In the course of the Snke Spin-Off, the shareholders of Brainlab AG received for each share in Brainlab AG one new no-par value registered share of Snke Holding SE issued by way of a capital increase against contribution in kind carried out at Snke Holding SE for the purpose of the Snke Spin-Off (the "**Spin-Off Capital Increase**") on the basis of an exchange ratio of 1:1 (so called ratio-preserving spin-off). As a result, the shareholders of the Company directly hold approx. 93.16% of the shares in Snke Holding SE while the remaining interest of approx. 6.84% in Snke Holding SE, corresponds to the shares that Brainlab AG acquired as part of the acquisition of all initial shares in Snke Holding SE and as part of the Cash Capital Increase.

16.1.1.3 Reasons for the Separation of the Snke Group

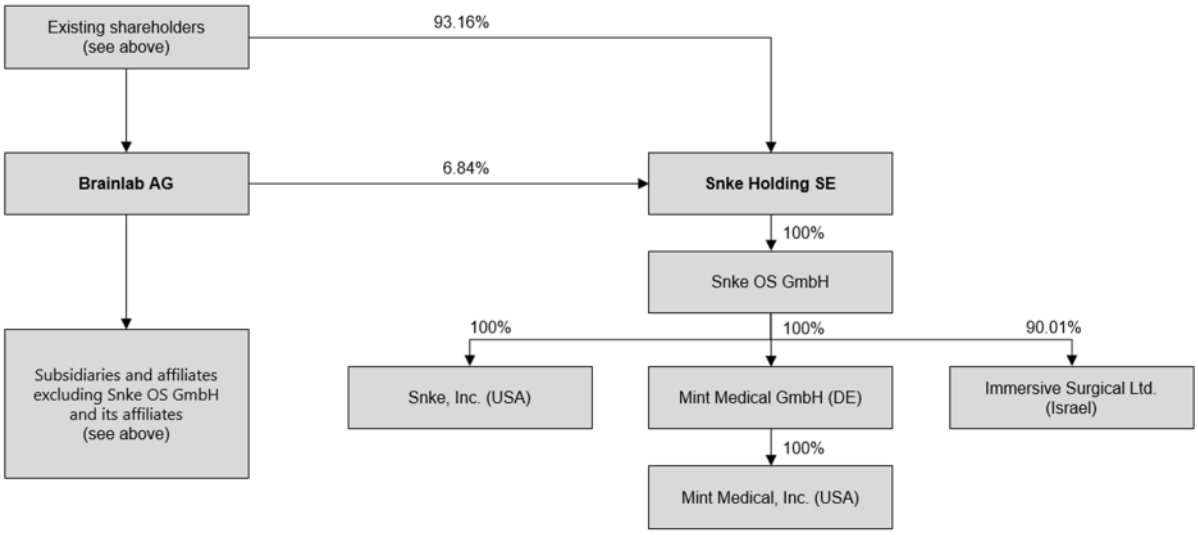
The Company decided to implement the Snke Spin-Off and thereby give Snke OS GmbH the entrepreneurial flexibility it needs in order to adapt its strategy and business model to changing market conditions in an independent and agile manner. The Snke Spin-Off is intended to enable Snke OS GmbH to implement its own strategy under better framework conditions, including a more focused profile to react to the changes in the market environment.

16.1.1.4 Graphical Illustration of the Implementation of the Snke Spin-Off

The following chart shows the corporate structure prior to the implementation of the Snke Spin-Off:



The following chart shows the corporate structure upon completion of the Snke Spin-Off and the Cash Capital Increase:



16.1.2 Conversion into a European Stock Corporation company

On April 29, 2025, the Company's extraordinary General Meeting resolved to change the Company's legal form from a German Stock Corporation (*Aktiengesellschaft*) into a European Stock Corporation company (*Europäische Aktiengesellschaft, Societas Europaea*) in accordance with article 2 para. 4 in conjunction article 37 of the SE-Regulation (the "**SE Conversion**"). The SE Conversion will become effective upon registration with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany ("**Effectiveness of the SE Conversion**"). While the Company has applied for registration of the SE Conversion, it has yet to be registered by

the commercial register of the local court. The Effectiveness of the SE Conversion may be delayed and may not take place until after commencement of trading of the Brainlab Shares on the Frankfurt Stock Exchange.

The Company's decision to change its legal form into a European Stock Corporation aims at further enhancing its attractiveness to investors and strengthen the Company's market presence across the EU. The SE legal form provides a high degree of flexibility, particularly allowing the Company to adopt a monistic corporate governance model and thereby facilitating an efficient management. At the same time, it enables the Company's employees to participate in decision-making processes at a unified European level.

In this context, the Brainlab AG and the special negotiation body (SNB) had entered into a so-called participation agreement governing the participation rights of the employees of the Group within the European Union, the European Economic Area, the United Kingdom, and Switzerland on May 21, 2025, ("**Participation Agreement**"). Under the Participation Agreement, an SE works council ("**SEWC**") with 13 to 21 members, depending on the Group's headcount, will be established.

The seats are distributed between two regions (Headquarter and Non-Headquarter) depending on the proportion of employees working in each region. Each Region receives a maximum of 60% of the seats. The SEWC is to be elected for a period of four years by the employees in a secret and direct ballot subject to majority voting. Amongst its members, the SEWC may form an executive committee ("**EC**") and appoints a youth representative and a DEI representative.

The SEWC's competence covers in principle cross-border matters. In particular, the SEWC is entitled to hold two ordinary meetings per year with the Company's management during which it is to be informed about the business situation and prospects of the Group (including, *inter alia*, corporate structure, employment situation, material restructurings, etc.). In addition, the EC must be consulted on an occasional basis in the event of extraordinary circumstances with significant impact on the interests of the employees (*e.g.*, transfers, relocations or closures of companies or operations, mass dismissals, etc.) and may submit its (non-binding) opinion to the Company's management. Moreover, the SEWC is entitled to biannual update meetings with Brainlab HR department on HR matters and has several proposal rights (*e.g.*, in relation to employee suggestion schemes, ESG matters, etc.). The SEWC has the right to submit up to five questions to the Managing Directors in the General Meeting.

Under the Participation Agreement, no corporate co-determination on Administrative Board level is established.

The Participation Agreement is generally concluded for an indefinite period and may be terminated by the Company and / or the SEWC with twelve months' notice to the end of a calendar month after expiry of the term of office of the first SEWC. In case of termination of the Participation Agreement, the parties are obliged to enter into negotiations on a new agreement. Until such new agreement is concluded, the (terminated) Participation Agreement continues to have effect.

16.2 Business Name and Registered Seat (Sitz)

The Company is a German stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany to be converted into a European stock corporation (*Europäische Aktiengesellschaft; Societas Europaea, SE*) under the laws of the EU and Germany having its registered seat (*Sitz*) and its headquarters in Munich, Germany. The registered business name (*Firma*) of the Company is "Brainlab AG" and will be after the SE-Conversion "Brainlab SE." It is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under number HRB 135401. The Company's LEI is LZL5OMI84ZIT44MHOH61.

The Company is the Group's parent company. The Company and the entities of the Group operate under the commercial name "Brainlab."

16.3 Fiscal Year and Duration

The Company's fiscal year ends on September 30 of each calendar year. The Company has been established for an indefinite term.

16.4 Object of the Company

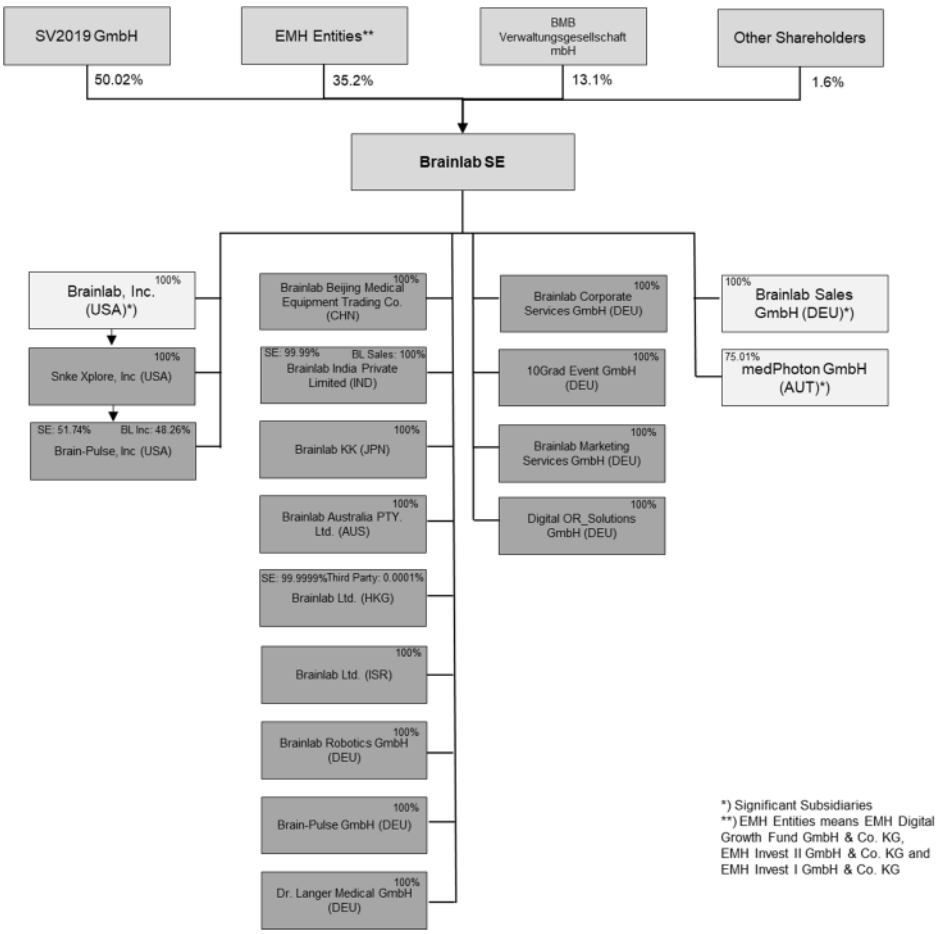
Pursuant to Section 2 para. 1 of the Articles of Association, the Company's corporate object (*Unternehmensgegenstand*) is: (i) the manufacture, marketing, distribution and integration of medical products and complete systems consisting of medical products, in particular software, hardware and accessories, as well as related research and development; (ii) the provision of services related to the activities referred to under (i), in particular services and works; and (iii) the establishment, acquisition, management and sale of companies and shareholdings, including branches of any legal form, in Germany and abroad and the exercise of group management functions. The company operates itself or through associated companies in Germany and abroad.

Pursuant to Section 2 para. 2 of the Articles of Association, the Company is entitled to all transactions and measures that appear to be suitable for directly or indirectly serving the Company's corporate object. The Company is entitled to establish, acquire and participate in other companies, as well as to manage companies or limit itself to the management of the participation. The Company can enter into participation and cooperation agreements and conclude intercompany agreements.

After the SE-Conversion, the Company may also reduce its activity to a part of its corporate object in accordance with section 2 para. 1 of the Articles of Association (as described above).

16.5 Group Structure

The following diagram sets forth the Company's shareholders and its significant direct and indirect subsidiaries as well as a summary (in simplified form) of its direct and indirect shareholdings as of the date of this Prospectus. The shareholdings presented also include shareholdings in selected affiliated companies pursuant to sections 15 *et seq.* AktG:



16.6 Significant Subsidiaries

The following table presents an overview of the Company's significant direct and indirect subsidiaries as of the date of this Prospectus.

Business name	Registered Seat	Direct and/or indirect Interest
Brainlab Sales GmbH	Olof-Palme-Straße 9, 81829 Munich, Germany	100%
Brainlab Inc	1013 Centre Rd. in the City of Wilmington, County of New Castle, Delaware, U.S.	100%
medPhoton GmbH	Karolingerstraße 16, 5020 Salzburg, Austria	75.01%

16.7 Auditor

The Company appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Friedenstraße 10, 81671 Munich, Germany ("**KPMG**"), as its independent auditor of (i) the Audited Consolidated Financial Statements as of and for the fiscal years ended September 30, 2022, 2023 and 2024: and as statutory auditor of (ii) the Audited 2023/2024 Unconsolidated Financial Statements as of and for the fiscal year ended September 30, 2024. KPMG has issued on the Audited Financial Statements an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*).

KPMG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

16.8 Announcements and Paying Agent

Pursuant to the Articles of Association, the Company's announcements are published in the German Federal Gazette (*Bundesanzeiger*), unless provided otherwise by mandatory law. Subject to the legal requirements, notices to the shareholders of the Company may also be communicated by means of remote data transmission.

In accordance with the Prospectus Regulation, announcements in connection with the approval of this Prospectus or any supplements hereto will be published in the form of publication provided for in this Prospectus, in particular through publication on the Company's website www.brainlab.com.

The paying agent of the Company is COMMERZBANK. The mailing address of the paying agent is COMMERZBANK Aktiengesellschaft, GS-OPS, TPS Securities Services, Helfmann-Park-5, 65760 Eschborn, and its LEI is 851WYGNLUQLFZBSYGB56.

17 DESCRIPTION OF SHARE CAPITAL AND APPLICABLE REGULATION

As of the date of this Prospectus, the Company is organized in the legal form of a German Stock Corporation (Aktiengesellschaft). Against the background of the intended SE-Conversion, which is expected to be registered with the commercial register (Handelsregister) of the Company after publication of this Prospectus, the following sections set out the relevant information both as it applies to the Company prior to the SE-Conversion and as it will apply after the SE-Conversion, if and to the extent required.

However, if the SE-Conversion does not result in any deviations, the circumstances prior to the SE-Conversions will not be described separately in the following sections.

Defined terms used in the following sections are to be be understood as to refer to the Company or to future Brainlab SE as the context requires.

Both the SE-Regulation (as defined below) and the SEAG (as defined below) frequently refer to the provisions of the AktG (as defined below) applicable to AGs. In such cases, the references to legal provisions in the following sections therefore apply equally to AGs.

17.1 Current Share Capital and Shares

As of the date of this Prospectus, the share capital of the Company amounts to EUR 18,864,457.00 and is divided into 18,864,457 Brainlab Shares, each in form of ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*), each representing a notional share of EUR 1.00 in the Company's share capital. All Brainlab Shares are fully paid up. The Brainlab Shares were issued pursuant to the laws of Germany.

Each Brainlab Share carries one vote at the General Meeting. There are no restrictions on voting rights attached to the Brainlab Shares and they carry full dividend rights.

For further details regarding all shareholders of the Company see "*15.1 Current Shareholders*."

17.2 Development of the Share Capital

In connection with the Brainlab Merger, the share capital of the Company was increased by resolution on February 9, 2001 from EUR 50,000 to EUR 15,050,000 and divided into 15,050,000 ordinary registered shares with a notional value of EUR 1.00 each. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on March 28, 2001 and, thereby, became effective.

The General Meeting on June 13, 2001 resolved to increase the Company's share capital by up to EUR 1,505,000 by issuing up to 1,505,000 ordinary registered shares with a notional value of EUR 1.00 each. The Company's share capital increased to EUR 16,555,000.00. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on March 28, 2001 and, thereby, became effective.

The General Meeting on June 13, 2001 resolved to increase the Company's share capital by up to EUR 82,775 by issuing up to 82,775 ordinary registered shares with a notional value of EUR 1.00 each. The Company's share capital increased to EUR 16,637,775. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on October 11, 2001 and, thereby, became effective.

After the management board resolved to partially utilize the authorized capital in an amount of totaling EUR 26,841 by issuing 26,841 ordinary registered shares, each with a notional value of EUR 1.00, the Company's share capital increased to EUR 16,664,616. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on March 03, 2002 and, thereby, became effective.

After the management board resolved to partially utilize the authorized capital in an amount of totaling EUR 1,391,887 by issuing 1,391,887 ordinary registered shares, each with a notional value of EUR 1.00, the Company's share capital increased to EUR 18,056,503. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on June 17, 2003 and, thereby, became effective.

After the management board resolved to partially utilize the authorized capital in an amount totaling EUR 349,792.00 by issuing 349.792 subscription shares each with a notional value of EUR 1.00. The Company's share capital increased to EUR 18,404,475. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on October 31, 2003 and, thereby, became effective.

After the management board resolved to partially utilize the authorized capital in an amount totaling EUR 459,982 by issuing 459,982 ordinary registered shares, each with a notional value of EUR 1.00, the Company's share capital increased to EUR 18,864,457. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany on July 07, 2008 and, thereby, became effective.

17.3 Authorized Capital

The following description relates to the provisions of the Articles of Association that will be applicable after the SE-Conversion. In contrast to the description below, the version of the Articles of Association as at the date of this Prospectus provides for an authorization of the Management Board to increase the Company's share capital and to exclude the shareholders' subscription rights each with the consent of the Supervisory Board. All other provisions of the Authorized Capital 2025 (as defined below) remain unaffected by the SE-Conversion.

According to Section 5 para. 3 of the Articles of Association, the Administrative Board is authorized to increase the Company's share capital by up to a total of EUR 9,432,228.00 prior to April 28, 2030 by issuing new registered shares against cash and/or non-cash contributions on one or more occasions (the "**Authorized Capital 2025**"). Prior to the SE-Conversion the provisions of the Authorized Capital 2025 are set out in Section 5 para. 5 of the Articles of Association.

Generally, shareholders must be granted a subscription right. In the case of capital increases against cash contribution, the new shares may also be taken over in whole or in part by one or more bank(s) specified by the Administrative Board with the obligation to offer them to shareholders for subscription (indirect subscription rights). The Administrative Board is authorized to exclude the shareholders' subscription rights in whole or in part:

(i) to avoid fractional amounts;

(ii) in the case of capital increases against cash contributions, if the pro rata amount of the share capital attributable to the new shares for which subscription rights are excluded does not exceed 10% of the share capital in total and the issue price for the new shares is not significantly lower than the market price of the already listed shares with the same features, section 186 para. 3 sentence 4 AktG. The 10% limitation of the share capital applies both at the time this authorization takes effect and – if this value is lower – at the time this authorization is exercised. This maximum limit of 10% of the share capital shall be reduced by the proportionate amount of the share capital attributable to shares of the Company that (i) are issued or sold during the term of the Authorized Capital 2025 under exclusion of shareholders' subscription rights in direct or analogous application of section 186 para. 3 sentence 4 AktG or (ii) are to be issued or may be issued to service bonds with warrants or convertible bonds, which are issued in analogous application of in accordance with section 186 para. 3 sentence 4 AktG during the term of the Authorized Capital 2025 under exclusion of the shareholders' subscription rights;

(iii) in the case of capital increases against cash contribution, to the extent necessary to grant holders of warrant bonds or convertible bonds issued or to be issued by the Company or its direct or indirect subsidiaries a subscription right to shares of the Company to the extent to which they would be entitled as shareholders after exercising the option or conversion right or after fulfilling the conversion obligations;

(iv) in the case of capital increases against contributions in kind, in particular for the implementation of business combinations or for the direct or indirect acquisition of companies, parts of companies or participations in companies or other contributable assets, including intellectual property rights and claims against the Company or against companies controlled by it within the meaning of section 17 AktG; and

(v) in the case of capital increases against cash contribution in preparation for or in connection with an IPO of the Company, if the pro rata amount of the share capital attributable to the new shares for which subscription rights are excluded does not exceed a total of 30% of the share capital at the time this authorization takes effect, or – if this value is lower – at the time this authorization is exercised.

The total number of shares to be issued and issued under exclusion of shareholders' subscription rights on the basis of the authorizations under paragraphs (i) to (iv) above may not exceed 20% of the share capital at the time the authorization takes effect or, if this value is lower, at the time the authorization is exercised; shares that have been sold or issued during the term of this authorization on the basis of other authorizations under exclusion of subscription rights or which are to be issued or may be issued on the basis of an issue of warrant bonds or convertible bonds under exclusion of subscription rights during the term of this authorization shall be taken into account for this limit.

The Administrative Board's resolution to utilize the Authorized Capital 2025 for the preparation of or in connection with an IPO of the Company in accordance with the above item (v) requires if the proportionate amount of the share capital attributable to the new shares to be created exceeds a total of 20% of the share capital at the time of the decision to exercise the authorization, in deviation of the general provisions of the Articles of Association, the consent of all Administrative Board members participating in the adoption of the resolution at a duly convened meeting of the Administrative Board or at a meeting of the Administrative Board in which all members have waived the deadline and form for convening.

The Administrative Board is authorized to determine the further content of the share rights and the conditions of the share issue.

The Administrative Board is authorized to amend the version of the Articles of Association both in accordance with the respective utilization of the Authorized Capital 2025 and after the expiry of the authorization period.

17.4 Authorization to Issue Convertible Bonds and/or Warrant Bonds

The following description relates to the authorization to issue convertible bonds and/or warrant bonds as applicable after the SE-Conversion. In contrast to the description below, pursuant to the authorization to issue convertible bonds and/or warrant bonds as applicable as at the date of this Prospectus, the Management Board is authorized to issue convertible bonds and warrant bonds and to exclude the subscription rights each with the consent of the Supervisory Board. All other provisions of this authorization remain unaffected by the SE-Conversion.

The extraordinary General Meeting of April 29, 2025, authorized the Administrative Board to issue convertible bonds and warrant bonds and to exclude subscription rights.

The Administrative Board is authorized to issue convertible bonds and/or warrant bonds (collectively, "**Bonds**") with or without maturity restrictions in the aggregate nominal amount of up to EUR 600 million on one or more occasions in the period up to April 28, 2030 and to grant or impose on the holders or creditors (holders) of Bonds conversion rights or option rights (also with conversion obligations) for up to 1,886,445 registered shares of the Company with a pro rata amount of the share capital totaling up to EUR 1,886,445.00 in accordance with the respective terms and

conditions of the Bonds. The Bonds can be issued against cash, but also against contributions in kind, in particular investments in other companies.

In addition to euros, the Bonds can also be issued in the legal currency of an OECD country – limited to the corresponding euro equivalent. They can also be issued by a dependent group company of the Company within the meaning of section 18 AktG (subsidiary). In this case, the Administrative Board is authorized to provide the unconditional guarantee for the Bonds of the subsidiary on behalf of the Company, to grant or impose on the holders of these Bonds option or conversion rights or obligations for shares of the Company, and to make or take further declarations and actions necessary for a successful issuance.

In the case of the issuance of warrant bonds, one or more warrants shall be attached to each warrant bond, which entitle or oblige the holder to subscribe for shares in the Company in accordance with the terms and conditions of the warrant bond to be determined by the Administrative Board. The relevant warrants may be detachable from the respective warrant bonds. The terms and conditions of the warrant bonds may provide that the payment of the option price is also made by transferring warrant bonds (trade-in) and, if necessary, making an additional cash payment. The subscription ratio is calculated by dividing the nominal value or an issue price of a convertible bond below the nominal value by the conversion price for one share of the Company as set in each case; if necessary, an additional payment to be made in cash may be determined.

If fractional shares of the Company are generated, it may be provided that these fractions are added up to the subscription of whole shares in accordance with the terms of the warrant bond (if necessary, against additional payment).

In the event of the issuance of convertible bonds, the holders of such convertible bonds will have the right or obligation to convert their convertible bonds into shares of the Company in accordance with the terms and conditions of the convertible bonds determined by the Administrative Board. The conversion ratio is calculated by dividing the nominal value or an issue price of a convertible bond below the nominal value by the conversion price for one share of the Company as set in each case. The exchange ratio can be rounded up or down to a whole number; furthermore, an additional payment to be made in cash may be determined. In addition, provision may be made for fractional periods to be pooled and/or offset in money. The terms of the Bonds may provide for a fixed or variable exchange ratio.

The pro rata amount of the share capital of the Company's shares to be subscribed for per bond may not exceed the nominal amount of the Bonds.

The terms and conditions of the convertible bonds may provide for a conversion obligation at the end of the term (or at an earlier date or a specific event). The pro rata amount of the share capital of the Company's shares to be issued upon conversion may not exceed the nominal value of the convertible bonds. In the terms and conditions of the convertible bonds, the Company may be entitled to settle any difference between the nominal amount of the convertible bond and the product of the conversion price and the exchange ratio in whole or in part in cash. Section 9 para. 1 AktG and section 199 para. 2 AktG remain unaffected.

The terms and conditions of the Bonds may provide for the right of the Company to grant shares in the Company to the holders of the Bonds, in whole or in part, in lieu of payment of the amount of money due.

The terms and conditions of the Bonds may also provide for the Company's right not to grant shares in the Company in the event of conversion or exercise of options, but to pay a sum of money equal to the volume-weighted average price of the Company's shares on the 10 trading days of Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) for the number of shares of the Company that would otherwise have to be delivered for a period to be specified in the terms and conditions of the bonds.

The terms and conditions of the Bonds may also provide that the bonds attached to warrants or conversion rights or obligations may at the Company's discretion be converted into existing shares of the Company instead of new shares

from the conditional capital, or that the option right may be fulfilled by delivery of such shares of the Company. The terms and conditions of the respective bond may also provide for a combination of these forms of fulfilment.

The conversion or option price to be set in each case may not be less than 80% of the price of the Company's share in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange).

The decisive factor for this is the volume-weighted average price of the Company's shares on the 10 trading days prior to the final decision of the Administrative Board on the submission of an offer to subscribe for bonds or on the declaration of acceptance by the Company following a public invitation to submit subscription offers. If the shareholders' subscription rights are not excluded, the price on the stock exchange trading days during the subscription period may be used instead (except for the days of the subscription period, which are required to announce the conversion/option price in due time in accordance with section 186 para. 2 AktG). In the cases of the right to substitute and the obligation to convert, the conversion price or option price may be at least either the minimum price mentioned above or correspond to the volume-weighted average price of the Company's share on at least three trading days in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) immediately before the conversion/option price is determined in accordance with the terms and conditions of the Bonds, even if this average price is below the minimum price mentioned above (80%). Section 9 para. 1 AktG and section 199 para. 2 AktG remain unaffected.

The authorization also includes the possibility of granting dilution protection or making adjustments in certain cases in accordance with the terms and conditions of the respective Bonds.

Dilution protection or adjustments may be provided for, in particular, if there are changes in the Company's capital during the term of the Bonds (such as a capital increase or capital reduction or a stock split), but also in connection with dividend payments, the issuance of further convertible bonds or warrant bonds, conversion measures and in the event of other events affecting the value of the bonds or warrants that occur during the term of the bonds or warrants (such as an acquisition of control by a third party). Protection against dilution or adjustments may be provided for in particular by granting subscription rights, by changing the conversion or option price and by changing or granting cash components. Section 9 para. 1 AktG and Section 199 para. 2 AktG remain unaffected.

The Administrative Board is authorized to determine the further terms and conditions of the bonds or warrants or to determine them in agreement with the corporate bodies of the respective issuing subsidiary, in particular the currency of issue, interest rate, issue price, term and denomination, anti-dilution provisions, conversion or option price and conversion or option period.

Insofar as the shareholders are not offered the direct subscription of the Bonds, they are granted the statutory subscription right in such a way that the Bonds are taken over by a credit institution, a consortium of credit institutions or companies within the meaning of section 186 para. 5 sentence 1 AktG with the obligation to offer them to the shareholders for subscription (indirect subscription right). If Bonds are issued by a subsidiary, the Company must ensure that the statutory subscription rights are granted to its shareholders in accordance with the preceding sentence.

However, the Administrative Board is authorized to exclude the statutory subscription rights of shareholders in the same cases as applicable when utilizing the Authorized Capital 2025 except for cases in preparation for or in connection with an IPO of the Company (see "*17.3 Authorized Capital*").

According to this authorization, the issuance of Bonds against cash or non-cash contributions under exclusion of subscription rights may only take place if the sum of the new shares to be issued or issued on the basis of such Bonds does not exceed a total of 20% of the share capital, neither at the time this authorization takes effect nor – if this value is lower – at the time of the exercise of this authorization. Shares that have been sold or issued during the term of this authorization on the basis of other authorizations under exclusion of subscription rights or are to be issued or can be issued during the term of this authorization on the basis of another authorization to issue bonds with warrants or convertible bonds under exclusion of subscription rights during the term of this authorization are to be offset

against this limitation, but not those shares for which the subscription rights are granted on the basis of the authorization granted by the Company's General Meeting on April 29, 2025 for the preparation of or in connection with an IPO.

17.5 Conditional Capital

The following description relates to the provisions of the Articles of Association that will be applicable after the SE-Conversion. In contrast to the description below, the version of the Articles of Association as at the date of this Prospectus provides for an authorization of (i) the Management Board to determine the further details of the implementation of the conditional capital increase and (ii) the Supervisory Board to amend the wording of the Articles of Association in accordance with the respective utilization of the Conditional Capital 2025 (as defined below) and to make any other related amendments to the Articles of Association which affect only the version. All other provisions of the Conditional Capital 2025 (as defined below) remain unaffected by the SE-Conversion.

Pursuant to Section 5 para. 4 of the Articles of Association, the Company's share capital has been conditionally increased by up to EUR 1,886,445.00 through the issuance of up to 1,886,445 new registered shares (the "**Conditional Capital 2025**"). Prior to the SE-Conversion the provisions of the Conditional Capital 2025 are set out in Section 5 para. 6 of the Articles of Association.

The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and/or warrant bonds (or combinations of these instruments), which will be issued by the Company or under the management of the Company until April 28, 2030, in accordance with the authorization approved by the extraordinary General Meeting on April 29, 2025 (see "*17.4 Authorization to Issue Convertible Bonds and/or Warrant Bonds*") and which will grant a conversion or option right to new registered shares to the Company or determine a conversion or option obligation or a right to tender.

The issuance of the new registered shares from the Conditional Capital 2025 may only take place at a conversion or option price that meets the requirements of the authorization approved by the extraordinary General Meeting on April 29, 2025 (see "*17.4 Authorization to Issue Convertible Bonds and/or Warrant Bonds*"). The conditional capital increase will only be carried out to the extent that conversion or option rights are exercised, a conversion or option obligation is fulfilled or as tenders are made and insofar as other forms of fulfilment are not used.

The new shares will participate in the profit from the beginning of the fiscal year in which they are created by exercising conversion or subscription rights or fulfilling conversion or option obligations or by means of tenders. If the new shares are created before the day of the General Meeting at which a resolution is to be made on the appropriation of the net retained profit for the fiscal year immediately preceding the creation of the new shares, the new shares will participate in the profit from the beginning of the fiscal year immediately preceding their creation.

The Administrative Board is authorized to determine the further details of the implementation of the conditional capital increase. The Administrative Board is authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the Conditional Capital 2025 and to make any other related amendments to the Articles of Association which affect only the version.

17.6 Authorization to Purchase and Use Treasury Shares

The following description relates to the authorization to acquire treasury shares as applicable after the SE-Conversion. In contrast to the description below, as at the date of this Prospectus, the Administrative Board's authorizations apply *mutatis mutandis* to the Management Board and the authorizations to resell or redeem the treasury shares and to exclude the subscription rights require the consent of the Supervisory Board.

At the date of this Prospectus, the Company does not hold any treasury shares, nor does a third party hold any shares of the Company on behalf of, or for the account of, the Company.

By resolution of the extraordinary General Meeting of April 29, 2025, the Administrative Board is authorized to acquire treasury shares until April 28, 2030 in the amount of up to 10% of the Company's existing share capital at the time of the effective date of this authorization or – if this value is lower – of the share capital existing at the time of exercising this authorization. The acquired shares, together with other shares that the Company has previously acquired and still owns or that are attributable to it pursuant to sections 71a et seq. AktG, may not exceed 10% of the share capital at any time.

The acquisition will be carried out at the discretion of the Administrative Board: (i) via the stock exchange; (ii) by way of a public tender offer addressed to all shareholders; (iii) by way of a public invitation to shareholders to submit sales offers; or (iv) by other means in accordance with section 53a AktG ((ii) and (iii) hereinafter referred to as the "**Public Tender Offer**").

In the event of an acquisition via the stock exchange, the purchase price per share paid by the Company (excluding incidental acquisition costs) may not exceed or fall below the price of a share of the Company in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) determined by the opening auction on the trading day by more than 10%.

In the case of an acquisition by way of a Public Tender Offer, the Company may set a fixed purchase price or a purchase price range per share (excluding incidental acquisition costs) within which it is prepared to acquire shares. In the Public Tender Offer, the Company may specify a deadline for accepting or submitting the offer and the possibility and conditions for adjusting the purchase price range during the period in the event of significant price changes. In the event of a purchase price range, the purchase price will be determined on the basis of the sales prices stated in the shareholders' declarations of acceptance or offer and the purchase volume determined by the Administrative Board after the end of the offer period.

In the event of a Public Tender Offer, the offered purchase price per share of the Company (excluding incidental acquisition costs) may not exceed or fall below the average closing price of a share of the Company in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) on the last three trading days prior to the date of the public announcement of the offer by more than 10%.

In the event of a public invitation to shareholders to submit offers to sell, the purchase price (excluding incidental acquisition costs) per share of the Company determined on the basis of the offers submitted may not exceed the average closing price of a share of the Company in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) on the last three trading days prior to the date of publication of the invitation to submit offers to sell by no more than 10%.

The Administrative Board determines the details of the respective acquisition, in particular a Public Tender Offer. If the number of shares tendered in a Public Tender Offer exceeds the acquisition volume envisaged by the Company or determined after the end of the offer period, the Company may exclude the shareholders' right to tender (a) for preferential consideration of tenders with a small number of up to 100 shares per shareholder and (b) for the acquisition of shares according to the ratio of the tendered shares.

If, after the publication of a Public Tender Offer, there are significant price deviations from the offered purchase or sale price or from the limits of any purchase price range, the offer may be adjusted. In this case, the closing price in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) on the third trading day prior to the public announcement of the adjustment will be taken into account.

In this case, the 10% limit for exceeding or falling below the closing price refers to this amount.

The Administrative Board is authorized to use the shares of the Company acquired on the basis of the above authorization for all legally permissible purposes. In particular, the Administrative Board is authorized to transfer the shares of the Company acquired pursuant to the above authorization: (i) via the stock exchange; (ii) by means of an offer addressed to all shareholders; (iii) in a manner other than via the stock exchange or by means of an offer to all

shareholders for cash payment at a price that is not significantly lower than the market price of a share of the Company at the time of sale; (iv) against contributions in kind, in particular for the implementation of business combinations or for the direct or indirect acquisition of companies, parts of companies or participations in companies or other contributable assets, including intellectual property rights and claims against the Company or against companies dependent on it within the meaning of section 17 AktG (subsidiary); or (v) to persons who are in an employment relationship with Brainlab SE or one of its group companies, or to third parties, if and to the extent that it is legally guaranteed that the shares will be offered for purchase by the third party to the aforementioned persons,

In the cases referred to in points (iii), (iv) and (v) above, shareholders' subscription rights are excluded. The Administrative Board may only make use of the authorization under (iii) above in such a way that the total number of treasury shares sold under exclusion of subscription rights pursuant to section 186 para. 3 sentence 4 AktG may not exceed 10% of the share capital, neither at the time this authorization takes effect nor – if this value is lower – at the time this authorization is exercised. Shares that have been sold or issued during the term of this authorization on the basis of other authorizations and that under exclusion of the subscription right pursuant to or in accordance with section 186 para. 3 sentence 4 AktG or are to be issued or can be issued on the basis of an issue of warrant bonds or convertible bonds during the term of this authorization thereby excluding the subscription right pursuant to section 186 para. 3 sentence 4 AktG, are to be offset against this limitation, thereby excluding the subscription right pursuant to section 186 para. 3 sentence 4 AktG.

The Administrative Board is authorized to cancel the shares acquired on the basis of the authorization without further resolution of the General Meeting and to reduce the share capital by the part of the share capital attributable to the cancelled shares. The Administrative Board can also cancel the shares in a simplified procedure without reducing the share capital, so that the share of the remaining shares in the share capital increases as a result of the cancellation. If the shares are cancelled in a simplified procedure without a reduction in the share capital, the Administrative Board is authorized to adjust the number of shares in the Articles of Association.

The authorizations to acquire own shares, to resell them and to redeem them may be exercised in whole or in part, once or several times. In addition, the authorizations to acquire treasury shares and to resell them may also be exercised by companies of the Group or by third parties on behalf of the Company or Group companies at the discretion of the Administrative Board.

17.7 General Provisions Governing Subscription Rights

The following description relates to provisions governing the subscription rights as applicable after the SE-Conversion. In contrast to the description below, as at the date of this Prospectus, the Administrative Board's rights and obligations apply *mutatis mutandis* to the Management Board and any exclusion of subscription rights require the consent of the Supervisory Board.

Pursuant to Article 5 SE Regulation in conjunction with Section 186 AktG, all shareholders are generally entitled to subscribe for new shares on a pro rata basis, which are issued as a result of a capital increase (pre-emptive rights). The same applies in relation to financial instruments that entitle the holders to new shares, such as, for example, convertible bonds, warrant-linked bonds, profit participation rights or participating bonds. Subscription rights are freely transferable and generally tradeable. They may be traded on one or several German securities exchanges during a specified period before the subscription period expires. Shareholders have no right to demand the admission and inclusion to trading for subscription rights. The General Meeting may resolve to exclude subscription rights; either in whole or in part, by a majority of the votes cast as required by statutory law or the Articles of Association and simultaneously at least a 75% majority of the share capital represented at the adoption of the resolution; any such exclusion of subscription rights may only be effected in the resolution on the increase of the share capital. In this respect, the Articles of Association may stipulate (only) a greater capital majority and additional requirements (such as the special consent of certain shareholders). In order to exclude subscription rights, the Administrative Board must furthermore submit a report showing that the exclusion of subscription rights is objectively justified in that the

Company's interest in excluding subscription rights outweighs the shareholders' interests in being granted such subscription rights. Pursuant to Section 186 para. 3 sentence 4 AktG, it is generally permissible and objectively justified to exclude subscription rights when new shares are issued against cash contributions, provided the amount of the capital increase does not exceed 20% of the existing share capital and the issue price of the new shares is not substantially lower than the stock exchange price (so-called "*simplified exclusion of subscription rights*"). However, an explanatory report by the Administrative Board in the above-mentioned sense, but with slightly limited content, is required in this case as well.

17.8 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, rejection of insolvency proceedings due to insufficient assets to cover the proceeding costs, a cancellation of the Company for lack of funds or a registry court decision about a material defect in any amended Articles of Association of the Company, the liquidation of the Company may be decided upon voluntarily by way of a resolution by its General Meeting to dissolve and liquidate the Company. The General Meeting's resolution must be passed by at least 75% or more of the share capital represented.

In the event of the Company's liquidation pursuant to article 63 of the SE Regulation in conjunction with the AktG, any assets remaining following settlement of the Company's liabilities shall be distributed among the Company's shareholders in proportion to their shareholdings. However, certain protections for the benefit of creditors must be observed in the event of a liquidation of the Company.

17.9 General Provisions Governing a Change in the Share Capital

The following description relates to provisions governing a change of the share capital as applicable after the SE-Conversion. In contrast to the description below, as at the date of this Prospectus, the Administrative Board's rights and obligations apply *mutatis mutandis* to the Management Board.

The change of the share capital and corresponding change of the Articles of Association require a resolution of the General Meeting pursuant to articles 5, 57 and 59 of the SE Regulation in conjunction with the AktG. According to the Articles of Association, amendments to its Articles of Association require a majority of two thirds of the votes cast or, if at least half of the registered share capital is represented, the simple majority of votes cast, unless another majority is stipulated by mandatory legal provisions.

The General Meeting can also create authorized capital. To create authorized capital, a resolution of the General Meeting adopted with a 75% majority of the votes validly cast which authorizes the Administrative Board to issue shares up to a certain amount within a period not to exceed five years is required. The total amount of the authorized capital created by the General Meeting must not exceed 50.0% of the Company's share capital existing at the time the authorization is registered in the competent commercial register (see "*17.3 Authorized Capital*").

The General Meeting may also create conditional capital for purposes of issuing shares: (i) to holders of convertible bonds or other securities granting rights to subscribe for shares; (ii) as consideration in the context of a merger with another entity; or (iii) for the purpose of offering them to employees and Managing Directors of the Company or an affiliated company. In each case, a resolution adopted with a 75% majority of the votes validly cast is required. The nominal amount of any conditional capital may not exceed 10% of the share capital existing at the time resolution is adopted if it was created for the purpose of issuing shares to employees and managers; for all other purposes it may not exceed 50% of the share capital existing at the time the resolution is adopted. As a measure to protect holders of conversion or subscription rights, the AktG provides that, in the case of a capital increase from corporate funds, conditional capital will increase by operation of law, *i.e.*, automatically in the same proportion as the share capital (see "*17.5 Conditional Capital*").

Share capital reductions require a resolution of the General Meeting adopted with a minimum 75% majority of the votes validly cast.

17.10 Exclusion of Minority Shareholders

17.10.1 Squeeze-Out under Stock Corporation Law

Under article 9 para. 1 lit. c) (ii) of the SE Regulation in conjunction with the provisions of sections 327a et seq. AktG, governing the exclusion of minority shareholders (so-called "*squeeze-out under stock corporation law*"), the General Meeting may, at the request of a shareholder holding at least 95% of the share capital, resolve to transfer the shares of the other shareholders to the principal shareholder in return for appropriate cash compensation. The amount of cash compensation to be paid to the minority shareholders in this regard must take into account the "*circumstances of the company*" prevailing at the time the General Meeting adopts the resolution. The amount of the compensation is to be based on the full enterprise value, which is generally determined based on the capitalized earnings method (*Ertragswertmethode*). The appropriateness (*Angemessenheit*) of the cash compensation can be challenged by minority shareholders in proceedings for verification of the adequacy of the cash compensation (*Spruchverfahren*).

17.10.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, the so-called "*squeeze-out under takeover law*," in the event of an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer may, within three months of the expiry of the acceptance period of the offer, request the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an appropriate compensation. Such transfer does not require a resolution of the target General Meeting. The consideration paid in connection with the takeover bid or mandatory offer is considered an appropriate compensation if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover bid or mandatory offer, while at all times a cash compensation must also be offered.

In addition, following a takeover bid or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (section 39c WpÜG, a so-called "*sell-out*"), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with section 39a WpÜG. The provisions for a squeeze-out under AktG (in conjunction with the SE Regulation) are suspended once an offeror has petitioned for a squeeze-out under takeover law until these proceedings have been definitively completed.

17.10.3 Squeeze-Out under Transformation Law

Section 62 para. 5 sentence of the UmwG (so-called "*squeeze-out under reorganization law*") provides that in connection with a merger into an acquiring German stock corporation or an equivalent entity, the minority shareholders of the company may be excluded at the request of a shareholder holding at least 90% of a stock corporation's share capital by transfer of the shares of the other shareholders to the acquiring stock corporation as the principal shareholder in return for appropriate cash compensation, provided that: (i) the majority shareholder is a stock corporation, a partnership limited by shares (*Kommanditgesellschaft auf Aktien, KGaA*), or a European stock corporation (*Europäische Aktiengesellschaft; Societas Europaea, SE*) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the stock corporation. The respective general meeting resolving upon the squeeze-out must be held within three months of the date of the relevant merger agreement. As in the case of a squeeze-out under stock corporation law, the amount of the cash compensation to be paid to the minority shareholders in this regard must take into account the "*circumstances of the company*" prevailing at the time the General Meeting adopts the resolution. The amount of the compensation is to be based on the full enterprise value, which is generally determined based on the capitalized earnings method (*Ertragswertmethode*). As in the case of a squeeze-out under stock corporation law, the appropriateness (*Angemessenheit*) of the cash compensation can be challenged by minority shareholders in proceedings for verification of the adequacy of the cash compensation (*Spruchverfahren*).

17.10.4 Integration

Under article 9 para. 1 lit. c) (ii) of the SE Regulation in conjunction with sections 319 *et seqq.* AktG, the General Meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered seat (*Sitz*) in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. The amount of the compensation must be determined using the "*merger value ratio*" (*Verschmelzungswertrelation*) between the two companies, *i.e.*, the exchange ratio which would be considered reasonable in the event of merging the two companies. Fractional amounts may be paid out in cash.

The appropriateness (*Angemessenheit*) of the compensation can be challenged by minority shareholders in proceedings for verification of the adequacy of the cash compensation (*Spruchverfahren*).

17.10.5 Shareholder and Company Notification Requirements

Upon the Admission to Trading of the shares in the Company, the Company will be subject to the Securities Trading Act (*Wertpapierhandelsgesetz;* "**WpHG**") and its provisions governing, *inter alia*, disclosure requirements for significant shareholdings, and the WpÜG provisions governing takeover bids and mandatory offers.

17.11 Notification Requirements of Shareholders

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company is required to concurrently notify the Company and the BaFin of such occurrence. Subsequent notifications are required if such person reaches or crosses by acquisition, sale or in any other way another of the aforementioned thresholds.

All such notifications must be submitted without undue delay (*unverzüglich*), and no later than within four trading days. The four-day notification period starts at the time the person or the entity subject to the notification requirement has knowledge of, or in consideration of the circumstances should have had knowledge of, his or her proportion of voting rights reaching or crossing the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or the entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares pursuant to Section 33 para. 3 WpHG. If a threshold has been reached or crossed due to a change in the total number of voting rights of the Company, the notification period starts at the time the person or entity, subject to the notification requirement, has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various rules for the attribution of voting rights. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party in relation to a target company on the basis of an agreement or in any other way (so-called acting in concert) generally results in a mutual attribution of the full amount of voting rights held by, or attributed to, the third party, as well as to such person or entity. Such acting in concert generally requires a coordination on the exercise of voting rights or coordinated other efforts designed to effect a permanent and material change in the business strategy of the Company. Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting in concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3% threshold, similar notification requirements towards the Company and the BaFin exist pursuant to Section 38 para. 1 WpHG, if the other aforementioned thresholds have been reached, exceeded or fallen below, because a person or entity holds instruments that: (i) confer (a) the unconditional right to acquire already issued

shares of the Company to which voting rights are attached when due or (b) discretion to exercise his or her right to acquire such shares; or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, pursuant to Section 38 para. 2 WpHG, to share swaps against cash consideration and contracts for difference.

In addition, anyone whose aggregate number of voting rights and instruments pursuant to Sections 33 para. 1 and 38 para. 1 WpHG reaches, exceeds or falls below the aforementioned thresholds, except for the 3% threshold, must notify the Company and the BaFin pursuant to Section 39 para. 1 WpHG.

17.11.1 Exceptions to Notification Requirements

There are certain exceptions to the notification requirements. For example, a company is exempt from its notification obligation if its parent company, or if its parent company is itself a subsidiary, the parent's parent company, has filed a group notification pursuant to Section 37 para. 1 WpHG. Moreover, pursuant to Section 36 para. 1 WpHG, voting rights and instruments are not considered if the holder is a credit institution or an investment services enterprise whose registered office is situated in an EU Member State or in another signatory state to the Agreement on the European Economic Area (EEA), provided: (i) it holds the shares in question in its trading book; (ii) they amount to not more than 5% of the voting rights or do not have similar effects; and (iii) it is ensured that the voting rights attaching to such shares or instruments are not exercised or otherwise used to exert influence over the management of the issuer.

17.11.2 Fulfillment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to complete the notification form set forth as an annex to the German Securities Trading Notification Regulation (*Wertpapierhandelsanzeigeverordnung*). The notice may be submitted either in German or English to the BaFin only electronically via the BaFin's MVP portal (which requires prior registration). The MVP portal will then create documents which must be sent to the Company via electronic means of communications.

The Company is required to publish such notices without undue delay (*unverzüglich*), but no later than three trading days after receipt.

17.11.3 Consequences of Violations of Notification Requirements

If a shareholder fails to comply with the voting rights notification obligations pursuant to Sections 33 and 34 WpHG, the rights attached to shares held by or attributed to such shareholder do not exist during the period for which the notification requirements have not been met. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. However, it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or with gross negligence fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. The same rules apply to shares held by a shareholder if such shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares and instruments pursuant to Sections 38 para. 1 and 39 para. 1 WpHG. In addition, a fine may be imposed for failure to comply with notification obligations. The BaFin also publishes decisions on sanctions and measures with regard to violations of the disclosure obligations and persons responsible for such violations pursuant to Section 124 WpHG (so-called "*naming and shaming*").

17.11.4 Special Notification Requirements for More than 10% of the Voting Rights

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company (which has to publish such information) within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Afterwards, changes in those objectives must also be reported within 20 trading days. A company's articles of association may release shareholders from the obligation to make a notification pursuant to Section 43 WpHG; however, the Articles of Association of the Company do not include such release.

17.12 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company following the completion of the Offering is required to publish this fact, including the percentage of its voting rights, within seven calendar days. The aforementioned publication must be furnished on the internet and by means of an electronically operated system for disseminating financial information unless an exemption has been granted by the BaFin. This publication has to be made within seven calendar days and include the total amount of voting rights held by and attributed to such person and, subsequently, such person is further required to submit a mandatory public tender offer to all holders of shares in the Company. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares. If the relevant shareholder fails to give notice of reaching or exceeding the 30% threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the non-compliance. A fine may also be imposed in such cases.

17.13 Transactions Undertaken for the Account of a Person with Management Duties

According to Article 19 of the MAR, a person discharging managerial responsibilities within the meaning of Article 3 para. 1 No. 25 of the MAR (an "**Executive**") must notify the Company and the BaFin of transactions undertaken for their own account relating to the Brainlab Shares, debt instruments, or related financial instruments (subject to a EUR 20,000 *de minimis* exception per calendar year for all such transactions), including, *inter alia*, the pledging or lending of financial instruments, transactions undertaken by any person professionally arranging or executing transactions on behalf of an Executive or a closely associated person or entity of an Executive, including where discretion is exercised, and transactions made under a life insurance policy. Such notifications are required to be made promptly and no later than three business days after the date of the relevant transaction. For the purposes of the MAR, an Executive means a person within the Company who is a member of the administrative, management or supervisory body of the Company or a senior executive who is not such member but who has regular access to inside information relating directly or indirectly to the Company and who has the power to make managerial decisions affecting the future developments and business prospects of the Company. A person closely associated with an Executive means certain family members, namely a spouse, a registered civil partner (*eingetragener Lebenspartner*), a dependent child, as well as a relative who has shared the same household for at least one year on the date of the transaction concerned. A person closely associated also includes a legal person, trust or partnership, the managerial responsibilities of which are discharged by an Executive of the Company or by a family member of them. Finally, the term includes a legal person, trust or partnership which is directly or indirectly controlled by an Executive (or by one of its family members) or which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

The Company is required to ensure that such notifications are promptly made public and no later than two business days after receipt of a notification as described above. In addition, the Company is required to, without undue delay, transmit the information to the Company Register in Germany (*Unternehmensregister*) and notify the BaFin. Non-compliance with the notification requirements may result in a fine.

Before the announcement of an interim financial report or a year-end report required to be made public according to: (i) the rules of the Listing Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*) (the "**FSE-Rules**"); or (ii) national law, executives are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities for 30 calendar days (a so-called "**Closed Period**"), according to Art. 19 para. 11 of the MAR. However, according to the BaFin's guidelines for issuers (*Emittentenleitfaden*), quarterly reports and quarterly statements for the first and third quarter of a fiscal year in accordance with Section 53 of the FSE-Rules do not trigger a Closed Period.

17.14 Further Post-Admission Disclosure Requirements

The following description relates to post-admission disclosure requirements as applicable after the SE-Conversion. In contrast to the description below, as at the date of this Prospectus, the audited remuneration report (*Vergütungsbericht*) relates to the remuneration paid to the members of the Management Board and the Supervisory Board.

In addition to the obligations under Article 19 MAR, the Company is subject to the rules and requirements of the entire MAR governing, *inter alia*, the publication of inside information relating to it by way of *ad hoc* notifications pursuant to Art. 17 para. 1 MAR.

Pursuant to Article 17 of the MAR, the Company will, upon the application for Admission to Trading, be required to inform the public as soon as possible of inside information (as described below) which directly concerns the Company. In such case, the Company will be required to also, prior to informing the public, inform the BaFin and the management of the trading venues and facilities (*Geschäftsführungen der Handelsplätze*) where financial instruments of the Company have been or will be admitted to trading or been included in such trading, and, after publication, without undue delay transmit the information to the German company register (*Unternehmensregister*).

Inside information comprises, *inter alia*, any information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the price of those financial instruments or on the price of related derivative financial instruments.

The Company may, at its own risk, delay disclosure of inside information if: (i) immediate disclosure is likely to prejudice the legitimate interests of the Company; (ii) delay of disclosure is not likely to mislead the public; and (iii) the Company is able to ensure that the inside information will remain confidential. In such case, the Company will be required to also inform the BaFin that disclosure of the information was delayed and provide a written explanation of how the conditions set out in the preceding sentence were met immediately after the information is disclosed to the public. Where disclosure of inside information is delayed and the confidentiality of that inside information is no longer ensured, the Company will be required to disclose such inside information to the public as soon as possible.

Furthermore, the Company in its capacity as a listed company is subject to certain additional reporting and disclosure obligations under the AktG and the WpHG. These obligations include, *inter alia*, the disclosure of an audited report of the remuneration paid to members of the Administrative Board and the Managing Directors (*Vergütungsbericht*), the disclosure of transactions with related parties, periodic financial reporting as well as financial and other required disclosures required by the WpHG. The Company is also obliged under the FSE-Rules to publish quarterly statements.

17.15 EU Short Selling Regulation (Ban on Naked Short Selling)

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012, on short selling and certain aspects of credit default swaps (the "**EU Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the EU Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short selling

of the Company's shares is only permitted under certain conditions. Additionally, under the provisions of the EU Short Selling Regulation, significant net short selling positions in the Company's shares must be reported to the BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the EU Short Selling Regulation and the other regulations which the European Commission enacted on short selling. In certain situations, described in the EU Short Selling Regulation, the BaFin may restrict short selling and comparable transactions.

18 CORPORATE BODIES

As of the date of this Prospectus, the Company is organized in the legal form of a German Stock Corporation AG. Against the background of the intended SE-Conversion, the following sections set out, if and to the extent required, the relevant information both as it will apply to the Company prior to the SE-Conversion and as it will apply after the SE-Conversion, provided that both the circumstances prior to the SE-Conversion and following the SE-Conversion will only be described where the SE-Conversion results in deviations. Defined terms used in the following sections shall be construed, to the extent applicable and as the context requires, as to refer to the Company or to future Brainlab SE.

18.1 Overview of the Corporate Bodies of the Company prior to the SE-Conversion

The Company's governing bodies are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*)) and the General Meeting (*Hauptversammlung*). The powers and responsibilities of these governing bodies are determined by the AktG, the Articles of Association and the internal rules of procedure for both the Management Board (*Geschäftsordnung für den Vorstand*) and the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*). The German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) (the "**Code**") sets forth further recommendations for the good and responsible corporate governance of the corporate bodies of a German stock corporation.

The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and the rules of procedure for the Management Board. The members of the Management Board represent the Company in all respects, including before courts and outside of court.

Simultaneous management and supervisory board membership in a German stock corporation is not permitted under the AktG; however, in exceptional cases and for an interim period, a member of the supervisory board may occupy a vacant seat on the Management Board of the same German stock corporation. During this period, such individual may not perform any duties for the supervisory board. Such a stand-in arrangement is limited in time for a maximum period of one year.

The Supervisory Board determines the exact number of members of the Management Board. Pursuant to the Articles of Association, the Management Board consists of two or more members. The Supervisory Board also appoints the members of the Management Board and is entitled to revoke the appointment of members of the Management Board under certain circumstances. As set out in the AktG as well as in the internal rules of procedure for the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*), the Supervisory Board advises and supervises the Management Board's management of the Company but is not itself authorized to manage the Company. The Supervisory Board has, however, in addition to the approval requirements under the Articles of Association, designated the types of matters and transactions of the Company that require the approval of the Supervisory Board within the internal rules of procedure for the Management Board. The Supervisory Board may at any time subject further important decisions and matters of the Management Board to its approval on an *ad hoc* basis.

Members of the Management Board and the Supervisory Board must exercise the standard of care of a prudent and diligent business person in carrying out their duties. They are generally required to consider a broad range of factors in their decisions, including the interests of the Company, its shareholders, employees, creditors, and the general public. The Management Board and the Supervisory Board must respect fundamental shareholder rights under German corporate law, such as the right to equal treatment and equal information.

Members of the Management Board or the Supervisory Board who violate their duties are liable to the Company for damages. The Company must initiate an action against a member of the Management Board or a Supervisory Board for breach of duty if resolved by a general meeting. Under German law, shareholders or other persons may be liable to the Company for damages if they intentionally influence the Company to cause detrimental actions by members of the Management Board, Supervisory Board, or holders of a commercial power of attorney (*Prokurist*).

Generally, shareholders do not have direct recourse against members of the Management Board or Supervisory Board for breach of duty. Liability to shareholders occurs only if a breach of duty to the Company also violates statutory provisions enacted specifically for shareholder protection. Shareholders can assert claims for breaches of this sort or compel the Company to pursue compensatory damage claims under certain conditions.

18.2 Management Board

18.2.1 Overview

Pursuant to the Articles of Association, the Management Board consists of at least two members. The exact number of members of the Management Board, their appointment, term of office and dismissal are determined by the Supervisory Board. The Management Board currently has four members. The Supervisory Board may designate a member of the Management Board to serve as chairperson or speaker. Deputy members of the Management Board may also be appointed. Members of the Management Board may be appointed for a maximum term of five years. They may be reappointed for further terms of up to five years in each case. The Supervisory Board may dismiss a member of the Management Board for good cause prior to the end of the term, for example in the event of a gross breach of duty or where the General Meeting issues a vote of no confidence with respect to that member.

On August 28, 2007, the Supervisory Board adopted the rules of procedure for the Management Board.

The rules of procedure for the Management Board govern the internal organization and procedures for the Management Board, including the allocation of duties, the information and reporting obligations vis-á-vis the Supervisory Board, the convocation of a meeting of the Management Board and subject-to-approval company transactions. The Management Board should perform the tasks assigned to them by law, the Articles of Association and the rules of procedure.

Further details are governed by the rules of procedure.

18.2.2 Members of the Management Board

The following table lists the current members of the Management Board and their respective responsibilities.

Name	Born	First appointed in	Appointed until	Function
Birkenbach, Rainer	May 08, 1968	2001	September 2028	Chief Executive Officer ("**CEO**")
Hoffmann, Florian Michael	December 10, 1985	2024	September 2026	Chief Operating Officer ("**COO**")
Kreitmair, Rudolf	February 19, 1976	2025	September 2027	Chief Financial Officer ("**CFO**")
Schalkhaußer, Tobias	March 18, 1975	2024	September 2026	Chief Marketing Officer ("**CMO**")

With regard to summaries of the curricula vitae and further information on of the current Management Board members, please refer to the descriptions of the Managing Directors below (see *"18.8.2 Managing Directors"*).

18.2.3 Remuneration and other benefits

18.2.3.1 Remuneration and pension commitments for the management board in the 2023/2024 Fiscal Year

With regard to remuneration and pension commitments for the Management Board in the 2023/2024 Fiscal Year, please refer to the descriptions below (see *"18.8.3.1 remuneration and pension commitments for the management board in the 2023/2024 Fiscal Year"*).

18.2.3.2 Remuneration system and benefits for the Management Board members

With regard to the remuneration system and benefits for the Management Board members, please refer to the description below (see "*18.8.3.2 Remuneration System and benefits for the Managing Directors*"), provided that the descriptions that relate to the Administrative Board apply *mutatis mutandis* to the Supervisory Board and the descriptions that relate to the Managing Director apply *mutatis mutandis* to the Management Board.

18.2.3.3 Compensation and benefits of the Management Board

With regard to the compensation and benefits of the Management Board, please refer to the description below (see "*18.8.3.3 Compensation and benefits of the Managing Directors*"), provided that the descriptions that relate to the Administrative Board apply *mutatis mutandis* to the Supervisory Board and the descriptions that relate to the Managing Director apply *mutatis mutandis* to the Management Board.

18.2.3.4 Compensation Components in Detail

With regard to (i) the compensation components in detail, (ii) Management Board members with board memberships outside the Group, (iii) transaction bonus, (iv) general rules on termination of Management Board membership and service agreements, (v) D&O insurance, (vi) shareholdings and stock options of the Management Board members in the Company and (vii) non-compete arrangements, please refer to the description below (see "*18.8.3" to "18.8.9*"), each provided that the descriptions that relate to the Administrative Board apply *mutatis mutandis* to the Supervisory Board and the descriptions that relate to the Managing Director apply *mutatis mutandis* to the Management Board.

18.3 Supervisory Board

18.3.1 Overview

The Supervisory Board (*Aufsichtsrat*) is comprised of three individuals elected by the General Meeting pursuant to Section 9 para. 1 of the Articles of Association. Presently, the Supervisory Board includes Dr. Klaus Kleinfeld, Sebastian Kuss and Stefan Vilsmeier. Members are appointed by a simple majority vote.

Unless otherwise specified, the term of office for Supervisory Board members concludes following the General Meeting that resolves on the discharge (*Entlastung*) of the Supervisory Board for the fourth fiscal year post-commencement. The commencing fiscal year is excluded from this calculation. Pursuant to Section 9 para. 5 of the Articles of Association, each Supervisory Board member may resign from office without giving reason, subject to three months' notice.

A newly appointed Administrative Board elects a chairman and deputy chairman among its members in a constituting meeting. The deputy chairman acts in the chairman's absence. Their terms correspond to their membership terms unless prematurely ended, necessitating immediate elections for replacements in a meeting or through resolutions outside meetings if necessary.

The Supervisory Board's rights and responsibilities are outlined by law, the Articles of Association, and its rules of procedure. Other than the supervision of the Management Board's activities, its functions include:

- Appointing and dismissing Management Board members, deciding on service agreements, and adopting procedural rules;
- Amending the Articles of Association regarding wording;
- Approving reserved matters; and
- Reviewing and approving the annual financial statements and profit allocation recommendations.

Meetings occur at least twice a calendar year, convened with a notice period of 14 days. In urgent cases, the chairman may shorten this period. A quorum requires a participation of all members. Resolutions generally occur at meetings,

but absent members may submit written votes via another present member of the Supervisory Board. Resolutions can also be adopted outside meetings through various communication methods upon the chairman's order.

Resolutions are passed with a simple majority of present or represented votes, unless mandatory statutory provisions or the Articles of Association stipulate otherwise. In ties, the chairman or in his absence deputy chairman casts the deciding vote.

On April 8, 2003, the Supervisory Board adopted its own rules of procedure.

The rules of procedure for the Supervisory Board govern the internal organization and procedures for the Supervisory Board. The Supervisory Board should perform the tasks assigned to them by law, the Articles of Association and the rules of procedures.

The Supervisory Board is not subject to any co-determination.

Further details, particularly regarding the composition, the convocation of a meeting of the Supervisory Board, the chairpersonship and the deputy chairpersonship as well as conflicts of interest are governed by the rules of procedures.

18.3.2 Current Members of the Supervisory Board

The following table lists the current members of the Administrative Board.

Name	Born	Member since	Appointed until	Principal occupation
Vilsmeier, Stefan	October 24, 1967	April 1, 2025	2027	CEO of Snke Holding SE
Dr. Kleinfeld, Klaus	November 6, 1957	April 1, 2025	2027	Entrepreneur, non-executive board member in several international corporations
Kuss, Sebastian	July 24, 1988	March, 15, 2022	2027	Managing partner of EMH Partners GmbH

With regard to summaries of the curricula vitae and further information on the Management Board members, please refer to the descriptions of the Managing Directors below (see *"18.9.2 Current and Future Members of the Administrative Board"*).

18.3.3 Supervisory Board committees

The Supervisory Board may establish committees in accordance with the law. After the completion of the Offering, the Supervisory Board will be required to establish an audit committee comprising of three members pursuant to section 107 para. 4 sentence 1 AktG. Given that the Supervisory Board consists of three members according to the Articles of Association, the Supervisory Board as a whole will take the function of the audit committee pursuant to section 107 para. 4 sentence 2 AktG.

18.3.4 Remuneration and Other Benefits of the Members of the Supervisory Board

With regard to the remuneration and other benefits of the members of the Supervisory Board, please refer to the description below (see "*18.9.4 Remuneration and Other Benefits of the Members of the Administrative Board*"), provided that the descriptions that relate to the Administrative Board apply *mutatis mutandis* to the Supervisory Board.

18.3.5 Shareholdings and Stock Options of the Members of the Supervisory Board in the Company

As of the date of this Prospectus, Stefan Vilsmeier indirectly holds through SV2019 GmbH 11,833,746 shares in the Company and Sebastian Kuss indirectly holds through EMH Digital Growth Fund GmbH & Co. KG 3,659,269, EMH Invest II GmbH & Co. KG 1,594,871 and EMH Invest I GmbH & Co. KG 1,382,501 shares in the Company.

18.4 Certain Information Regarding the Management Board and Supervisory Board, Conflicts of Interest

With regard to the certain information regarding the Management Board and Supervisory Board and conflicts of interest, please refer to the description below (see "*18.10 Certain Information Regarding the Managing Directors and Administrative Board, Conflicts of Interest*"), provided that the descriptions that relate to the Administrative Board apply *mutatis mutandis* to the Supervisory Board.

18.5 General Meeting

With regard to the General Meeting, please refer to the description below (see "*18.11 General Meeting*"), except for the description of any provisions of the SE-Regulation and the SEAG that do not refer to the AktG.

18.6 Corporate Governance Code

The Company is subject to the obligation to render a declaration of compliance (*Entsprechenserklärung*) pursuant to section 161 AktG as to compliance with the Code.

The Code provides recommendations and suggestions for the management and supervision of German listed companies based on internationally and nationally acknowledged standards for corporate governance relating to shareholders and general meetings, management and supervisory boards, transparency, accounting, and the auditing of financial statements. While adherence to the Code's recommendations and suggestions is voluntary, section 161 AktG mandates that management board and supervisory board of a German stock corporation discloses each year which recommendations were followed and which were not. This disclosure must be accessible to shareholders at all times. However, deviations from the suggestions in the Code do not need to be disclosed.

Prior to the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is not required to issue a declaration regarding compliance with the Code. Therefore, the Company's Management Board and Supervisory Board have not yet made a declaration pursuant section 161 AktG.

The Company supports the objectives of the Code to promote transparent and responsible corporate management aimed at achieving sustainable shareholder value growth. As of the date of this Prospectus, the Company intends to adhere to the recommendations of the Code, except for the following:

Recommendation B.5 and C.2: Pursuant to recommendations B.5 and C.2 an age limit for members of the Supervisory Board and Management Board should be established and disclosed within the corporate governance statement. As at the date of this Prospectus, the Company has not set a specific age threshold or mandatory retirement age for members of either the Supervisory Board or the Management Board. Following the SE-Conversion, the Company intends to comply with these recommendations. In anticipation of the SE-Conversion, the Company has introduced appropriate age limits for both the Administrative Board and the Managing Directors, which are set out in their respective rules of procedure.

Recommendation C.10: According to the Code's recommendation, the chairperson of the Supervisory Board shall be independent from the Company and the Management Board. Chairperson of the Supervisory Board is Stefan Vilsmeier who used to be CEO of the Company and thus is not considered independent withing the meaning of recommendation C.10. The Company is of the opinion that this divergence from recommendation C.10 does not undermine the effective governance of the Supervisory Board. The Company can benefit from Stefan Vilsmeier's expertise and insight into the Company's strategic direction and financial oversight, enabling informed decision-making in the interest of all stakeholders.

Recommendations D.2 and D.4: Pursuant to recommendation D.2 and D.4 the Supervisory Board shall form qualified committees according to the Company's specific circumstances and the number of Supervisory Board members, in particular the nomination committee. As the Company's Supervisory Board currently comprises only three members, the Company has not established any committees. Due to the small size of the Supervisory Board, the formation of committees would not lead to more efficient allocation of responsibilities. Following the SE-Conversion, the Company intends to comply with this recommendation and has implemented committees as described above (see "*18.9.3 Administrative Board committees"*).

Recommendation F.2: According to recommendation F.2, the consolidated financial statements and the group management report shall be made publicly available within 90 days of the end of the fiscal year, and mandatory interim financial information shall be published within 45 days after the end of the relevant reporting period. The Company intends to publish its consolidated financial statements and group management report in accordance with all applicable legal requirements and, specifically, the listing obligations of the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange. As a result, the Company may not meet the shorter publication periods recommended by the Code. In the Company's opinion, an accelerated publication of its consolidated financial statements would not serve the interests of its shareholders, creditors, employees, or the general public.

Recommendation G.15: Pursuant to recommendation G.15, any remuneration received by members of the Management Board for serving on supervisory boards within the group should be credited against their Management Board remuneration. The Company does not comply with this recommendation. In the Company's view, separate compensation for such supervisory board mandates is appropriate, as these roles involve additional responsibilities and workload beyond the members' Management Board duties. The Company considers this approach to be justified in order to recognize the specific duties performed within supervisory board roles.

18.7 Overview of the Corporate Bodies of the Company after the SE-Conversion

As a European company (*Societas Europaea, SE*), the Company is subject to European legislation on European companies, specifically the SE Regulation. Additionally, the Company is governed by the German SE Implementation Act and general provisions of German corporate law, particularly the German Stock Corporation Act (*Aktiengesetz*) and the German Commercial Code (*Handelsgesetzbuch*). German European companies are largely treated like German stock corporations (*Aktiengesellschaften*). Besides the general meeting (*Hauptversammlung*), an SE may choose either a two-tier governance system encompassing a supervisory board (*Aufsichtsrat*) and a management board (*Vorstand*), or a one-tier governance system with only a board called an administrative board (*Verwaltungsrat*). The Articles of Association provide for a one-tier governance system with an administrative board (*Verwaltungsrat*) as the governing body directing the business of the Company, establishing the general principles for its activities and supervising their implementation.

A German one-tier European company must appoint at least one managing director (*geschäftsführender Direktor*). The Administrative Board appoints the Managing Directors and determines the conditions of their service agreements. Managing Directors conduct daily operations of the Company, represent the Company to third parties, and may also be members of the Administrative Board. However, the majority of the Administrative Board must consist of non-managing members. The Managing Directors are required to inform the Administrative Board of all aspects relevant to the Company's planning, business performance, risk position, risk management, compliance, and other special occasions. Upon the SE-Conversion, one of the Managing Directors, Rainer Birkenbach, is also a member of the Administrative Board.

Members of the Administrative Board must exercise the standard of care of a prudent and diligent business person in carrying out their duties. They are generally required to consider a broad range of factors in their decisions, including the interests of the Company, its shareholders, employees, creditors, and the general public. The Administrative Board must respect fundamental shareholder rights under German corporate law, such as the right to equal treatment and equal information.

The Managing Directors must also observe the standard of care of a prudent and diligent business person. However, if the Administrative Board has given binding instructions, a Managing Director will not typically be liable for following these instructions unless they were illegal and the Managing Director was aware or should have been aware of that fact. Members of the Administrative Board or Managing Directors who violate their duties are liable to the Company for damages. The Company must initiate an action against a member of the Administrative Board or a Managing Director for breach of duty if resolved by a general meeting. Under German law, shareholders or other persons may be liable to the Company for damages if they intentionally influence the Company to cause detrimental actions by members of the Administrative Board, Managing Directors, or holders of a commercial power of attorney (*Prokurist*).

Generally, shareholders do not have direct recourse against members of the Administrative Board or Managing Directors for breach of duty. Liability to shareholders occurs only if a breach of duty to the Company also violates statutory provisions enacted specifically for shareholder protection. Shareholders can assert claims for breaches of this sort or compel the Company to pursue compensatory damage claims under certain conditions.

18.8 Managing Directors

18.8.1 Overview

In accordance with applicable law and the Articles of Association, the Company is obligated to appoint one or more Managing Directors and enter into service agreements with them. The appointment of Managing Directors is conducted by the Administrative Board, which can make such appointments with a simple majority vote.

Although Managing Directors may serve as members of the Administrative Board, it is mandatory that the majority of the Administrative Board consists of non-managing members. Currently, one of the Managing Directors also serves as a member of the Administrative Board.

On June 9, 2025, the Administrative Board adopted the rules of procedure for the Managing Directors.

The rules of procedure for the Managing Directors govern the internal organization and procedures for the Managing Directors, including the allocation of duties, the cooperation the Administrative Board, the reporting requirements to with the Administrative Board, the convocation of a meeting of the Managing Directors and subject-to-approval company transactions. The Managing Directors should perform the tasks assigned to them by law, the Articles of Association, the rules of procedure and instructions made by the Administrative Board.

Further details, particularly regarding the composition, the confidentiality and conflicts of interest, are governed by the rules of procedure.

18.8.2 Managing Directors

The following table lists the Managing Directors and their respective responsibilities.

Name	Born	First appointed in	Appointed until	Function
Birkenbach, Rainer	May 08, 1968	2025	September 2029	Chief Executive Officer (“**CEO**”)
Hoffmann, Florian Michael	December 10, 1985	2025	September 2028	Chief Operating Officer (“**COO**”)
Kreitmair, Rudolf	February 19, 1976	2025	September 2028	Chief Financial Officer (“**CFO**”)
Schalkhaußer, Tobias	March 18, 1975	2025	September 2028	Chief Marketing Officer (“**CMO**”)

The following description provides summaries of the curricula vitae of the Managing Directors and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Birkenbach, Rainer

Rainer Birkenbach was born in 1968 in St. Wendel, Germany. He studied electrical engineering at the University of Applied Sciences in Saarbrücken (Hochschule für Technik und Wirtschaft des Saarlandes), Germany, from which he graduated in 1994. After graduating university, he began working as an engineer at Deutsche Telekom AG. He joined the Company in 1994 as a software developer and has continuously been working for the Company until today. He has been a member of the management board of the Company and its predecessors since 1998 when he was appointed Executive Vice President. In 2017, he was appointed Chief Technology Officer and has been the Chief Executive Officer of the Company since January 2025. He is expected to become a member of the Administrative Board upon conversion of the Company into an SE and is the only member of the Administrative Board that is also a managing director at the Company.

Hoffmann, Florian Michael

Florian Michael Hoffmann was born in 1985 in Munich, Germany. He holds a degree in information-oriented economics from the University of Augsburg, Germany, a Master of Business Administration from the University of Dayton, Ohio, United States as well as a certificate of Management Excellence from Harvard Business School Executive Education, Massachusetts, United States. Before joining the Company, he worked as a business manager at Freyer & Ploch IT Fachhandel GmbH. He joined the Company in 2012 as a management associate for the former Chief Executive Officer, Stefan Vilsmeier. During his time with the Company, Florian Hoffmann held various management roles at the Company, *i.e.* Lead Project Manager, Senior Manager R&D Platforms and Director R&D Platforms; he also served as managing director of 10 Grad GmbH, a subsidiary of the Company. In 2020 he was appointed as Vice President R&D and has been the COO of the Company since October 2024.

Kreitmair, Rudolf

Rudolf Kreitmair was born in 1976 in Starnberg, Germany. He studied economics at the Ludwig-Maximilian-University in Munich, Germany and completed an advanced management program at the University of Chicago Booth School of Business Executive Education, Chicago, United States in 2020. Rudolf Kreitmair started his career by joining the Company in 2004 as a financial analyst. He has since taken on various roles within the Company, *i.e.* Corporate Controller, Manager Finance & Accounting as well as Director Finance & Accounting. Since 2017, he has held the position of Executive Vice President Finance and was responsible for the global finance organization of the Company. He was appointed as CFO of the Company in January 2025.

Schalkhaußer, Tobias

Tobias Schalkhaußer was born in 1975 in Munich, Germany. He studied communication science (M.A.) at the Ludwig-Maximilian-University in Munich, Germany. After his editorial traineeship at the "Münchner Abendzeitung," he joined the Trurnit Group GmbH as a Digital Marketing Consultant in 1995. In 2001, he founded the digital agency schalk&friends GmbH, where he worked for close to 25 years. Tobias Schalkhaußer joined the Company in 2019 as Executive Vice President Marketing & Product Management. As such, he was responsible for the repositioning of the Company's core brand, the further development of product communication, and the digitalization of marketing. In October 2024, he was appointed as CMO of the Company.

All Managing Directors may be reached at the Company's offices at Olof-Palme-Straße 9, 81829 Munich, Germany (telephone +49 (89) 9915680).

The following overview lists all of the companies and enterprises in which the Managing Directors currently hold seats or have held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they were partners during the last five years, with the exception of the Company and companies within the Group:

Birkenbach, Rainer	Current seats:
	None
	Past seats:
	None
Hoffmann, Florian Michael	Current seats:
	None
	Past seats:
	None
Kreitmair, Rudolf	Current seats:
	None
	Past seats:
	None
Schalkhaußer, Tobias	Current seats:
	None
	Past seats:
	schalk&friends GmbH (managing partner)

18.8.3 Remuneration and other benefits

18.8.3.1 Remuneration and pension commitments for the management board in the 2023/2024 Fiscal Year

For the 2023/2024 Fiscal Year, the total remuneration for the members of the management board (including fixed components as well as benefits in kind) granted by the Company for services as members of the management board was EUR 2,106 thousand. The amount composes EUR 1,581 thousand for active members of the management board and EUR 525 thousand for former members of the management board. In the 2023/2024 Fiscal Year pension commitments for the members of the management board were granted, for which a provision of EUR 20 thousand was recognized and expensed.

18.8.3.2 Remuneration System and benefits for the Managing Directors

The Administrative Board determines the overall remuneration of each individual Managing Director and hereby has to ensure pursuant to Section 40 para. 8 of the German SE Implementation Act (*SE-Ausführungsgesetz* – "**SEAG**") in conjunction with Section 87 para. 1 sentence 1 AktG that the overall remuneration of each individual Managing Director (salary, profit-sharing, expense allowances, insurance premiums, commissions, incentive-based remuneration commitments such as, for example, stock options and collateral performance of any kind) is appropriate in relation to the tasks and performance of each individual Managing Director and to the economic situation of the Company and that, unless particular reasons so require, the customary remuneration is not exceeded. For listed European companies (SE) with its seat in Germany, the components of the remuneration is to be oriented towards the promotion of a sustainable and long-term development of the Company (cf. Section 40 para. 8 SEAG in conjunction with Section 87 para. 1 sentence 2 AktG). Pursuant to Section 40 para. 8 SEAG in conjunction with Section 87a para. 1 AktG, an administrative board of a listed European companies (SE) with its seat in Germayn shall adopt a clear and comprehensible system for the remuneration of the Managing Directors. Section 40 para. 8

SEAG in conjunction with Section 87 AktG provides for the substantive legal requirements and Section 40 para. 8 SEAG in conjunction with Section 87a AktG for the formal legal framework of the remuneration for the Managing Directors.

Pursuant to Article 52 para. 2 of the Regulation (EC) No. 2157/2001 of October 8, 2001, on the Statute for a European company (SE) ("**SE-Regulation**") in conjunction with Section 40 para. 8 SEAG in conjunction with Section 87a para. 2 AktG, an administrative board of a listed SE with its seat in Germany generally determines the remuneration for the Managing Directors in accordance with the remuneration system for the Managing Directors as presented to the General Meeting. Such remuneration system is prepared and resolved upon by the administrative board and presented to the General Meeting, which resolves pursuant to Article 52 para. 2 SE-Regulation in conjunction with Section 120a AktG on the approval of the remuneration system for the Managing Directors presented by the administrative board whenever there is a significant change in the compensation system, but at least every four years.

In this respect the Administrative Board will resolve on a new remuneration system for the Managing Directors for the period commencing after the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and will submit the new remuneration system to the General Meeting for its approval at its next ordinary General Meeting in 2026.

All of the Managing Directors are currently bound by service agreements with the Company and will receive remuneration from the Company.

The remuneration for the activities as a Managing Director is based on each service agreement concluded between the Company and each Managing Director, consisting of a total compensation (Gesamtvergütung) which comprises (i) a fixed remuneration, (ii) a variable remuneration and (iii) other benefits. The maximum amount of the annual total compensation as well as malus and clawback clauses as required by mandatory law are defined.

Fixed Remuneration, non-performance-based

Pursuant to Section 40 para. 8 SEAG in conjunction with Section 87a para. 1 sentence 2 no. 3 AktG, the remuneration system to be adopted by the Administrative Board must – *inter alia* – specify all fixed remuneration components and their respective relative share of the total remuneration. The Company aims to ensure that the fixed remuneration consists of (i) a basic remuneration, (ii) a fringe remuneration as well as (iii) subsidy to pension. The determination of the individual amount shall take into account (i) personal performance, (ii) economic situation of the Company, (iii) success and future prospects of the Group and (iv) customary level of compensation, taking into account the national and international comparative environment and the compensation structure that otherwise applies in the Group.

Variable Remuneration, performance-based

Pursuant to Section 40 para. 8 SEAG in conjunction with Section 87a para. 1 sentence 2 no. 3 AktG, the remuneration system to be adopted by an administrative board must specify – *inter alia* – all variable remuneration components and their respective relative share of the total remuneration. The Company aims to ensure that the variable remuneration consists of (i) an annual bonus as well as (ii) a long-term bonus.

Adjustments

Pursuant to Section 40 para. 8 SEAG in conjunction with Section 87, 87a AktG, the remuneration system to be adopted by the Administrative Board shall comprise of mandatory components regarding adjustments of the remuneration for the Managing Directors. However, as Section 40 para. 8 SEAG in conjunction with Section 87a AktG is not conclusive, the adoption of further components for the remuneration system is permissible. The Company aims to ensure that as components for the remuneration system regarding adjustments of the remuneration for the Managing Directors (i) a maximum amount, (ii) a cash compensation cap and (iii) malus and clawback clauses are agreed upon.

18.8.3.3 Compensation and Benefits of the Managing Directors

The Management Board members of the Company are Rainer Birkenbach (Chief Executive Officer), Florian Hoffmann (Chief Operating Officer), Rudolf Kreitmair (Chief Financial Officer) and Tobias Schalkhaußer (Chief Marketing Officer). Upon transforming into the legal form of a Societas Europaea the Management Board members will become Managing Directors of Brainlab SE. As the only person to become a member of the Administrative Board as well as a Managing Director, the Chief Executive Officer will lead the operational business, supported by the other Managing Directors.

The compensation of the Managing Directors is based on revised service agreements that will become effective following the publication of this Prospectus. The compensation is determined by the Administrative Board taking into account general market practice, legal requirements of the German Stock Corporation Act (*Aktiengesetz*) and the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) as well as expectations of institutional investors and proxy advisors. It consists of a fixed annual base salary, variable compensation components, including a short-term incentive and a long-term incentive, as well as a pension substitute and fringe benefits. For the financial year of the public offering, the Managing Directors will receive an IPO-Bonus as a long-term incentive. The compensation structure shall ensure a performance-related compensation and foster the sustainable long-term success of the Company as well as an alignment with shareholders' interests. Therefore, the variable compensation components will have a larger weighting than the fixed compensation components. Furthermore, the target amount of the Long-Term Incentive shall outweigh the target amount of the Short-Term Incentive.

18.8.3.4 Compensation Components in Detail

(I) Annual Base Salary

The Managing Directors receive an annual fixed salary in cash, which is paid out in twelve equal monthly installments.

(II) Short-Term Incentive

The short-term incentive (the "**STI**") is designed as a target bonus model with a performance period of one year and considers one to two financial performance targets measured on group level, that are determined by the Administrative Board in line with the Company's strategic steering indicators (*e.g.*, Revenue, EBITDA or Free Cash Flow). At the beginning of each financial year, the Administrative Board will set a target value for each of the financial performance targets, for which the target achievement will be 100%. The Administrative Board will also set minimum and maximum threshold values. The range of target achievement will be between 0% and 150%. In addition, the individual performance of each Managing Director may be considered by defining additional individual or collective non-financial targets via a multiplicative factor with a range between 0.8 and 1.2, If no targets are set by the Administrative Board within the multiplicative factor, the multiplicative factor is 1.0 by default. The overall payout of the STI is calculated by multiplying a contractually agreed target amount for each Managing Director with the weighted target achievement of the financial performance targets and the multiplicative factor. The payout is settled in cash and capped at 150% of the individual target amount.

(III) Long-Term Incentive

The long-term incentive (the "**LTI**") will depend on the share price development of the Company and the achievement of performance targets and will be granted annually in rolling tranches. As the share price development of the Company can only be taken into account after Admission to Trading, the first LTI tranche will be granted at the beginning of the first full financial year following the public offering, *i.e.* as of October 1st, 2025. Each tranche has a four-year plan term, comprising a performance period of three years and an additional one-year holding period. At the beginning of each performance period, an individual target amount is divided by the share price of the Company at the beginning of the performance period, defining an initially granted preliminary number of virtual

performance shares. During the performance period of three years, the target achievement of performance targets is measured. The performance targets consist of the relative Total Shareholder Return (share price development including fictitious reinvested gross-dividends) of the Company compared to a peer group (*e.g.*, SDAX, TecDAX or bespoke peer group of competitors), a financial performance target measured on group level (*e.g.*, Revenue, EBITDA or Net Income) and sustainability targets. At the beginning of each performance period, the Administrative Board will set a target value for each of the performance targets, for which the target achievement will be 100%. The Administrative Board will also set minimum and maximum threshold values. The range of target achievement will be between 0% and 150%. The target achievement curve for the relative total shareholder return shall be already defined for several tranches and disclosed in the compensation system pursuant to Section 87a of the German Stock Corporation Act (*Aktiengesetz*). After the end of the performance period, the overall target achievement of the performance targets is calculated based on the relative weighting of each performance target and multiplied with the initially granted number of virtual performance shares to derive the final number of virtual performance shares. The final number of virtual Performance Shares is subject to an additional one-year holding period. After the end of the holding period, the payout amount (gross) is determined by multiplying the final number of virtual performance shares with the with the then applicable share price of the Company (also considering dividends). The overall payout of the LTI may be settled in cash or shares and is capped at 200% of the individual target amount of each Managing Director.

(IV) IPO-Bonus

For the financial year in which the public offering takes place, the Managing Directors will receive an IPO-Bonus as long term compensation instead of the regular LTI. As with the regular LTI, the target amount of the IPO-Bonus will outweigh the target amount of the STI for the financial year in which the public offering takes place, to ensure that the variable compensation is predominantly long-term oriented. Under the IPO-Bonus, an individual target amount will be converted into virtual shares by dividing the individual target amount by the arithmetic mean of the closing share price of the Company during the first 30 trading days after the first day of trading of the Company's shares on the stock market. The virtual shares are subject to a three-year holding period following the date of the public offering. At the end of the three-year holding period, the virtual shares are converted back into a Euro amount by multiplying the number of virtual shares with the arithmetic mean of the closing share price of the Company during the last 30 trading days of the holding period. The payout of the IPO-Bonus shall be settled in cash and capped at 200% of the individual target amount.

The gross target amount of the IPO-Bonus amounts to an aggregated EUR 800,000 for all members of the management board.

(V) Pension substitute

The Managing Directors shall receive a pension substitute in the amount of 10% of the individual annual base salary. If opted for by the Managing Director, the pension substitute can be paid into a pension fund.

(VI) Fringe Benefits

The Managing Directors receive market standard fringe benefits and contributions to certain insurances (*e.g.*, company car and accident insurance).

(VII) Maximum Compensation

All fixed and variable components fall under a maximum compensation amount pursuant to Section 87a para. 1 no. 1 of the German Stock Corporation Act (*Aktiengesetz*) determined by the Administrative Board. The maximum compensation limits the payout amount of total compensation (base salary, STI, LTI, pension substitute and expenses for fringe benefits) granted for a financial year irrespective of the time of settlement.

(VIII) D&O Insurance

The Company maintains a D&O insurance for the Managing Directors and bears the associated costs. In line with Section 93 para 2 of the German Stock Corporation Act (*Aktiengesetz*), the insurance provides for a deductible of 10% of the damage to be borne by the Managing Directors, up to an amount which equals 1.5 times the individual base salary.

(IX) Malus and Clawback

In certain cases, the Administrative Board has the right to fully or partially reduce variable compensation (STI and LTI) that has not yet been paid out to Managing Directors (Malus), or to fully or partially reclaim variable compensation that has already been paid out (Clawback). These cases include variable compensation being calculated based on an incorrect financial statements, as well as severe breaches of duty by a Managing Director.

(X) Severance Cap

In the event of premature termination of service relationship with a Managing Directors and in line with recommendation G.13 of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), any severance payments in connection to the termination may not exceed the compensation for two years, or the compensation payable for the remainder of the service agreement, whichever is less ("Severance Cap").

(XI) Share Ownership Guidelines

The Managing Directors will be obliged to legally and economically hold a certain number of shares in the Company until at least the end of their service relationship with the Company. The required number of shares is defined by a multiple of each Managing Director's annual base salary, and must be acquired within a predefined period.

(XII) Post contractual non-compete clause

The Administrative Board may agree on a post-contractual non-competition clause with the Managing Directors. In such a case, a compensation for non-competition may be paid to the Managing Directors. Any severance payments will be offset against such compensation in line with recommendation G.13 of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*).

18.8.4 Managing Directors with board memberships outside the Group

As of the date of this Prospectus, no Managing Director holds board memberships outside the Group.

18.8.5 Transaction Bonus

The Company has resolved to grant certain employees a transaction bonus in connection with the Offering. Employees eligible for such bonuses are divided into two groups. Employees who have been substantially involved in the transaction are eligible to receive a bonus of up to three months of their respective gross salary. Selected employees with particular commitment will receive a fixed amount.

Each eligible employee will receive 50% of their total bonus together with their July salary. Payment of the remaining 50% is conditional upon the successful completion of the Offering no later than May 31, 2026.

The Company currently expects that 52 employees will receive a transaction bonus, with the total expected volume (including incidental wage costs) amounting to EUR 1,141,358.

18.8.6 General Rules on Termination of Managing Directors Membership and Service Agreements

The revocation of the appointment as a Managing Director is subject to restrictions under Section 8 para. 7 of the Articles of Association and requires "good cause" (*wichtiger Grund*). Reason for "good cause" constitutes in particular gross breach of duty, inability to properly manage the business, or a vote of no confidence by the shareholders' meeting.

18.8.7 D&O Insurance

The Managing Directors as well as members of the Administrative Board are covered by a liability insurance with regard to their management activities. The insurance coverage is concluded for one-year terms and covers personal liability for financial loss associated with performing the respective activity. The terms of the insurance coverage provide for a deductible/retention that conforms to the requirements of the AktG.

18.8.8 Shareholdings and Stock Options of the Managing Directors in the Company

As of the date of this Prospectus the CEO and member of the Administrative Board, Rainer Birkenbach, holds 70,484 shares in the Company.

18.8.9 Non-compete arrangements

The existing service agreements of the Managing Directors do not contain post-contractual non-compete arrangements.

18.9 Administrative Board

18.9.1 Overview

The Administrative Board (*Verwaltungsrat*) is comprised of at least three individuals elected by the General Meeting pursuant to Section 11 para. 1 of the Articles of Association. Presently, the Administrative Board includes Rainer Birkenbach, Stephanie Combs, Éva Haász, Dr. Klaus Kleinfeld, Sebastian Kuss and Stefan Vilsmeier. From the Administrative Board members, Rainer Birkenbach is also a Managing Director. Members are appointed by a simple majority vote.

Unless otherwise specified, the term of office for Administrative Board members concludes following the General Meeting that resolves on the discharge (*Entlastung*) of the Administrative Board for the fourth fiscal year post-commencement and no later than six years after the appointment. The commencing fiscal year is excluded from this calculation. Members may resign with four weeks' notice without giving reasons or immediately for important reasons. Deputy members can replace regular members who retire early, serving until the next General Meeting in which a new member is appointed or at the latest when the original member's term expires.

A newly appointed Administrative Board elects a chairman and deputy chairman among its members in a constituting meeting. Their terms correspond to their membership terms unless prematurely ended, necessitating immediate elections for replacements in a meeting or through resolutions outside meetings if necessary. The deputy chairman acts in the chairman's absence. At the request of two-thirds of the members of the Administrative Board, new elections shall be held for individual offices.

The Administrative Board's rights and responsibilities are outlined by law, the Articles of Association, and its rules of procedure. Its functions include:

- Appointing and dismissing Managing Directors, deciding on service agreements, and adopting procedural rules;
- Amending the Articles of Association regarding wording;
- Convening the General Meeting;
- Appointing the chairman and deputy chairman of the Managing Directors;
- Approving reserved matters; and
- Reviewing and approving the annual financial statements and profit allocation recommendations.

Meetings occur at least every three months, convened in text form with a notice period of 14 days. In urgent cases, the chairman may shorten this period. A quorum requires a participation of at least 50% of the members, with abstentions or non-voters counted as present. Resolutions generally occur at meetings, but absent members may

submit written votes via another participant as per section 15 para. 3 of the Articles of Association. Resolutions can also be adopted outside meetings through various communication methods upon the chairman's order.

Resolutions are passed with a simple majority of present or represented votes, unless mandatory statutory provisions or the Articles of Association stipulate otherwise. In ties, the chairman or in his absence deputy chairman casts the deciding vote.

On June 9, 2025, the Administrative Board adopted its own rules of procedure.

The rules of procedure for the Administrative Board govern the internal organization and procedures for the Administrative Board, including the committees from among its members in accordance with the law and the Articles of Association. The Administrative Board should perform the tasks assigned to them by law, the Articles of Association and the rules of procedures. The committees shall perform the tasks assigned to them by law, the rules of procedure and resolutions by the Administrative Board on behalf of and in representation of the entire Administrative Board. In that regard, the rules of procedure provide for the establishment of an audit committee (*Prüfungsausschuss*) a personnel committee (*Personalausschuss*), a nomination committee (*Nominierungsausschuss*) and a committee dealing with related party transactions (*RPT-Ausschuss*). Additional committees may be established by the Administrative Board at any time.

Further details, particularly regarding the composition, the convocation of a meeting of the Administrative Board, the chairpersonship and the deputy chairpersonship, the cooperation with the Managing Directors, representation, confidentiality as well as conflicts of interest are governed by the rules of procedures.

18.9.2 Current and Future Members of the Administrative Board

The following table lists the current members of the Administrative Board.

Name	Born	Member since	Appointed until	Principal occupation
Vilsmeier, Stefan	October 24, 1967	June 2025	2031	CEO of Snke Holding SE
Dr. Kleinfeld, Klaus	November 6, 1957	June 2025	2029	Entrepreneur, non-executive board member in several international corporations
Kuss, Sebastian	July 24, 1988	June 2025	2029	Managing partner of EMH Partners GmbH
Birkenbach, Rainer	May 8, 1968	June 2025	2028	CEO of Brainlab SE
Combs, Stephanie	October 22, 1976	June 2025	2028	Professor for radiation oncology at the Technical University of Munich
Haász, Éva	May 21, 1976	June 2025	2028	CFO at VHV Vereinigte Hannoversche Versicherung a.G.

The following description provides summaries of the curricula vitae of the current members of the Administrative Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Vilsmeier, Stefan

Stefan Vilsmeier was born in 1967 in Munich, Germany. He graduated with an A-level certificate (Abitur) from high school in Markt Schwaben, Germany, in 1987. In 1989, he enrolled at Technische Universität München, Germany for a degree in computer science and simultaneously founded the Company. Shortly after, he withdrew from university to work full-time for the Company. He served as the Company's Chief Executive Officer until December 2024 and has been appointed as Chairman of the Administrative Board upon conversion of the Company into an SE in June 2025.

Kleinfeld, Klaus

Dr. Klaus Kleinfeld was born in 1957 in Bremen, Germany. He studied business administration and business education at the University of Göttingen, Germany where he graduated in 1982. He received his doctorate degree from the University of Würzburg, Germany with a thesis on Corporate Identity and Strategic Business Management in 1992. From 1986 until 2007, he worked at Siemens AG, holding various international leadership positions, including Deputy Chairman of the management board and Chief Executive Officer. From 2007 until 2016, he worked at Alcoa Inc. first as Chief Operating Officer and later as Chief Executive Officer. After the spin-off of Alcoa Inc. in 2016, he was the Chief Executive Office at Arconic Corporation for six months. From 2017 until 2018, he was the Chief Executive Officer at NEOM Company, Saudia Arabia and from 2021 until 2023 he was the Chief Executive Officer at Constellation Acquisition LLC., United States. In 2017, he founded K2 Elevation LLC of which he is the Chief Executive Officer to this day. Since 2019, he has been the Chief Executive Officer at AllergoSan USA, LLC. He is expected to become a member of the Administrative Board upon conversion of the Company into an SE in June 2025.

Kuss, Sebastian

Sebastian Kuss was born in 1988 in Starnberg, Germany. He studied International Management at the University of Applied Sciences in Munich, Germany. Together with his brother, he founded and sold two technology companies before establishing their family office in 2010. In 2015, they launched EMH Partners, an investment firm focusing on founder-led companies in the German Mittelstand and comparable businesses across Central Europe. As first-generation entrepreneurs, they have been partnering with owner-managed businesses for more than 15 years. He has been a member of the Company's supervisory board since 2022 and became a member of the Administrative Board upon conversion of the Company into an SE in June 2025.

Birkenbach, Rainer

Rainer Birkenbach was born in 1968 in St. Wendel, Germany. He studied electrical engineering at the University of Applied Sciences in Saarbrücken (*Hochschule für Technik und Wirtschaft des Saarlandes*), Germany, from which he graduated in 1994. After graduating university, he began working as an engineer at Deutsche Telekom AG. He joined the Company in 1994 as a software developer and has continuously been working for the Company until today. He has been a member of the management board of the Company and its predecessors since 1998, when he was appointed Executive Vice President. In 2017, he was appointed Chief Technology Officer and has been the Chief Executive Officer of the Company since January 2025. He became a member of the Administrative Board upon conversion of the Company into an SE in June 2025 and is the only member of the Administrative Board that is also a managing director at the Company.

Combs, Stephanie E.

Stephanie Combs was born in 1976 in Heidelberg, Germany. She studied medicine in Heidelberg, in Norfolk and San Antonio, U.S. After her graduation and promotion 2003, she worked as a research associate in Heidelberg. Following her postdoctoral lecture qualification 2009, she was promoted in 2011 to vice chair of the radiation oncology department in Heidelberg. 2014, Stephanie Combs was appointed professor and chair of the Technical University of Munich ("**TUM**" - *Technische Universität München*) department of radiation oncology. In 2015, she also took over the institute of radiation medicine of the Helmholtz Zentrum. From 2019 to 2022, Stephanie Combs headed the TUM senate. In October 2022, she was elected as Dean of the TUM Faculty of Medicine. In June 2025 she became a member of the Administrative Board upon conversion of the Company into an SE.

Haász, Éva

Éva Haász was born in 1976 in Gyula, Hungary. She holds a degree in business administration, completed an MBA at the University of Leipzig, and passed her certified public accountant exams in Hungary. Éva Haász started her carrier as an audit assistant at ITAG-Ökolex in Budapest where she worked from 1997 to 1998. Since 1999 she worked as an audit manager for BDO Kontroll Kft. in Budapest and BDO Deutsche Warentreuhand AG in Hannover. In 2003 she joined AWD Holding AG as a Senior Manager of Group Finance before joining Talanx AG in 2008 as Head of the Consolidation Department. Since 2024 she has been the CFO of VHV International SE in Hannover. In June 2025 she became a member of the Administrative Board upon conversion of the Company into an SE.

All current and future members of the Administrative Board may be reached at the Company's offices at Olof-Palme-Straße 9, 81829 Munich, Germany (telephone +49 (89) 9915680).

The following overview lists all of the companies and enterprises in which the current and the future members of the Administrative Board currently hold seats or have held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they were partners during the last five years, with the exception of the Company and companies within the Group:

Vilsmeier, Stefan	Current seats: Designated CEO of Snke Holding SE (after the Snke Spin-Off)
Dr. Kleinfeld, Klaus	Current seats: • KONUX GmbH (Chairman of the board) • Fernride GmbH (Chairman of the board) • Grey Orange India Private Limited (Member of the board) • Fero Labs Inc. (Member of the board) • NEOM Company (Member of the board) • AllergoSan USA, LLC (CEO and Member of the board) Past seats: Constellation Acquisition Corp. (CEO and Chairman of the board)
Kuss, Sebastian	Current seats: Managing Partner of EMH Partners GmbH Past seats:

	None Current seats: None Past seats: None
Combs, Stephanie	Current seats: • Member of the Executive Board of the Neuro-Oncology Working Group (NOA) of the German Cancer Society • Member of the board of the German Society for Radiation Oncology (DEGRO) Past seats: Chairwoman of the Board of the Munich Tumor Center (TZM)
Haász, Éva	Current seats: Member of the supervisory board of ITAS Assicurazioni Past seats: None

18.9.3 Administrative Board committees

The Administrative Board may establish committees in accordance with the law, the Articles of Association and its rules of procedure. The composition, powers and procedures of the committees shall be determined by the Administrative Board. Where permitted under law, decision-making powers of the Administrative Board may be conferred upon such committees. Decision-making committees must consist of a majority of non-executive members of the Administrative Board.

Accordingly, the rules of procedure of the Administrative Board provide for at least the following committees of the Administrative Board:

18.9.3.1 Audit Committee

The "Audit Committee" (*Prüfungsausschuss*) assists the Administrative Board with its responsibilities in monitoring accounting processes and financial reporting.

The Audit Committee comprises at least three members, who are elected by the Administrative Board, whereby the Administrative Board elects a chairperson and a deputy chairperson of the Audit Committee from among the members. The members of the audit committee may not be Managing Directors. The chair of the audit committee may not be the chair of the Administrative Board and should be independent of the Company, the Managing Directors, and any controlling shareholder.

Following the SE-Conversion, the members of the Audit Committee are: Stefan Vilsmeier, Éva Haász, Sebastian Kuss.

18.9.3.2 Personnel Committee

The "Personnel Committee" (*Personalausschuss*) assists the Administrative Board with its responsibilities in preparing the appointment of Managing Directors, their remuneration and other personnel matters relating to Managing Directors.

The Personnel Committee comprises at least three members, who are elected by the Administrative Board, whereby the Administrative Board elects a chairperson and a deputy chairperson of the Personnel Committee the members. The members of the Personnel Committee shall be independent of the Managing Directors. The chairperson of the Personnel Committee shall be independent of the Managing Directors as well as of the Company.

Following the SE-Conversion, the members of the Personnel Committee are: Stefan Vilsmeier, Éva Haász, Sebastian Kuss.

18.9.3.3 Nomination Committee

The "Nomination Committee" (*Nominierungsausschuss*) assists the Administrative Board with its responsibilities in submitting candidate proposals to the General Meeting regarding the election of members of the Administrative Board.

The Nomination Committee comprises at least three members, who are elected by the Administrative Board, whereby the Administrative Board elects a chairperson and a deputy chairperson of the Personnel Committee the members. The members of the Personnel Committee shall be independent of the Managing Directors.

Following the SE-Conversion, the members of the Nomination Committee are: Stefan Vilsmeier, Rainer Birkenbach, Sebastian Kuss.

18.9.3.4 Related Party Transaction Committee

The "RPT Committee" (*RPT-Ausschuss*) assists the Administrative Board with its responsibilities in monitoring and reviewing transactions with related parties within the meaning of Sections 111a et seq. AktG.

The RPT Committee comprises at least three members, who are elected by the Administrative Board, whereby the Administrative Board elects a chairperson and a deputy chairperson of the Personnel Committee the members. The members of the RPT Committee may not be related to the Company within the meaning of Section 111a AktG.

Following the SE-Conversion, the members of the RPT Committee are: Klaus Kleinfeld, Stephanie Combs, Éva Haász.

18.9.4 Remuneration and Other Benefits of the Members of the Administrative Board

Pursuant to the Articles of Association, the members of the Administrative Board that are not Managing Directors shall receive a fixed remuneration of EUR 50,000.00 for each full fiscal year of their membership of the Administrative Board, payable at the end of the fiscal year.

The aforementioned remuneration increases: (i) by EUR 50,000.00 for the chairman; (ii) by EUR 25,000.00 for the deputy chairman; (iii) by EUR 20,000.00 for the respective chairman of a committee; and (iv) by EUR 10,000.00 for each member of a committee.

Members of the Administrative Board who have not been members of the Administrative Board for a full fiscal year shall receive one-twelfth of their remuneration for each full month of their membership of the Administrative Board.

A member of the Administrative Board is entitled to reimbursement of all reasonable expenses incurred in connection with his or her work as a member of the Administrative Board. VAT is refunded by the Company to the extent that the members of the Administrative Board are entitled to invoice the Company separately for VAT and exercise this right.

The Company can take out insurance that covers the legal liability of the members of the Administrative Board from their activities. An appropriate deductible is to be agreed. The premiums for this are paid by the Company.

For information on the remuneration of the members of the supervisory board, prior to the conversion of the Company into an SE (see "*16.1 Establishment, Formation and History*") in the 2023/2024 Fiscal Year, see *Note 32 of the Group's Audited Consolidated Financial Statements for the 2023/2024 Fiscal Year*.

18.9.5 Shareholdings and Stock Options of the Members of the Administrative Board in the Company

As of the date of this Prospectus, Stefan Vilsmeier indirectly holds through SV2019 GmbH 11,833,746 shares in the Company, Rainer Birkenbach directly holds 70,484 and Sebastian Kuss indirectly holds minority interests in EMH Digital Growth Fund GmbH & Co. KG, which holds 3,659,269 shares in the Company, EMH Invest II GmbH & Co. KG, which holds 1,594,871 shares in the Company and EMH Invest I GmbH & Co. KG, which holds 1,382,501 shares in the Company.

18.10 Certain Information Regarding the Managing Directors and Administrative Board, Conflicts of Interest

In the last five years, no Managing Director nor any member of the Administrative Board has been convicted of fraudulent offenses.

In the last five years, no Managing Director nor any member of the Administrative Board has been associated with any bankruptcy, receivership, liquidation or companies put into administration, acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager.

Additionally, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the Managing Directors and/or members of the Administrative Board, nor have sanctions been imposed by the aforementioned authorities in the last five years.

No court has ever disqualified a Managing Director or a member of the Administrative Board from acting as a member of the administrative, management, or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Beyond the service agreements of the Managing Directors, there are no further agreements of the Managing Directors with a Group company that provide for benefits upon termination of employment or office.

Upon completion of the spin-off of the Snke Group, Stefan Vilsmeier became the Chairman of the management board of Snke Holding SE. There are no potential conflicts of interest between the duties of the members of the Administrative Board to the Company and their private interests or other duties.

There are no family relationships between the Managing Directors or the members of the Administrative Board, either among themselves or in relation to the members of the other body.

18.11 General Meeting

The General Meeting is the meeting of the shareholders. Pursuant to the Articles of Association, the General Meeting is held at the Company's registered office or another German city with at least 100,000 inhabitants.

The SE Regulation provides that a general meeting must be held at least once every calendar year within the first six months of a given fiscal year. As a rule, it is convened by the Administrative Board. Each share in the Company carries one vote at the General Meeting. The General Meeting resolves on the following matters, in particular:

- appropriation of net retained profits;
- ratification of the actions of the Managing Directors and the members of the Administrative Board;
- appointment of the auditor;

- amendments to the Articles of Association;
- corporate actions involving capital increases or reductions; and
- dissolution of the Company.

Pursuant to the Articles of Association, resolutions of the General Meeting are adopted by simple majority of the votes validly cast, unless mandatory statutory provisions or the Articles of Association require a larger majority or further requirements. In those cases where the law prescribes a majority of the share capital represented at the time the resolution is adopted and provided no greater majority is mandated by law, a simple majority of the share capital represented will suffice. Under the SE Regulation in conjunction with the AktG, resolutions of fundamental importance require not only a majority of the votes cast, but also a majority of at least 75% of the share capital represented at the time the resolution is adopted. Such resolutions include, in particular:

- capital increases excluding subscription rights;
- capital reductions;
- the creation of authorized or contingent capital;
- dissolution of the Company;
- reorganizations under the UmwG such as mergers, spin-offs, conversions of legal form;
- the transfer of the entirety of the Company's assets;
- integration into another entity; and
- execution or amendment of intercompany agreements (specifically, domination and profit and loss transfer agreements).

In the case of a European stock corporation, Article 59 para. 1 of the SE Regulation provides that articles of association may only be amended by resolution of the general meeting adopted by a majority of at least two-thirds of the votes cast, provided the provisions governing German stock corporations do not require a greater majority. The prevailing view is that, in the case of a European stock corporation, amendments to its articles of association, which under the AktG already required a 75% majority of the share capital, require a 75% majority of the votes (validly) cast. Pursuant to section 51 sentence 1 of the SEAG a European stock corporation's articles of association may stipulate that a simple majority of the votes cast is sufficient for a resolution of the general meeting to amend the company's articles of association, provided at least 50% of the share capital is represented. Section 21 para. 2 of the Articles of Association contains such a provision. However, Section 51 sentence 1 of the SEAG does not apply to amendments to the corporate purpose, for relocating the company's registered office or in those cases where a higher capital majority is prescribed by law.

As a rule, the General Meeting is convened once annually (annual General Meeting). The Administrative Board may call an extraordinary General Meeting at any time but is obligated to do so if the best interests of the Company so require. Shareholders holding an aggregate of 5% or more of the Company's registered share capital may also request that the Administrative Board calls a General Meeting. According to Section 55 of the SE Regulation, the request shall state the items to be put on the agenda. Pursuant to the Articles of Association, the Administrative Board is authorized, for a period of five years after the registration of the company in the commercial register, to determine that the General Meeting is held without the shareholders or their proxies being present at the place of the General Meeting (the "**Virtual General Meeting**"). The prerequisites for holding a Virtual General Meeting and further details on the format, as well as the possible format options, are set out in the AktG. Any intention to make use of this procedure and the provisions made for it must be announced when the General Meeting is convened.

18.12 Corporate Governance Code

The Company is subject to the obligation to render a declaration of compliance (*Entsprechenserklärung*) pursuant to section 161 AktG as to compliance with the Code.

The Code provides recommendations and suggestions for the management and supervision of German listed companies based on internationally and nationally acknowledged standards for corporate governance relating to shareholders and general meetings, management and supervisory boards, transparency, accounting, and the auditing of financial statements. While adherence to the Code's recommendations and suggestions is voluntary, article 9, para. 1, lit. c (ii) of the SE Regulation in conjunction with section 161 AktG mandates that the administrative board of a listed European company (SE) discloses each year which recommendations were followed and which were not. This disclosure must be accessible to shareholders at all times. However, deviations from the suggestions in the Code do not need to be disclosed.

Prior to the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is not required to issue a declaration regarding compliance with the Code. Therefore, the Company's Administrative Board has not yet made a declaration pursuant to article 9, para. 1, lit. c (ii) of the SE Regulation in conjunction with section 161 AktG.

The Code is designed for German stock corporations (*Aktiengesellschaften*) with a dual board system, consisting of a management board (*Vorstand*) and a supervisory board (*Aufsichtsrat*). According to articles 43-45 of the SE Regulation in conjunction with sections 20 et seq. of the German SE Implementation Act (*SE-Ausführungsgesetz*), the Company has chosen a one-tier governance system, the Administrative Board. The members of the Administrative Board collectively manage the Company, set business strategies, and oversee their implementation by the Managing Directors. The Managing Directors handle daily operations, represent the Company to third parties, and are guided by instructions from the Administrative Board.

To align the one-tier governance system with the Code, the Company will apply Code provisions intended for the supervisory board (*Aufsichtsrat*) to the Administrative Board and those for the management board (*Vorstand*) to the Managing Directors.

The Company supports the objectives of the Code to promote transparent and responsible corporate management aimed at achieving sustainable shareholder value growth. As of the date of this Prospectus, the Company intends to adhere to the recommendations of the Code, considering the specificities of the legal form of a European company (SE), except for the following:

According to recommendation D.6 of the Code, "the supervisory board should meet regularly without the management board." In a one-tier SE, members of the administrative board may also be appointed as managing directors in accordance with Section 40 para. 1 SEAG. Since the DCGK 2022 is tailored to the two-tier management structure of a German stock corporation, which strictly separates membership of the supervisory board and the management board, recommendation D.6 cannot be applied to the one-tier corporate structure of Brainlab SE. Rainer Birkenbach will be both a member of the Administrative Board and a managing director which will prevent the Administrative Board from having meetings without the Managing Directors. The recommendation therefore does not apply to the Company.

Recommendation C.10: Applying the Code's recommendation *mutatis mutandis* to the future Brainlab SE, the chairperson of the Administrative Board shall be independent from the Company and the Managing Directors. In the future Brainlab SE, Stefan Vilsmeier will occupy the position as chairperson of the Administrative Board. The Company continues to consider that this divergence from recommendation C.10 does not undermine the effective governance of the Administrative Board. The Company continues to benefit from Stefan Vilsmeier's expertise and insight into the Company's strategic direction and financial oversight, enabling informed decision-making in the interest of all stakeholders.

Recommendation F.2: According to recommendation F.2, the consolidated financial statements and the group management report shall be made publicly available within 90 days of the end of the fiscal year, and mandatory interim financial information shall be published within 45 days after the end of the relevant reporting period. After the SE-Conversion, the Company intends to publish its consolidated financial statements and group management report in accordance with all applicable legal requirements and, specifically, the listing obligations of the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange. As a result, the Company may not meet the shorter publication periods recommended by the Code. In the Company's opinion, an accelerated publication of its consolidated financial statements would not serve the interests of its shareholders, creditors, employees, or the general public.

Recommendation F.2: According to recommendation F.2, the consolidated financial statements and the group management report shall be made publicly available within 90 days of the end of the fiscal year, and mandatory interim financial information shall be published within 45 days after the end of the relevant reporting period. The Company intends to publish its consolidated financial statements and group management report in accordance with all applicable legal requirements and, specifically, the listing obligations of the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange. As a result, the Company may not meet the shorter publication periods recommended by the Code. In the Company's opinion, an accelerated publication of its consolidated financial statements would not serve the interests of its shareholders, creditors, employees, or the general public.

Recommendation G.15: Pursuant to recommendation G.15, any remuneration received by members of the Management Board for serving on supervisory boards within the group should be credited against their Management Board remuneration. The company intends to comply with recommendation G.15 in the future and will introduce appropriate provisions.

19 UNDERWRITING

19.1 General

On June 23, 2025, the Company, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering. Under the terms of the Underwriting Agreement and subject to certain conditions contained therein, including the execution of a pricing agreement, each Underwriter is obligated to acquire such number of Offer Shares as will be specified in the volume agreement and the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below next to the relevant Underwriter's name:

Name	Address	Maximum number of New Offer Shares to be purchased	Maximum number of Existing Offer Shares to be purchased	Maximum number of Over-Allotment Shares to be purchased	Maximum number of Additional Shares to be purchased	Percentage of purchased New Offer Shares, Existing Offer Shares, Over-Allotment Shares and Additional Shares(*)
Joh. Berenberg, Gossler & Co. KG	Neuer Jungfernstieg 20, 20354 Hamburg, Germany	800,000	800,000	240,000	240,000	40.0%
Deutsche Bank Aktiengesellschaft.....	Taunusanlage 12, 60325 Frankfurt am Main, Germany	800,000	800,000	240,000	240,000	40.0%
COMMERZBANK Aktiengesellschaft.....	Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany	120,000	120,000	36,000	36,000	6.0%
Jefferies GmbH	Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany	140,000	140,000	42,000	42,000	7.0%
UniCredit Bank GmbH	Arabellastrasse 12, 81925 Munich, Germany	140,000	140,000	42,000	42,000	7.0%

Note:

(*) Assuming all New Offer Shares and all Existing Offer Shares are placed and full exercise of the Greenshoe Option and the Upsize Option.

In connection with the Offering, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Offering as a principal position and/or on behalf of their clients and, in that capacity, may

retain, purchase or sell such Offer Shares or related investments for its own account and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters or any of their respective affiliates intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

19.2 Underwriting Agreement

In the Underwriting Agreement, the Underwriters agreed, severally and not jointly, as the case may be, to subscribe for and underwrite (*übernehmen*) or purchase the number of New Offer Shares, Existing Offer Shares, Over-Allotment Shares (to the extent the Greenshoe Option is exercised) and Additional Shares in accordance with their respective commitments and as determined in the volume agreement and the pricing agreement with a view to offering the Offer Shares to investors in the Offering, subject to certain conditions, including the execution of a pricing agreement to determine the Offer Price.

The Underwriters agreed to remit the purchase price (less agreed commissions and expenses) from the sale of the New Offer Shares to the Company at the time the New Offer Shares are delivered to investors. The Underwriters agreed to remit the purchase price (less agreed commissions) from the sale of the Existing Offer Shares and the Additional Shares to the Selling Shareholders at the time the Existing Offer Shares and the Additional Shares are delivered to investors.

The Underwriting Agreement does not provide for a firm commitment of the Underwriters. The obligations of the Underwriters under the Underwriting Agreement are subject to various conditions, including: (i) the execution of a volume agreement by the Company and the Underwriters determining the final volume of New Offer Shares and the execution of a pricing agreement by the Company, the Underwriters and the Selling Shareholders determining, inter alia, the Offer Price and the final volume of Existing Offer Shares and the Additional Shares to be purchased by the Underwriters; (ii) the absence of a material adverse event (*e.g.*, a material loss or interference sustained by the Company or the Group with respect to its respective business, a material adverse change, or any development involving a prospective material adverse change in the condition, financial position or otherwise, shareholders' equity, results of operations, business, properties, management or prospects of the Company or the Group, or a suspension or material limitation on trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange, or a material disruption in securities settlement, payment or clearance services in Europe, the United Kingdom or the United States); (iii) the receipt of customary certificates, legal opinions and auditor letters; and (iv) the introduction of the Brainlab Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).The Underwriters may have provided, and may in the future provide, services to the Group in the ordinary course of business and may extend credit to, and have regular business dealings with, the Group in their respective capacities as financial institutions. For a more detailed description of the interests of the Underwriters in the Offering, see "*3.13 Interests of Parties Participating in the Offering*".

19.3 Commission

The Company and the Selling Shareholders have agreed to pay the Underwriters a base fee equal to 2.00% of the gross proceeds of the Offering (including the proceeds from the Over-Allotment to the extent the Greenshoe Option has been exercised) (together the "**Base Fee**"). In addition, the Company and the Selling Shareholders may, in their sole discretion, decide to award the Underwriters a discretionary fee of up to 1.00% of the gross proceeds of the

Offering (including the proceeds from the Over-Allotment to the extent the Greenshoe Option has been exercised) (together, the "**Discretionary Fee**").

The Underwriters may withhold the Base Fee and certain expenses from the gross proceeds of the Offering, The Discretionary Fees, if any, will be determined within 35 days after the commencement of trading of the Brainlab Shares but in any event no later than 40 days after the pricing date. The Company has also agreed to reimburse, in certain scenarios, the Underwriters for all reasonable and properly documented out-of-pocket expenses incurred by the Underwriters in connection with the Offering.

19.4 Securities Loan and Greenshoe Option

To cover potential Over-Allotments, certain Selling Shareholders have agreed to make available to the Stabilization Manager, acting in its own name and for the account of the Underwriters, up to 600,000 Over-Allotment Shares free of charge in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the final number of New Offer Shares and Existing Offer Shares placed with investors. Moreover, certain Selling Shareholders granted the Underwriters a Greenshoe Option. The Stabilization Manager, acting in its own name and for the account of the Underwriters, is entitled to exercise the Greenshoe Option to the extent Over-Allotments are made. The number of Brainlab Shares that can be acquired under the Greenshoe Option is reduced by the number of Brainlab Shares held by the Stabilization Manager on the date when the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of Stabilization Measures, if any. The Greenshoe Option will terminate not later than 30 calendar days after the commencement of trading of the Brainlab Shares.

19.5 Termination and Indemnification

The Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and admitted to trading, up to the closing of the Offering, in particular, if any of the following has occurred:

- a material adverse change in or affecting the condition, business, prospects, management, financial position, shareholders' equity, or results of operations of the Group;
- a suspension or material limitation in trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange, or a material disruption in securities settlement, payment or clearance services in Europe, the United Kingdom or the United States; or
- the outbreak or escalation of hostilities, or the declaration of a national emergency or war which have a material adverse impact on the financial markets in the European Economic Area, the United Kingdom or the United States or a change in national or international financial, political, or economic conditions or currency exchange rates or currency controls which could have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the purchase of Offer Shares will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, the Company and the Selling Shareholders have agreed to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

19.6 Selling Restrictions

The distribution of the Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholders or the Underwriters to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of the Prospectus into any other jurisdiction where action for that purpose may be required. This Prospectus has been approved by the German Federal Financial Supervisory Authority (see "*2.1 Responsibility for the Contents of this Prospectus*").

Accordingly, neither the Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except under circumstances that will result in compliance with applicable laws and regulations. Persons taking possession of the Prospectus are required to inform themselves about, and observe any, such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of Offer Shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are QIBs within the meaning of Rule 144A in transactions exempt from the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Securities Exchange Act of 1934. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors: (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and/or (ii) who are high net worth entities falling within Article 49 para. 2(a) through (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No offer to the public of any Offer Shares which are the subject of this Offering has been and will be made in any member state of the EEA, other than the offers contemplated in this Prospectus in Germany (once the Prospectus has been approved by the BaFin and published in accordance with the Prospectus Regulation), except that offers to the public of Offer Shares in any member state of the EEA are permitted in accordance with the following exceptions under the Prospectus Regulation:

- to any qualified investor as defined in Article 2 lit. e) of the Prospectus Regulation;

- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 lit. e) of the Prospectus Regulation, subject to obtaining the prior consent of the Underwriters for any such offer; or
- in any other circumstances falling within Article 1 para. 4 of the Prospectus Regulation.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Offer Shares in any member state of the EEA means a communication to persons in any form, and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

19.7 Other Interests of the Underwriters in the Offering

In connection with the Offering and the Admission to Trading, the Underwriters have formed a contractual relationship with the Company and the Selling Shareholders.

The Underwriters are acting exclusively for the Company and the Selling Shareholders on the Offering and no one else in connection with coordinating the structuring and execution of the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will neither be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients, nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein. In addition, Berenberg has been appointed to act as designated sponsor for the Brainlab Shares and COMMERZBANK has been appointed to act as paying agent.

Upon successful implementation of the Offering, the Underwriters will receive a commission, the amount of which depends on the results of the Offering. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms.

The Underwriters or their affiliates have and may from time to time in the future continue to have business relations with companies of the Group, including lending activities, or may perform services for the Company or the Selling Shareholders in the ordinary course of business.

For a more detailed description of the interests of the Underwriters in the Offering, see "*3.13 Interests of Parties Participating in the Offering*".

20 TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

Income received from the shares of the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Company's state of incorporation, statutory seat and place of effective management, i.e., Germany, might have an impact on the income received from the shares of the Company.

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany). The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for investors. In particular, this summary does not provide a comprehensive overview of tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. The information is based on the tax laws in force in Germany as of the date of this Prospectus (and their interpretation by administrative directives and courts), as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change, sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual potential investors. Potential investors are therefore advised to consult their tax advisors regarding the individual tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (Kapitalertragsteuer). Only such advisors are in a position to take the specific tax-relevant circumstances of individual investors into due account.

20.1 Taxation of the Company

The Company is established in the legal form of an SE and qualifies as a corporation subject to unlimited tax liability under the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**"). As a rule, the taxable profits generated by corporations with their seat or place of management in Germany are subject to corporate income tax (*Körperschaftsteuer*) at a standard rate of 15% for both distributed and retained earnings, plus a solidarity surcharge (*Solidaritätszuschlag*) amounting to 5.5% on the corporate income tax liability (*i.e.*, 15.825% in total).

In general, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporations are 100% exempt from corporate income tax (including solidarity surcharge (*Solidaritätszuschlag*)), but 5% of such receipts are treated as nondeductible business expenses and are therefore subject to corporate income tax (and solidarity surcharge (*Solidaritätszuschlag*) thereon), having the effect that dividends and other profit shares are effectively 95% exempt from corporate income tax (and solidarity surcharge (*Solidaritätszuschlag*) thereon). However, as an exception to the above, dividends that the Company receives from domestic or foreign corporations are subject to corporate income tax (including solidarity surcharge (*Solidaritätszuschlag*) thereon), if the Company holds a direct participation of less than 10% in the share capital of such corporation at the beginning of the calendar year (hereinafter in all cases, a "**Portfolio Participation**" – *Streubesitzbeteiligung*). Participations of at least 10% acquired in accordance with the view of the German tax authorities in a single transaction during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations in the share capital of other corporations which the Company holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the Company only on a pro rata basis at the ratio of the interest share of the Company in the equity of the relevant partnership.

The Company's gains from the disposal of shares in a domestic or foreign corporation are in general 100% exempt from corporate income tax (including the solidarity surcharge (*Solidaritätszuschlag*) thereon), regardless of the size of the participation and the holding period. However, 5% of the gains are treated as nondeductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge (*Solidaritätszuschlag*) thereon) at a

combined rate of 15.825%, having the effect that gains from the disposal of shares are effectively 95% exempt from corporate income tax (and solidarity surcharge (*Solidaritätszuschlag*) thereon), irrespective of whether or not the Company holds a Portfolio Participation. Conversely, losses incurred from the disposal of such shares are generally not deductible for corporate income tax purposes.

Additionally, the Company is subject to trade tax (*Gewerbesteuer*) with respect to its taxable trade profit (*Gewerbeertrag*) generated at its permanent establishments maintained in Germany (*inländische Betriebsstätte*). The average trade tax rate in Germany amounts to approximately 15% (with a statutory minimum rate of 7%) of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority in which the taxpayer maintains its operations or permanent establishments. When determining the income of the Company, trade tax may not be deducted as a business expense.

In principle, profits or losses derived from the sale of shares in another domestic and foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes (as described above). Contrary to this, profit shares derived from domestic or foreign corporations are only effectively 95% exempt from trade tax, if, at the beginning of the relevant assessment period for German trade tax purposes, the Company held an interest of at least 15% in the share capital of the company making the distribution. If and to the extent the Company and its German subsidiaries form a tax group for corporate income and trade tax purposes (*ertragsteuerliche Organschaft*), the profits and losses are generally effectively consolidated and subject to German corporate income and trade tax at the level of the Company.

The provisions of the so-called interest barrier rule (*Zinsschranke*) limit the degree to which expenses for debt financing are deductible from the tax base. Accordingly, as a general rule, interest expenses (*Zinsaufwendungen*) exceeding interest income (*Zinsertrag*), *i.e.*, the net interest expenses (*Nettozinsaufwand*), are not deductible to the extent such net interest expenses exceed 30% of the EBITDA as determined for tax purposes in a given fiscal year, if the Company's net interest expense is, or exceeds, EUR 3 million (*Freigrenze*) and no other exceptions apply. The term "interest income" is defined as income from capital claims of any kind (*Kapitalforderungen jeder Art*) and economically equivalent income (*wirtschaftlich gleichwertige Erträge*) in connection with capital claims that have increased the decisive profit (cf. Section 4h para. 3 sentence 3 of the German Income Tax Act (*Einkommensteuergesetz*, "**EStG**")). The term "interest expenses" is defined as payments for debt capital (*Fremdkapital*), economically equivalent expenses (*wirtschaftlich gleichwertige Aufwendungen*) and other expenses in connection with debt capital (*Fremdkapital*) within the meaning of Article 2 para. 1 of Council Directive (EU) 2016/1164 of July 12, 2016, which have reduced the decisive profit (cf. Section 4h para. 3 sentence 2 EStG). Non-deductible interest expenses must be carried forward to subsequent fiscal years. EBITDA that has not been fully utilized can, under certain circumstances, be carried forward to subsequent years (for up to five years) and may be deducted subject to the limitations set out above. If such EBITDA carry forward is not used within the five subsequent fiscal years, it will be forfeited. For trade tax purposes, 25% of the interest expenses deductible after applying the interest barrier rule are generally added when calculating the taxable trade profit. Therefore, for trade tax purposes, the amount of deductible interest expenses is generally only 75% of the interest expenses deductible for purposes of corporate income tax. The constitutionality of the interest barrier rule is currently under review by the German Federal Constitutional Court (*Bundesverfassungsgericht*, "**BVerfG**"), cf. legal proceedings of the BVerfG with the case reference number 2 BvL 1/16.

Under certain conditions, negative income of the Company that has not been offset by current year positive income can be carried forward or back into other assessment periods. Loss carry backs to the immediately preceding assessment period (respectively the two preceding assessment periods as from 2022 onwards) are only permissible up to EUR 1 million (increased to EUR 10 million for losses incurred in the assessment period 2020 until and including the assessment period 2023 as part of the COVID-19 tax reliefs) for corporate income tax but not at all for trade tax purposes. Losses carried forward can be used to fully offset taxable income for corporate income tax and trade tax purposes of up to an amount of EUR 1 million p.a. If the taxable income or the taxable trade profit exceeds

this amount, only up to 70% (60% from the assessment period 2028 onwards) of the annual excess amount may be offset against tax loss carry forwards. The remaining 30% (40% from the assessment period 2028 onwards) of the taxable income is subject to tax in any case (minimum taxation—*Mindestbesteuerung*). Unused tax loss carry forwards can, as a general rule, be carried forward indefinitely and deducted from future taxable income in accordance with this rule. However, if more than 50% of the Company's share capital or voting rights, respectively, is/are transferred to a purchaser or group of purchasers within five years, directly or indirectly, or if a similar situation arises (harmful share acquisition—*schädlicher Beteiligungserwerb*), the Company's unutilized losses and interest carry forwards (possibly also EBITDA carry forwards) will generally be forfeited in full and, subject to certain exceptions, may not be offset against future profits. The Company's unutilized losses and interest carry forwards are not forfeited, if and to the extent the Company's unutilized losses and interest carry forwards are covered by certain built-in gains (*stille Reserven*) that are subject to domestic taxation. In addition, the Company's unutilized losses may, upon application and under certain conditions, not be forfeited based on the continuity of business exemption (*fortführungsgebundener Verlustvortrag*). This exemption generally applies to harmful share acquisitions (*schädlicher Beteiligungserwerb*) conducted after December 31, 2015. The constitutionality of the change of ownership rule stipulating a full forfeiture of unused losses, loss carry forwards and interest carry forwards is currently pending with the BVerfG (cf. legal proceedings of the BVerfG with the case reference number 2 BvL 19/17).

20.2 Taxation of Shareholders

20.2.1 Income Tax Implications of the Holding, Sale and Transfer of BRAINLAB Shares

In terms of the taxation of shareholders of the Company, a distinction must be made between taxation in connection with the holding of shares (see "*20.2.2 Taxation of Dividends*"), taxation in connection with the sale of shares (see "*20.2.3 Taxation of Capital Gains*") and taxation in connection with the gratuitous transfer of shares (see "*20.2.5 Inheritance and Gift Tax*").

20.2.2 Taxation of Dividends

20.2.2.1 Withholding Tax

As a general rule, the dividends distributed to the shareholder are subject to a withholding tax (*Kapitalertragsteuer*) of 25% plus a solidarity surcharge (*Solidaritätszuschlag*—regarding any amendments to the levy of solidarity surcharge as of 2021, see "*20.2.7 Partial Abolition of the Solidarity Surcharge (Solidaritätszuschlag) as of 2021*") of 5.5% thereon (*i.e.* 26.375% in total plus church tax (*Kirchensteuer*), if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 of the KStG); in this case, no withholding tax would be withheld. However, these payments would reduce the acquisition costs of the shares and may, consequently, increase a taxable gain upon the disposal of the shares. The assessment basis for the withholding tax is the dividend approved in the General Meeting.

As the shares of the Company are admitted for collective custody by a securities custodian bank (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is levied for the account of the shareholders: (i) by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises) or by the domestic securities institution (*Wertpapierinstitut*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent; (ii) by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*); or (iii) by the Company itself if and to the extent shares held in collective custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are, however,

treated as so-called "*abgesetzte Bestände*" (stock being held separately) (hereinafter in all cases, the "**Dividend Paying Agent**").

The Company does not assume any responsibility for the withholding of taxes on distributions at source, in accordance with the statutory provisions, other than in cases of (iii) above.

In general, the withholding tax must be withheld without regard to whether and to which extent the dividend is exempt from tax at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad.

However, withholding tax on dividends distributed to a parent company domiciled in another EU Member State within the meaning of Article 2 of the Council Directive 2011/96/EU of November 30, 2011, as amended (the "**Parent Subsidiary Directive**"), may be refunded upon application and subject to further conditions (such as the German anti-treaty shopping rules, which are described below). This also applies to dividends distributed to a permanent establishment of such a parent company in another EU Member State or to a permanent establishment in another EU Member State of a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. The refund of withholding tax under the Parent Subsidiary Directive further requires that the shareholder has directly held at least 10% of the company's registered share capital for 12 months and that a respective application is filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*, "**BZSt**," Hauptdienstsitz Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany).

If, in the case of a holding of at least 10% of the Company's registered share capital, shares held in collective custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "*abgesetzte Bestände*" (stock being held separately), the main paying agent (*Hauptzahlstelle*) of the Company—upon presentation of an exemption certificate (*Freistellungsbescheinigung*) and a proof that this stock has been held separately—may be entitled in accordance with the view of the German tax authorities to disburse the dividend without deducting withholding tax. An exemption certificate may be granted upon application (using official application forms) with the BZSt at the address specified above, subject to the German anti-treaty shopping rules.

With respect to distributions made to other shareholders without a tax domicile in Germany, the withholding tax rate can be reduced in accordance with the double taxation treaty if Germany has entered into a double taxation treaty with the respective shareholder's country of residence and if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax reduction is generally granted by the BZSt (at the address specified above) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge (*Solidaritätszuschlag*), and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15%) is refunded by the BZSt, subject to the German anti-treaty shopping rules.

Forms for the reimbursement and exemption from the withholding at source procedure (the latter only being available to shareholders, which qualify as corporations) are available at the BZSt at the address specified above or online at https://www.bzst.de.

If dividends are distributed to corporations subject to non-resident taxation in Germany, *i.e.* corporations with no registered office (*Sitz*) or place of management (*Geschäftsleitung*) in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany, nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at source can generally be refunded even if not all of the prerequisites for a refund under the Parent Subsidiary Directive or the relevant double taxation treaty are fulfilled, subject to the German anti-treaty shopping rules. The relevant application forms are available at the BZSt at the address specified above.

The aforementioned possibilities for an exemption from, or a refund of, withholding tax depend on certain other conditions being met (particularly the fulfilment of so-called activity and substance requirements—*Aktivitäts- und Substanzerfordernisse*). Further requirements to the entitlement to claim withholding tax exemption or refund could arise from the European Commission's proposal for a Council Directive on the misuse of shell entities for improper tax purposes dated December 22, 2021, referred to as Anti-Tax Avoidance Directive 3 ("**ATAD 3**"). This draft Council Directive is, however, still subject to discussion and the legislative process has not yet been completed at both European and national level. Currently, political discussions at EU level on ATAD 3 appear to have ceased completely and it is currently not clear when and in which form ATAD 3 will be adopted, if it will be adopted at all.

In addition, with respect to shares held as private or as business assets by shareholders that are subject to income taxation, the aforementioned relief in accordance with an applicable double taxation treaty may further depend on whether the prerequisites of the special rules on the restriction of withholding tax credit are fulfilled.

The aforementioned credit of withholding tax described for shares held as private and as business assets (see "*20.2.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany*" and "*20.2.2.3 Taxation of Dividends of Shareholders without a Tax Domicile in Germany*") is subject to the following three cumulative prerequisites in accordance with Section 36a EStG: (i) the shareholder has been the beneficial owner of the shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the "**Minimum Holding Period**" – *Mindesthaltedauer*); (ii) the shareholder has been exposed (if taking into account counterclaims and claims against related parties) to at least 70% of the risk resulting from a decrease in value of the shares during the Minimum Holding Period (the minimum change in value risk; *Mindestwertänderungsrisiko*); and (iii) the shareholder is not obligated to forward (*vergüten*) these dividends, directly or indirectly, in total or predominantly to another person (the tests under (i) to (iii) above are together described as the "**Minimum Risk Test**"). In case the shareholder does not meet the Minimum Risk Test, three fifths of the withholding tax levied on the dividends is not creditable, but may, upon application, be deducted when determining the shareholder's taxable income. Shareholders who do not meet the Minimum Risk Test but who have, nevertheless, not suffered a withholding tax deduction on the dividends (*e.g.*, due to the presentation of a non-assessment certificate), or have already obtained a refund of the taxes withheld, are obligated to notify their competent tax office thereof, to declare withholding tax in the amount of 15% of the relevant dividends in accordance with the statutory formal requirements and to make the payment of an amount corresponding to the amount which would otherwise be withheld. As an exception to this rule, the Minimum Risk Test (and, if applicable, a corresponding notification and (re)payment obligation) does not apply to an investor if either: (a) the investor's amount of dividend income on shares (including shares from the Company) and certain profit participation rights (*Genussrechte*) does not exceed an amount of EUR 20,000 in a given tax assessment period; or (b) the investor has been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year. Further to the statutory amendments, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*, "**BMF**") published a circular letter dated April 3, 2017 (BMF, circular letter dated April 3, 2017, IV C 1 – S 2299/16/10002, DOK 2017/0298180, BStBl. I 2017, p. 726, as amended by BMF, circular letter dated February 20, 2018, IV C 1 – S 2299/16/10002, DOK 2018/0121297, BStBl. I 2018, p. 308) outlining the treatment of transactions where the statutory Minimum Risk Test might not be applicable, but in which a credit of withholding tax will nevertheless be denied as an anti-abuse measure.

In the event that a non-tax resident shareholder in Germany does not meet the requirements of the Minimum Risk Test, a refund of the withholding tax pursuant to a double taxation treaty is not available pursuant to Section 50j of the EStG. This restriction only applies if (i) the applicable double taxation treaty provides for a tax reduction leading to an applicable tax rate of less than 15%, (ii) the shareholder is not a corporation that directly holds at least a participation of 10% of the equity capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt and (iii) the shareholder has not been, upon actual receipt of the dividend, the beneficial owner of the shares for a continuous period of at least one year.

Prospective holders of the shares are advised to seek their own professional advice in relation to the possibility of obtaining a tax credit or refund of withholding tax on dividends.

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for the loss set-off (*Verlustverrechnungstöpfe*) to allow for setting off of negative capital income with current and future positive capital income. A set-off of negative capital income at a Dividend Paying Agent with positive capital income at a different Dividend Paying Agent is not possible and can only be achieved in the course of the income tax assessment at the level of the respective investor. In this case, the taxpayer has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pots for the loss set-off exist. The application is irrevocable and has to reach the Dividend Paying Agent by December 15 of the respective year. Otherwise, the losses will be carried forward to the following year by the Dividend Paying Agent.

Withholding tax will not be withheld by a Dividend Paying Agent if the taxpayer provides the Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent the capital income does not exceed the annual lump sum allowance (*Sparer-Pauschbetrag*) of EUR 1,000 (EUR 2,000 for married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) filing jointly) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the taxpayer provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office of the investor.

20.2.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany

(I) Brainlab Shares Held as Non-Business Assets

Dividends distributed to shareholders with a tax domicile in Germany whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon (*i.e.* 26.375% in total plus church tax (*Kirchensteuer*), if applicable). The income tax owed for this dividend income is in general satisfied by the withholding tax withheld by the Dividend Paying Agent (flat rate withholding tax—*Abgeltungsteuer*; see "*20.2.2.1 Withholding Tax*"). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump sum allowance (*Sparer-Pauschbetrag*) of EUR 1,000 (EUR 2,000 for married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) assessed jointly). However, shareholders may request that their capital investment income (including dividends) along with their other taxable income be subject to the progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden (*Günstigerprüfung*). This request may only be exercised consistently for all capital investment income and be exercised jointly in the case of married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) assessed jointly. In this case, the withholding tax would be credited against the progressive income tax and any excess amount would be refunded. In principle, such withholding tax credit or refund might be limited under the rules in connection with the Minimum Risk Test; however, the BMF published a circular letter dated April 3, 2017 (BMF, circular letter dated April 3, 2017, IV C 1 – S 2299/16/10002, DOK 2017/0298180, BStBl. I 2017, p. 726, as amended by BMF, circular letter dated February 20, 2018, IV C 1 – S 2299/16/10002, DOK 2018/0121297, BStBl. I 2018, p. 308) according to which this provision should only exceptionally apply to shares held as private assets. Income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump sum deduction.

Exceptions from the special uniform income tax rate apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and work for the Company in a professional capacity, which enables them to exert significant entrepreneurial influence on the Company's business activities. In this situation, the tax treatment described below under "*20.2.2.2(II) Brainlab Shares Held as Business Assets*" applies.

An automatic procedure for deducting church tax (*Kirchensteuer*) applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the BZSt (at the address specified above). The church tax (*Kirchensteuer*) payable on the

dividend is withheld and passed on by the Dividend Paying Agent. In this case, the church tax (*Kirchensteuer*) for dividends is satisfied by the Dividend Paying Agent withholding such tax. Church tax (*Kirchensteuer*) withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the Dividend Paying Agent may reduce the withholding tax (including the solidarity surcharge (*Solidaritätszuschlag*)) by 26.375% of the church tax (*Kirchensteuer*) to be withheld on the dividends. If the shareholder has filed a blocking notice and no church tax (*Kirchensteuer*) is withheld by a Dividend Paying Agent, shareholders subject to church tax (*Kirchensteuer*) are obligated to declare the dividends in their income tax return. The church tax (*Kirchensteuer*) on the dividends is then levied by way of a tax assessment.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets do not, contrary to the above, form part of the shareholder's taxable income. Dividend payments funded from the Company's contribution account for tax purposes would reduce the shareholder's acquisition costs and, if the dividend payment funded from the Company's contribution account for tax purposes exceeds the shareholder's acquisition costs, negative acquisition costs will arise. Both can result in a higher capital gain in case of the shares' disposal (see "*20.2.3 Taxation of Capital Gains*" below). This would not apply if: (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of their legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Holding**"); and (ii) the dividend payment funded from the Company's contribution account for tax purposes exceeds the acquisition costs of the shares. In such aforementioned case, a dividend payment funded from the Company's contribution account for tax purposes is deemed a sale of the shares and is taxable as a capital gain to the extent the dividend payment exceeds the acquisition costs of the shares. In this case, the taxation corresponds with the description in "*20.2.3 Taxation of Capital Gains*" made with regard to shareholders maintaining a Qualified Holding.

(II) Brainlab Shares Held as Business Assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the special uniform income tax rate. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge (*Solidaritätszuschlag*)) withheld and paid by the Dividend Paying Agent will generally be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge (*Solidaritätszuschlag*)) or refunded in the amount of any excess. However, such withholding tax credit or refund might be limited if and to the extent the prerequisites in connection with the Minimum Risk Test are not met (see "*20.2.2.1 Withholding Tax*"). Church tax (*Kirchensteuer*), if applicable to a shareholder holding shares as business assets, is not collected by way of withholding.

Dividend payments that are funded from the Company's contribution account for tax purposes and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets are generally fully tax exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's contribution account for tax purposes exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in "*20.2.3 Taxation of Capital Gains*" made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in the case of a corporation, this is not undisputed).

(A) Corporations

If the shareholder is a corporation (or a partnership which has opted to be treated as a corporation) with a tax domicile in Germany, the dividends are in general 100% exempt from corporate income tax and the solidarity surcharge (*Solidaritätszuschlag*). However, 5% of the dividends are treated as a nondeductible business expense and are therefore subject to corporate income tax (plus the solidarity surcharge (*Solidaritätszuschlag*)) at a total tax rate of

15.825%, having the effect that dividends and other profit shares are effectively 95% exempt from corporate income tax (and solidarity surcharge (*Solidaritätszuschlag*) thereon). In other respects, business expenses actually incurred in direct relation to the dividends may be deducted. However, dividends that the shareholder receives are no longer exempt from corporate income tax (including solidarity surcharge (*Solidaritätszuschlag*) thereon), if the shareholder only held (or holds) a Portfolio Participation at the beginning of the calendar year. Participations of at least 10% acquired in accordance with the view of the German tax authorities in a single transaction during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a pro rata basis at the ratio of the interest share of the shareholder in the equity of the relevant partnership.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the shareholder held an interest of at least 15% in the share capital of the Company at the beginning of the relevant assessment period. In this latter case, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be nondeductible business expenses (amounting to 5% of the dividend). The average trade tax rate in Germany amounts to approximately 15% (with a statutory minimum rate of 7%) of the taxable trade profit but the (blended) trade tax rate applying to the respective shareholder might be lower or higher depending on the municipal trade tax multiplier applied by the relevant municipal authority in which the shareholder maintains its operations or permanent establishments.

(B) Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge (*Solidaritätszuschlag*)) at a total tax rate of up to approximately 47.5% (plus church tax (*Kirchensteuer*), if applicable), the so-called partial income method (*Teileinkünfteverfahren*). Correspondingly, only 60% of the business expenses economically related to the dividends are tax deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deducting business expenses economically related thereto) is not only subject to income tax but is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. In this latter case, the net amount of dividends, *i.e.* after deducting directly related expenses, is exempt from trade tax. As a general rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

(C) Partnerships

If the shareholder is a partnership, the income or corporate income tax is not levied at the level of the partnership, but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "Corporations" above). If the partner is an individual, the taxation of the partner is generally in line with the principles described for sole proprietors (see “Sole Proprietors” above). Upon application and subject to further conditions, an individual as a partner can have their personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, if the partnership is a commercially active or commercially tainted partnership (co-entrepreneurship) with a tax domicile in Germany, the dividends are generally subject to trade tax in the full amount at the partnership level if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to their profit share will generally be credited, either in full or in part, against their personal income tax by means of a lump sum method—depending on the level of the municipal trade tax multiplier and certain individual tax relevant circumstances of the taxpayer. If the partnership fulfills the prerequisites for the trade tax exemption privilege at the beginning of the

relevant assessment period, the dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of a corporation which is a partner of such partnership and to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be nondeductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporation as partner of such partnership (which includes individual partners and should, under a literal reading of the law, also include any corporation as partner of such partnership to whom, on a look-through basis, only Portfolio Participations are attributable) should not be subject to trade tax.

Special rules apply to companies operating in the financial and insurance sectors, as well as to pension funds (see "*20.2.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

20.2.2.3 Taxation of Dividends of Shareholders without a Tax Domicile in Germany

Shareholders without a tax domicile in Germany, whose shares are allocable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect, the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see "*20.2.2.2(II) Brainlab Shares Held as Business Assets*" in "*20.2.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany*"). The withholding tax (including the solidarity surcharge (*Solidaritätszuschlag*)) withheld and passed on will generally be credited against the income or corporate income tax liability or refunded in the amount of any excess.

In all other cases, any German tax liability for dividends is satisfied by the withholding of the withholding tax by the Dividend Paying Agent. Withholding tax is only reimbursed in the cases and to the extent described above under "*20.2.2.1 Withholding Tax*."

Dividend payments that are funded from the Company's contribution account for tax purposes are generally not taxable in Germany.

20.2.3 Taxation of Capital Gains

20.2.3.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

(I) Brainlab Shares Held as Non-Business Assets

Gains on the disposal of shares acquired after December 31, 2008 by a shareholder with a tax domicile in Germany and held as non-business assets are generally—regardless of the holding period—subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon, *i.e.* 26.375% in total plus any church tax (*Kirchensteuer*) if applicable). If the entitlement to dividend payments is disposed of without the shares, the income from the sale of the entitlement to dividend payments is taxable. The same applies if shares are sold without the entitlement to dividend payments.

The taxable capital gain is computed from the difference between: (i) the proceeds of the disposal; and (ii) the acquisition costs of the shares and the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes exceed the acquisition costs, negative acquisition costs—which can increase a capital gain—can arise in the case of shareholders, whose shares are held as non-business assets and do not qualify as a Qualified Holding.

Only an annual lump sum deduction of EUR 1,000 (EUR 2,000 for married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) assessed jointly) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains.

Losses on disposals of shares may only be offset against gains on the disposal of shares (the constitutionality of this loss limitation rule is currently under review by the BVerfG, cf. legal proceedings of the BVerfG with the case reference number 2 BvL 3/21).

If the shares are held in custody or administered by a domestic credit institution, domestic financial services institution, domestic securities institution, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (a "**Domestic Paying Agent**"), the tax on the capital gains will in general be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income at an aggregate withholding tax rate of 26.375% (including solidarity surcharge (*Solidaritätszuschlag*)) plus church tax (*Kirchensteuer*), if any, on the capital gain and transferring it to the tax authority for the account of the seller. If the shares were held in custody or administered by the same Domestic Paying Agent after the acquisition of the relevant shares, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly relating to the sale, and the acquisition costs. If the shares are sold after being transferred to a Domestic Paying Agent, the aggregate withholding tax rate of 26.375% (including solidarity surcharge (*Solidaritätszuschlag*) thereon) plus church tax (*Kirchensteuer*), if any, will be applied to 30% of the gross sales proceeds unless the previous account bank is entitled and able to verify the actual acquisition cost in accordance with Section 43a para. 2 sent. 3 to 7 of the EStG. In any case, the shareholder is entitled to demonstrate the actual acquisition costs of the shares in the annual tax return.

The shareholder can apply for their total capital investment income together with their other taxable income to be subject to the progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability (*Günstigerprüfung*). This request may only be exercised consistently for all capital investment income and be exercised jointly in the case of married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) assessed jointly. In this case, the withholding tax would be credited against the progressive income tax and any resulting excess amount would be refunded; limitations on offsetting losses are applicable. Further, Income-related expenses are nondeductible, except for the annual lump sum deduction.

If the withholding tax or, if applicable, the church tax (*Kirchensteuer*) on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in their income tax return. The income tax and any applicable church tax (*Kirchensteuer*) on the capital gains will then be collected by way of assessment.

Generally, an automatic procedure for deducting church tax (*Kirchensteuer*) applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the BZSt (at the address specified above) and church tax (*Kirchensteuer*) on capital gains is withheld by the Domestic Paying Agent and is deemed to have been paid when the tax is deducted. A deduction of the withheld church tax (*Kirchensteuer*) as a special expense is not permissible, but the withholding tax to be withheld (including the solidarity surcharge (*Solidaritätszuschlag*)) is reduced by 26.375% of the church tax (*Kirchensteuer*) to be withheld on the capital gains.

Regardless of the holding period and the time of acquisition, gains from the disposal of shares are not subject to the uniform tax rate on investment income but to progressive income tax in the case of a Qualified Holding. In this case, the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to German income tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even in the case where withholding tax is actually withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare their capital gains in their income tax returns. The withholding tax (including the solidarity surcharge (*Solidaritätszuschlag*) and church tax (*Kirchensteuer*), if applicable) withheld and paid will be credited against the shareholder's income tax on their tax assessment (including the solidarity surcharge (*Solidaritätszuschlag*) and any church tax (*Kirchensteuer*), if applicable) or refunded in the amount of any excess.

(II) Brainlab Shares Held as Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the uniform tax rate on investment income. The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes reduce the original acquisition costs. In the case of disposal, a higher taxable capital gain can arise therefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

(i) **Corporations**: If the shareholder is a corporation (or a partnership which has opted to be treated as a corporation) with a tax domicile in Germany, the gains on the disposal of shares are in general 100% exempt from corporate income tax (including the solidarity surcharge (*Solidaritätszuschlag*)) and trade tax, currently, regardless of the size of the participation and the holding period. However, 5% of the gains are treated as nondeductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge (*Solidaritätszuschlag*)) at an aggregate tax rate amounting to 15.825% and trade tax at the average trade tax rate in Germany of approximately 15% (depending on the municipal trade tax multiplier applied by the municipal authority in which the shareholder maintains its operations or permanent establishments, with a statutory minimum trade tax rate of 7%), having the effect that dividends and other profit shares are effectively 95% exempt from corporate income tax (and solidarity surcharge (*Solidaritätszuschlag*) thereon) and trade tax. As a rule, losses on disposals and other profit reductions in connection with shares (*e.g.*, from a write-down) cannot be deducted as business expenses.

(ii) **Sole Proprietors**: If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge (*Solidaritätszuschlag*)) at a total tax rate of up to approximately 47.5%, and, if applicable, church tax (*Kirchensteuer*) (partial income method). Correspondingly, only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

As a general rule, trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump sum tax credit method—depending on the level of the municipal trade tax multiplier and certain individual tax relevant circumstances of the taxpayer.

(iii) **Partnerships**: If the shareholder is a partnership, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see “(i) Corporations” above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply to the relevant partners accordingly (partial income method, see above under “(ii)Sole Proprietors”). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of their personal income tax rate for earnings not withdrawn from the partnership.

In addition, if the partnership is a commercially active or commercially tainted partnership (co-entrepreneurship) with a tax domicile in Germany, gains on the disposal of shares are subject to trade tax at the level of the partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership:

generally, at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not recognized for the purposes of trade tax if they are: (i) attributable to the profit share of a corporation; or (ii) taken into account at a ratio of 60% already in the context of the income determination of an individual. If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to their profit share will generally be credited, either in full or in part, against their personal income tax by means of a lump sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Special rules apply to companies operating in the financial and insurance sectors, as well as to pension funds (see "*20.2.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

Withholding Tax

In the case of a Domestic Paying Agent, the gains of the sale of shares held as business assets are in general subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see "*20.2.3.1(I) Brainlab Shares Held as Non-Business Assets*" in "*20.2.3.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany*"). However, the Dividend Paying Agent will not withhold the withholding tax in accordance with Section 43 para. 2 sent. 3 of the EStG, if (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the Domestic Paying Agent using the designated official form and certain other requirements are met. If withholding tax is nonetheless withheld by a Domestic Paying Agent, the withholding tax (including the solidarity surcharge (*Solidaritätszuschlag*)) withheld and paid would generally be credited against the income or corporate income tax liability (including the solidarity surcharge (*Solidaritätszuschlag*)) or would generally be refunded in the amount of any excess. Church tax (*Kirchensteuer*), if applicable to a shareholder holding shares as business assets, is not collected by way of withholding.

20.2.3.2 Taxation of Capital Gains of Shareholders without Domicile in Germany

Capital gains derived by shareholders with no tax domicile in Germany are only subject to German tax if the selling shareholder has a Qualified Holding in the Company or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

In the case of a Qualified Holding, if the shareholder is a private individual, only 60% of the gains of the disposal of the shares are subject to progressive income tax plus the solidarity surcharge (*Solidaritätszuschlag*) (partial income method); however, most double taxation treaties provide for exemption from German taxation and assign the right of taxation to the shareholder's country of residence. According to the tax authorities, there is no obligation to withhold withholding tax at source in the case of a Qualified Holding if the shareholder submits to the Domestic Paying Agent a certificate of domicile issued by a foreign tax authority.

If the selling shareholder has a Qualified Holding in the Company and the selling shareholder is a corporation, which is not protected under a double taxation treaty, which fully exempts any capital gain from taxation in Germany, any capital gain of such shareholder is nevertheless fully tax exempt under German domestic rules without the application of 5% deemed non-deductible business expenses pursuant to the judgment of the German Federal Tax Court (*Bundesfinanzhof*, "**BFH**") dated May 31, 2017 (cf. BFH, judgment dated May 31 2017 – I R 37/15, BStBl. II 2018, p. 144).

With regard to gains or losses of the disposal of shares belonging to a domestic permanent establishment or fixed place of business or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply *mutatis mutandis* (see "*20.2.3.1(II) Brainlab Shares Held as Business Assets*" in "*20.2.3.1*

Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

20.2.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. Since January 1, 2017, the aforementioned exclusions of (partial) tax exemptions for corporate income tax and trade tax purposes apply to shares which, in the case of credit institutions, securities institutions or financial services institutions, are to be allocated to the trading portfolio (*Handelsbestand*) within the meaning of the HGB. As a consequence, such credit institutions, securities institutions or financial services institutions cannot benefit from the partial income method and are not entitled to the effective 95% exemption from corporate income tax, solidarity surcharge (*Solidaritätszuschlag*) and trade tax. Therefore, dividend income and capital gains are fully taxable. The same applies to shares held by finance companies where (i) credit institutions, securities institutions or financial services institutions hold, directly or indirectly, a participation of more than 50% in the respective finance company, and (ii) the finance company must disclose the shares as current assets (*Umlaufvermögen*) as of the time they are initially recognized as business assets. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent Subsidiary Directive applies.

In addition, a relief of German taxation may be available under an applicable double taxation treaty, subject to certain prerequisites, *e.g.*, substance requirements and holding periods, being met.

20.2.5 Inheritance and Gift Tax

The transfer of shares to another person *mortis causa* or by way of gift is generally subject to German inheritance or gift tax if:

(i) the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany;

(ii) the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or

(iii) the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The fair market value of the shares represents the tax assessment base. This is in general the stock exchange price of the shares. Different tax rates apply depending on the degree of relationship between the decedent or donor and the recipient.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

20.2.6 Other Taxes

No German capital transfer taxes, value added tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares; however, an entrepreneur may opt to subject disposals of shares,

which are in principle exempt from value added tax, to value added tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany. It is intended to introduce a financial transaction tax (*Finanztransaktionssteuer;* FTT). However, it is still unclear if, when and in what form such tax will be introduced.

20.2.7 Partial Abolition of the Solidarity Surcharge (Solidaritätszuschlag) as of 2021

As of 2021, the solidarity surcharge (*Solidaritätszuschlag*) which is an additional levy on the income tax burden of taxable persons in an amount of 5.5% has been partly abolished. Such abolition only affects individuals subject to income tax under the EStG, hence corporations that are subject to corporate income tax under the KStG are not affected by such abolition at all. As a result of such new law, the solidarity surcharge would only be levied if the income tax burden (*tarifliche Einkommensteuer*) exceeds an exemption limit of EUR 19,950 (or EUR 39,900 in the case of married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) filing jointly) in the assessment period 2025 and EUR 20,350 (or EUR 40,700 in the case of married couples or registered civil unions (*eingetragene Lebenspartnerschaften*) filing jointly) as of the assessment period 2026. If the taxable income of an investor exceeds such exemption limit, the solidarity surcharge rate increases continuously up to a total levy of 5.5% on the income tax burden.

However, the partial abolition of the solidarity surcharge (*Solidaritätszuschlag*) does not affect the withholding of taxes (*Kapitalertragsteuer*). The solidarity surcharge (*Solidaritätszuschlag*) will still be levied on the withholding tax amount and withheld accordingly. Regardless of the aforementioned exemption limits, there will not be a refund of any solidarity surcharge (*Solidaritätszuschlag*) if the withholding tax cannot be refunded either.

21 FINANCIAL INFORMATION

Unaudited Condensed Consolidated Interim Financial Statements of the Company as of and for the six months ended March 31, 2025, prepared in accordance with IFRS on Interim Financial Reporting (IAS 34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ '000	Notes	March 31, 2025	September 30, 2024 restated
Current assets			
Cash and short-term deposits		54,492	78,989
Trade receivables		72,731	83,526
Contract assets		74,464	61,548
Tax receivables	(12)	3,436	4,529
Other financial assets	(4), (6)	12,332	5,008
Other non-financial assets	(4)	18,725	16,021
Prepaid expenses		267	2,056
Inventories		63,704	68,262
Assets held for distribution	(5)	97,945	-
Total current assets		**398,096**	**319,939**
Non-current assets			
Goodwill		38,108	67,670
Capitalized development costs		113,169	143,459
Other intangible assets		14,529	25,269
Property, plant and equipment		25,012	26,310
Right-of-use assets		57,690	59,051
Investments in associates (at equity)	(3)	4,708	5,126
Trade receivables		804	1,244
Contract assets		61,152	56,471
Other financial assets	(4), (6)	12,277	15,590
Other non-financial assets	(4)	2,579	1,378
Deferred taxes	(12)	11,231	7,107[1]
Total non-current assets		**341,259**	**408,675[1]**
Total assets		**739,355**	**728,614[1]**

[1] The amounts presented differ from those in the consolidated financial statements for the financial year 2023/2024 due to changes made (see General Information, Correction of Errors).

LIABILITIES

€ '000	Notes	March 31, 2025	September 30, 2024 restated
Current liabilities			
Trade payables	(7)	41,260	49,186
Interest-bearing loans and borrowings	(8)	9,735	16,475
Lease liabilities		12,498	12,374
Provisions		3,146	3,066
Other financial liabilities	(9)	16,314	11,625
Other non-financial liabilities	(10)	27,508	33,263
Tax payables	(12)	6,067	6,763
Contract liabilities		78,823	74,214
Liabilities held for distribution	(5)	19,823	-
Total current liabilities		**215,174**	**206,966**
Non-current liabilities			
Interest-bearing loans and borrowings	(8)	220,615	205,440
Lease liabilities		45,012	46,311
Provisions		940	940
Other financial liabilities	(9)	5,631	8,813
Other non-financial liabilities	(10)	1,618	3,057
Employee benefits		4,082	4,661
Contract liabilities		15,642	15,375
Deferred taxes	(12)	40,049	47,290
Total non-current liabilities		**333,589**	**331,887**
Equity			
Issued capital		18,864	18,864
Capital reserves		32,535	32,535
Revenue reserve		120,411	120,521[1]
Other comprehensive income		15,191	14,083
Equity attributable to shareholders of the parent company		**187,001**	**186,003[1]**
Non-controlling interests		3,591	3,758
Total equity		**190,592**	**189,761[1]**
Total equity and liabilities		**739.355**	**728,614[1]**

[1] The amounts presented differ from those in the consolidated financial statements for the financial year 2023/2024 due to changes made (see General Information, Correction of Errors).

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Six months ended €'000	Notes	March 31, 2025	March 31, 2024, restated[2]
Revenue	(11)	243,328	213,383
Cost of sales		-90,638	-81,832
Gross profit		**152,690**	**131,551**
Selling, general and administrative expenses		-94,974	-86,883
Research and development expenses		-45,508	-38,300
Other operating income		24,378	14,091
Other operating expense		-10,365	-12,749[1]
Share of profit/loss in companies accounted for using the equity method		-418	-115
Operating result		**25,803**	**7,595[1]**
Financial income		5,064	4,083
Financial expense		-6,245	-6,783
Earnings before income tax		**24,622**	**4,895[1]**
Tax expense	(12)	-10,106	-9,931[1]
Net earnings for the period from continued operations		**14,516**	**-5,036[1]**
Discontinued operations	(5)		
Loss from discontinued operations, net of tax		-13,928	-14,818
Net profit/loss for the period		**588**	**-19,854[1]**
of which attributable to:		-	-
Shareholders of the parent company		756	-20,268[1]
Non-controlling interests		-168	414
Earnings per share			
Basic earnings per share (euro)		0.04	-1.07[1]
Diluted earnings per share (euro)		0.04	-1.07[1]
Earnings per share of continued operations			
Basic earnings per share (euro)		0.76	-0.30[1]
Diluted earnings per share (euro)		0.76	-0.30[1]

[1] The amounts presented differ from those in the consolidated financial statements as of and for the fiscal year ended 2023/2024 due to changes made (see General Information, Correction of Errors).
[2] The comparative information was adjusted due to discontinued operations (see Note 5).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Six months ended

€'000	Notes	March 31, 2025	March 31, 2024 restated[2]
Net profit/loss for the period		**588**	**-19,854[1]**
Other comprehensive income/loss that is or maybe reclassified to the income statement in subsequent periods		-	-
Currency translation adjustment for foreign operations		1,130	-1,138
Total		**1,130**	**-1,138**
Other comprehensive income/loss that is or maybe reclassified to the income statement in subsequent periods		**1,130**	**-1,138**
Other comprehensive income/loss not to be reclassified to the income statement in subsequent periods			
Gains/losses on the revaluation of defined benefit pension plans		-31	-
Income tax effect		10	-
Total		**-21**	**-**
Gains/losses on equity instruments measured at fair value through other comprehensive income	(6)	-	-30
Income tax effect		-	10
Total		**-**	**-20**
Other comprehensive income/loss not to be reclassified to the income statement in subsequent periods		**-21**	**-20**
Other comprehensive income/loss, net of taxes		**1,109**	**-1,158**
Total comprehensive income/loss, net of taxes		**1,697**	**-21,012[1]**
of which attributable to:			
Shareholders of the parent company		1,864	-21,425[1]
Non-controlling interests		-167	413

[1] The amounts presented differ from those in the consolidated financial statements as of and for the fiscal year ended 2023/2024 due to changes made (see General Information, Correction of Errors).
[2] The comparative information was adjusted due to discontinued operations (see Note 5).

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Six months ended €'000	Notes	March 31, 2025	March 31, 2024 restated
Cash flows from operating activities			
Net profit/loss for the period		588	-19,854[1]
adjusted for:		-	-
- Income tax expense/income tax refunds	(12)	4,585	9,185[1]
- Financial income/financial expense		2,793	6,056
- Share of profit/loss in companies accounted for using the equity method	(3)	418	115
- Depreciation/amortization/impairment of property, plant and equipment, right-of-use assets and intangible assets		33,490	37,221[1]
- Profit/loss from the disposal of assets		44	-222
- Other non-cash gains/losses	(4), (9), (10)	-2,659	-585
		39,259	**31,916**
Increase/decrease in operating assets and liabilities			
- Inventories		4,613	-5,371
- Trade receivables (net)		9,204	-9,840
- Contract assets		-14,841	-3,353
- Other assets and tax receivables	(4)	-2,550	-6,184
- Prepaid expenses		1,676	199
- Contract liabilities		5,745	15,448
- Accounts payable	(7)	-7,239	-11,246
- Other liabilities and tax payables	(7), (10)	-4,904	-1,471
- Provisions		125	330
Net cash from operating activities		**31,088**	**10,428**
Interest paid		-5,453	-4,485
Interest received		333	238
Income taxes paid	(12)	-3,129	-1,675
Income taxes received	(12)	171	833
Cash flows from operating activities		**23,009**	**5,340**

[1] The amounts presented differ from those in the consolidated financial statements as of and for the fiscal year ended 2023/2024 due to changes made (see General Information, Correction of Errors).

Six months ended € '000	Notes	March 31, 2025	March 31, 2024 restated
Cash flows from investing activities			
Purchase of property, plant and equipment		-4,318	-3,797
Proceeds from sale of property, plant and equipment		372	870
Purchase of intangible assets		-20,320	-24,817
Investment in financial assets (non-current assets)	(4), (6)	-2,997	-5,229
Investment in financial assets (short-current assets)	(4), (6)	-357	-
Cash flows from investing activities		**-27,620**	**-32,974**
Cash flows from financing activities			
Repayments of principal portion of lease liabilities		-6,553	-6,300
Repayment of interest-bearing loans	(8)	-21,402	-1,813
Proceeds from interest-bearing loans and borrowings	(8)	30,000	7,000
Dividend payments to shareholders of parent company		-	-
Cash flows from financing activities		**2,045**	**-1,113**
Group and exchange rate-related changes in cash and short-term deposits		**17**	**-611**
Increase/decrease in cash and short-term deposits		**-2,567**	**-28,746**
Cash and short-term deposits at the beginning of the reporting period		**78,989**	**86,336**
Cash and short-term deposits at the end of the reporting period		**76,440**	**56,979**
of which cash and short-term deposits held for distribution	(5)	21,948	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

€'000	Notes	Issued capital	Capital reserves	Revenue reserve restated	Reserve from changes in fair value	Revaluation reserve (pensions)	Currency translation reserve restated	Total restated
October 1, 2023		**18,864**	**32,535**	**139,034**	**616**	**-35**	**15,883**	**206,897**
Net profit/loss for the period		-	-	-20,268[1]	-	-	-	-20,268[1]
Other comprehensive income		-	-	-	-20	-	-1,138[1]	-1,158[1]
Total comprehensive income		**-**	**-**	**-20,268[1]**	**-20**	**-**	**-1,138[1]**	**-21,426[1]**
Other changes*		-	-	-1,397	-	-	-	-1,397
March 31, 2024		**18,864**	**32,535**	**117,369[1]**	**596**	**-35**	**14,745[1]**	**184,074[1]**
October 1, 2024		**18,864**	**32,535**	**120,521**	**560**	**-52**	**13,575**	**186,003**
Net profit/loss for the period		-	-	756	-	-	-	756
Other comprehensive income		-	-	-	-	-21	1,129	1,108
Total comprehensive income		**-**	**-**	**756**	**-**	**-21**	**1,129**	**1,864**
Other changes*	(2)	-	-	-866	-	-	-	-866
March 31, 2025		**18,864**	**32,535**	**120,411**	**560**	**-73**	**14,704**	**187,001**

€'000	Total restated	Non-controlling interests	Total equity restated
October 1, 2023	**206,897**	**3,121**	**210,018**
Net profit/loss for the period	-20,268[1]	414	-19,854[1]
Other comprehensive income	-1,158	-	-1,158
Total comprehensive income	**-21,426[1]**	**414**	**-21,012[1]**
Other changes*	-1,397	-	-1,397
March 31, 2024	**184,074[1]**	**3,535**	**187,609[1]**
October 1, 2024	**186,003**	**3,758**	**189,761**
Net profit/loss for the period	756	-168	588
Other comprehensive income	1,108	1	1,109
Total comprehensive income	**1,864**	**-167**	**1,697**
Other changes*	-866	-	-866
March 31, 2025	**187,001**	**3,591**	**190,592**

*Other changes include the valuation of a written put option to buy from the minority shareholders' remaining shares. The Present Access Method was used for accounting. Initially, the recognition is at fair value, and subsequently, it is measured at amortized cost. Changes in valuation are recorded in equity without affecting profit or loss (see Note (2) Business combinations).

[1] The amounts presented differ from those in the consolidated financial statements as of and for the fiscal year ended 2023/2024 due to changes made (see General Information, Correction of Errors).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

General information

Basis of consolidation

Brainlab AG and its subsidiaries (hereinafter “Brainlab”, the “Company” or the "Group”) develop, manufacture and distribute hardware and software technology for computer-assisted medical procedures. The Group's product range is split into four segments: Spinal and Cranial Surgery, Other Surgery, Radiosurgery and Healthcare Platform.

The first company of the Brainlab Group was founded on August 24, 1989. The headquarters of the present Brainlab AG, entered in the commercial register of Munich under HRB 135401 on January 24, 2001, are located on Olof-Palme-Straße 9, 81829 Munich, Germany.

In the first half of financial year 2024/25, Blitz 24-896 SE (Change of company name to Snke Holding SE with registration in the commercial register on April 15, 2025) was added to the reporting entity as a wholly owned subsidiary of Brainlab AG.

The condensed consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for the first six months of financial year 2024/25 to March 31, 2025 and the comparative information for the first six months of financial year 2023/24 to March 31, 2024. The condensed consolidated financial statements were released by the Management Board on June 19, 2025.

Accounting

The present condensed consolidated financial statements of Brainlab have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union (EU). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the financial year ended September 30, 2024.

The condensed consolidated financial statements are presented in euro, and the figures are rounded to the nearest thousand (€ ‘000), except where otherwise indicated.

The comparability of the consolidated financial reports remains unaffected by seasonal and economic influences.

Key accounting policies, new and amended standards and interpretations

The accounting policies applied by the Company are – with the exception of the International Financial Reporting Standards (IFRS) to be applied from the beginning of financial year 2024/25 – the same as those applied for the Group's consolidated financial statements for the financial year ended September 30, 2024, which were prepared in accordance with IFRS as adopted by the EU.

The following standards and interpretations were to be applied for the first time from the beginning of the financial year:

- Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to additional disclosure requirements for supplier finance arrangements;
- Clarification of IAS 1 Presentation of Financial Statements with regard to the classification of a liability as current or non-current with covenants.
- Amendment to IFRS 16 in relation to the measurement of sale and leaseback transactions of the lessee.

For all standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are any changes expected.

Use of judgements, estimates and assumptions

Compared to the consolidated financial statements as of September 30, 2024, there have been no significant changes with regard to discretionary decisions, assumptions and estimates.

Correction of errors

In the first half of the 2023/24 financial year, an impairment of goodwill in the amount of € 8,562 thousand arose as part of in the Healthcare Platform segment, which was only recognized in the second half of the same financial year. Of this amount, € 4,480 thousand is attributable to the discontinued operation. The previous year's figures have been adjusted accordingly.

In the reporting year, the Group identified that deferred taxes resulting from consolidation measures partly relate to entities for which no surplus of deferred tax assets may be recognized. Since these consolidation measures also generally lead to deferred tax assets, these should also have been subject to impairment. Consequently, the recognized deferred tax assets must be reduced by € 4,644 thousand by 30 September 2024 (31 March 2024: € 4,421 thousand). The error was corrected by also adjusting the affected items in the prior year's financial statements.

The following tables summarize the effects on the consolidated financial statements:

Income statement[2] for the six months ended March 31, 2024

		Impact of correction of error	
in € '000	**As previously reported**	**Adjustments**	**As restated, before separation of discontinued operations**
Revenue	218,897	-	218,897
Cost of sales	-83,856	-	-83,856
Gross profit	**135,041**	**-**	**135,041**
Selling and general administrative expenses	-93,004	-	-93,004
Research and development expenses	-42,330	-	-42,330
Other income	13,112	-	13,112
Other expenses	-8,755	-8,562[1]	-17,317
Share of profit or loss of associates accounted for using the equity method	-115	-	-115
Operating profit	**3,949**	**-8,562[1]**	**-4,613**
Finance income	746	-	746
Finance costs	-6,802	-	-6,802
Results from operating activities	**-2,107**	**-8,562[1]**	**-10,669**
Income tax expense	-4,764	-4,421	-9,185
Results from operating activities, net tax	**-6,871**	**-12,983[1]**	**-19,854**
Attributable to			
Shareholders of the parent company	-7,285	-12,983[1]	-20,268
Non-controlling interests	414		414
Loss per share			
Basic loss per share (euro)	**-0.39**		**-1.07**
Diluted loss per share (euro)	**-0.39**		**-1.07**

[1] thereof € 4,480 thousand is attributable to discontinued operations.
[2] The effects of the restatement of the Consolidated Statement of Comprehensive income are not presented due to materiality (Adjustment in 2025 of € + 69 thousand).

Statement of financial position as of March 31, 2024	Impact of correction of error		
in € '000	As previously reported	Adjustments	As restated, before separation of discontinued operations
Current assets	**290,713**		**290,713**
Non-current assets	**426,198**	**-12,914**	**413,284**
Goodwill	90,486	-8,493	81,993
Deferred taxes	10,839	-4,421	6,418
Others	324,873	-	324,873
Total assets	**716,911**	**-12,914**	**703,997**
Current liabilities	**202,605**	**-**	**202,605**
Non-current liabilities	**313,784**	**-**	**313,784**
Equity			
Revenue reserve	130,352	-12,983	117,369
Other comprehensive income	15,237	69	15,306
Others	54,933	-	54,933
Total equity	**200,522**	**-12,914**	**187,608**
Total liabilities and equity	**716,911**	**-12,914**	**703,997**

Income statement for the twelve months ended September 30, 2024

in € '000	As previously reported	Impact of correction of error: Adjustments	As restated, before separation of discontinued operations
Revenue	470,267	-	470,267
Cost of sales	-176,402	-	-176,402
Gross profit	**293,865**	**-**	**293,865**
Selling and general administrative expenses	-193,443	-	-193,443
Research and development expenses	-86,095	-	-86,095
Other income	22,265	-	22,265
Other expenses	-29,026	-	-29,026
Share of profit or loss of associates accounted for using the equity method	-1,692	-	-1,692
Operating profit	**5,874**	**-**	**5,874**
Finance income	986	-	986
Finance costs	-12,794	-	-12,794
Results from operating activities	**-5,934**	**-**	**-5,934**
Income tax expense	-7,500	-4,644	-12,144
Results from operating activities, net tax	**-13,434**	**-4,644**	**-18,078**
Attributable to			
Shareholders of the parent company	-14,059	-4,644	-18,703
Non-controlling interests	625	-	625
Loss per share			
Basic loss per share (euro)	**-0.75**		**-0.99**
Diluted loss per share (euro)	**-0.75**		**-0.99**

Statement of financial position as of September 30, 2024	Impact of correction of error		
	As previously reported	Adjustments	As restated, before separation of discontinued operations
Current assets	**319,939**	**-**	**319,939**
Non-current assets	**413,319**	**-4,644**	**408,675**
Deferred taxes	11,751	-4,644	7,107
Others	401,568	-	401,568
Total assets	**733,258**	**-4,644**	**728,614**
Current liabilities	**206,966**	**-**	**206,966**
Non-current liabilities	**331,887**	**-**	**331,887**
Equity			
Revenue reserve	125,165	-4,644	120,521
Others	69,240	-	69,240
Total equity	**194,405**	**-4,644**	**189,761**
Total liabilities and equity	**733,258**	**-4,644**	**728,614**

Financial year

The financial year is the 12-month period ending on September 30.

Goodwill

Goodwill is tested for impairment annually on September 30. A goodwill impairment test is also carried out if circumstances indicate that goodwill might be impaired. As part of the spin-off of the Snke Group[1] and due to the budget shortfall in the first six months of the 2024/2025 financial year in terms of revenue, EBITDA, and EBIT; an impairment test of the group of cash-generating units of the healthcare platform was performed. In March 2025, no need for impairment was identified following a test of cash-generating units and the group of cash-generating units (Healthcare platform).

Transaction costs

In the first six months of the fiscal year 2024/25, transaction costs regarding the issuing of new shares amounting to € 1,397 thousand were incurred at Brainlab, which were capitalized as deferred payments in other non-financial assets (see note (4)).

Going concern

These condensed consolidated financial statements have been prepared on a going concern basis in accordance with IAS 1.25.

Acquisition of Snke Holding SE

On March 14, 2025, Brainlab AG acquired 100% of the shares in Snke Holding SE for EUR € 135 thousand. At the time of acquisition, it was a shelf company, acquired by Brainlab AG for the purpose of transferring the business shares of Snke OS GmbH. At the time of acquisition, Snke Holding SE had cash amounting to € 120 thousand and share capital of the same amount.

[1] The Snke Group, i.e. the spin-off group, comprises the legal entities Snke OS GmbH, Mint Medical GmbH, Mint Medical Inc., Immersive Surgical Ltd., Snke Inc. and Snke Holding SE.

(1) SEGMENT REPORTING

The same principles as described in the consolidated financial statements as of September 30, 2024 apply for the segment reporting. No reportable segments have been aggregated.

The forthcoming spin-off of the 100%-investment in Snke OS GmbH and thus, significant parts of the Healthcare Platform segment requires the application of IFRS 5 - Non-current Assets held for Sale and Discontinued Operations. Analogous to internal reporting, the Healthcare Platform segment continues to be presented as a reportable segment. The reclassification of the results of discontinued operations in the Healthcare Platform segment is carried out in the segment reporting in the reconciliation to the consolidated result.

	Reportable segments						
2024/25							
€'000	**Spinal and Cranial Surgery**	**Other Surgery**	**Radio-surgery**	**Healthcare Platform**	**Total reportable segments**	**Other**	**Total**
For the six months ended March 31, 2025							
External revenue	161,603	15,790	60,227	4,835	242,455	-	242,455
Inter-segment revenue	-	-	-	3,177	3,177	-	3,177
Segment revenue	**161,603**	**15,790**	**60,227**	**8,012**	**245,632**	**-**	**245,632**
Gross profit	**104,627**	**10,310**	**33,585**	**4,875**	**153,397**	**-**	**153,397**
Selling, general and administrative expenses	-63,691	-7,430	-21,812	-7,253	-100,186	-58	-100,244
Research and development expenses	-16,800	-5,381	-13,358	-16,111	-51,650	-	-51,650
Other operating income	13,675	639	1,504	2,261	18,079	147	18,226
Other operating expense	-6,157	-847	-2,319	-2,023	-11,346	-	-11,346
Share of profit/loss in companies accounted for using the equity method	-	-418	-	-	-418	-	-418
EBIT	**31,654**	**-3,127**	**-2,400**	**-18,251**	**7,876**	**89**	**7,965**
Interest income	476	39	68	8	591	2,880	3,471
Interest expense	-168	-373	-46	-34	-621	-5,642	-6,263
Segment profit/loss before tax	**31,962**	**-3,461**	**-2,378**	**-18,277**	**7,846**	**-2,673**	**5,173**
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets	-15,702	-2,320	-9,782	-5,818	-33,622	133	-33,489[1]
Bad debt allowances & depreciation of current assets	-171	-195	-78	-53	-497	-	-497
EBITDA	**47,356**	**-807**	**7,382**	**-12,433**	**41,498**	**-44**	**41,454**
Investments	**9,195**	**1,211**	**3,520**	**8,648**	**22,574**	**2,260**	**24,834**
of which in intangible assets	7,371	1,072	3,402	8,428	20,273	47	20,320
of which in property, plant and equipment	1,824	139	118	220	2,301	2,213	4,514

[1] Thereof for the six month ended March 31, 2025 amortization of intangible assets for the continued and discontinued operations amount to € 21,900 thousand (continued operations: € 19,061 thousand; discontinued operations: € 2,839 thousand), depreciation of property, plant and equipment for the continued and discontinued operations amount to € 4,891 thousand (continued operations: € 4,806 thousand; discontinued operations: € 85 thousand) and depreciation of right-of-use assets for the continued and discontinued operations amount to € 6,698 thousand (continued operations: € 6,506 thousand; discontinued operations: € 193 thousand).

2023/24	Reportable segments						
€'000	Spinal and Cranial Surgery	Other Surgery	Radio-surgery	Healthcare Platform	Total reportable segments	Other	Total
For the six months ended March 31, 2024							
External revenue	149,362	10,203	51,078	8,254	218,897	-	218,897
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	**149,362**	**10,203**	**51,078**	**8,254**	**218,897**	**-**	**218,897**
Gross profit	**95,844**	**5,809**	**28,694**	**4,694**	**135,041**	**-**	**135,041**
Selling, general and administrative expenses	-55,223	-5,944	-18,682	-13,147	-92,996	-9	-93,005
Research and development expenses	-14,646	-3,226	-9,427	-15,031	-42,330	-	-42,330
Other operating income	8,154	1,454	2,696	804	13,108	4	13,112
Other operating expense	-5,161	-996	-1,938	-9,222[1]	-17,317[1]	-	-17,317[1]
Share of profit/loss in companies accounted for using the equity method	-	-115	-	-	-115	-	-115
EBIT	**28,969**	**-3,018**	**1,343**	**-31,901[1]**	**-4,607[1]**	**-5**	**-4,612[1]**
Interest income	405	10	139	10	564	183	747
Interest expense	-796	-546	-196	-51	-1,589	-5,214	-6,803
Segment profit/loss before tax	**28,577**	**-3,554**	**1,286**	**-31,942[1]**	**-5,633[1]**	**-5,036**	**-10,669[1]**
EBITDA	**42,046**	**-1,452**	**9,126**	**-17,105**	**32,615**	**-5**	**32,610**
Depreciation and amortization / impairment of property, plant and equipment, intangible assets and right-of-use assets	-13,077	-1,566	-7,783	-14,796	-37,222	-	-37,222[2]
of which impairment	-	-	-	-8,562[1]	-8,562[1]	-	-8,562[1]
Bad debt allowances & depreciation of current assets	-374	-11	-80	-	-465	-	-465
Investments	**9,445**	**4,313**	**4,826**	**8,255**	**26,839**	**1,783**	**28,622**
of which in intangible assets	8,018	4,155	4,690	7,861	24,724	94	24,818
of which in property, plant and equipment	1,427	158	136	394	2,115	1,689	3,804

[1] In the first half of the 2023/24 financial year, an impairment of goodwill in the amount of € 8,562 thousand was recognized in the Healthcare Platform segment. The comparative information has been adjusted accordingly.

[2] Thereof for the six month ended March 31, 2024 amortization of intangible assets for the continued and discontinued operations amount to € 17,518 thousand (continued operations: € 14,920 thousand; discontinued operations: € 2,598 thousand), depreciation of property, plant and equipment for the continued and discontinued operations amount to € 4,667 thousand (continued operations: € 4,525 thousand; discontinued operations: € 142 thousand) and depreciation of right-of-use assets for the continued and discontinued operations amount to € 6,475 thousand (continued operations: € 6,114 thousand; discontinued operations: € 361 thousand).

Reconciliation of information on reportable segments based on the figures reported in the consolidated financial statements

For the six months ended €'000	March 31, 2025	March 31, 2024
Revenue		
Revenue of the reportable segments	245,632	218,897
Elimination of inter-segment revenue	-3,177	-
Elimination of discontinued operations	873	-5,514
Consolidated revenue	**243,328**	**213,383**
Gross profit		
Gross profit of the reportable segments	153,397	135,041
Elimination of inter-segment revenue	-3,177	-
Elimination of inter-segment cost of goods sold	3,177	-
Elimination of discontinued operations	-707	-3,490
Gross profit consolidated	**152,690**	**131,551**
Segment profit/loss before tax		
Earnings before taxes of the reportable segments	7,846	-5,633[1]
Earnings before taxes "other"	-2,673	-5,036
Elimination of discontinued operations	19,449	15,564
Earnings before taxes consolidated	**24,622**	**4,895[1]**

For the six months ended €'000	March 31, 2025	March 31, 2024
Segment profit/(loss) before tax	**7,846**	**-5,633[1]**
Selling, general and administrative expenses	-	-9
Research and development expenses	-58	-
Other operating income	147	4
Interest income	2,880	183
Interest expense	-5,642	-5,214
Elimination of discontinued operations	19,449	15,564
Brainlab Group earnings before tax	**24,622**	**4,895[1]**

[1] In the first half of the 2023/24 financial year, an impairment of goodwill in the amount of € 8,562 thousand was recognized in the Healthcare Platform segment. The comparative information has been adjusted accordingly.

Additional information

The following table shows the Group's revenue broken down by company location. Where information is presented on a geographical basis, the revenue is based on the geographical locations of the company.

€'000	March 31, 2025	March 31, 2024
Europe and other countries	113,523	103,374
of which Germany	97,585	88,028
North America (USA)	94,360	87,362
Asia Pacific	34,572	28,161
Elimination of discontinued operations	873	-5,514
Total	**243,328**	**213,383**

The following table shows the Group's non-current assets, broken down by company location. Where information is presented on a geographical basis, the assets are based on the geographical locations of the assets.

€'000	March 31, 2025	September 30, 2024
Europe and other countries	246,511	234,439
of which Germany	229,215	216,184
North America (USA)	23,513	23,124
Asia Pacific	2,536	2,932
Other	48,149	61,264
Elimination of discontinued operations	-72,201	-
Total	**248,508**	**321,759**

The non-current assets reported here comprise property, plant and equipment, intangible assets and right-of-use assets. Adjustments relating to Group consolidation and Goodwill are shown under "Other".

(2) BUSINESS COMBINATIONS

Disclosures on past business combinations

Contingent considerations were agreed in connection with past business combinations. With regard to the acquisition of the Mint Medical Group in financial year 2020/21, the fair value of the components of the contingent considerations amounts to a total of € 3,462 thousand as of March 31, 2025 (prior year: € 3,295 thousand). As part of the acquisition of Dr. Langer Medical GmbH in financial year 2021/22, a contingent consideration with a fair value of € 223 thousand was recognized (prior year: € 1,188 thousand). The change in this item results from a payment made in the first half of the year. In addition, the purchase price retention in the amount of € 889 thousand was paid in full.

In financial year 2021/22, Brainlab increased its stake in medPhoton GmbH to 75.01%. There are further agreements effective from January 2026 relating to the written option to acquire the non-controlling interest of 24.99% by Brainlab, which is carried at amortized cost at a value of € 5,180 thousand (prior year: € 4,314 thousand). In this context, there is also a contingent consideration for a purchase price retention, which is recognized at a fair value of € 2,829 thousand (prior year: € 2,712 thousand) as of March 31, 2025. In addition, there is a variable remuneration for a conditional minimum employment period. In the six months ended March 31, 2025, an amount of € 171 thousand was recognized in the income statement as personnel expenses in this respect in accordance with IAS 19.

(3) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in joint ventures

The company Beijing Nabrai Medical Technology Co., Ltd., founded in February 2023 and domiciled in Beijing, China, is a joint venture jointly controlled by the Group, in which the Group holds a 30% investment. The joint venture was founded in cooperation with another shareholder, who holds a 70% investment, to develop a version of a digital platform in the field of medical technology that is tailored for the Chinese market (Made in China). The joint venture is not listed on the stock exchange.

Brainlab currently reports an amount of € 0 thousand (September 30, 2024: € 0 thousand) for the investment, as the carrying amount of the investment was already fully utilized by losses as of September 30, 2024.

Investment in associates

Until the beginning of March 2025, the Group held shares of 23.59% in Ommo Technologies, Inc, (hereinafter: Ommo) based in Carrollton, Texas, USA. Since then, the equity interest has been reduced to 19.65% due to changes in the ownership of the shareholder structure at Ommo. Despite the decrease in direct ownership interests, the Group continues to exercise significant influence over Ommo, which is essentially based on representation on the board of directors. Consequently, this investment is accounted for using the equity method. Ommo is active in the development and manufacture of 3D magnetic navigation modules and sensors. These serve as central components in surgical navigation systems and surgical robots. The company is not listed on the stock exchange.

The carrying amount of the investment accounted for using the equity method developed as follows in the six months to March 31, 2025:

€'000	
Carrying amount as of September 30, 2024	**5,126**
Loss for the period (pro rata)	**-418**
Carrying amount as of March 31, 2025	**4,708**

(4) OTHER ASSETS

Other current and non-current assets consist of financial and non-financial assets.

Other current financial assets

Other current financial assets comprise the following as of March 31, 2025 and September 30, 2024:

€'000	**March 31, 2025**	**September 30, 2024**
Other current financial assets		
Derivative financial instruments (currency hedge)	1,113	1,949
Other receivables	3,604	3,059
Strategic investments	7,615	-
Total	**12,332**	**5,008**

Other current financial assets as of March 31, 2025 include other tax receivables, a receivable from an associated investment, creditors with debit balances and a loan to an external company in the amount of € 7,615 thousand, which was still reported under “Non-current financial assets” as of September 30, 2024 due to its maturity.

Other current non-financial assets

The other current non-financial assets in the amount of € 18,725 thousand (September 30, 2024: € 16,021 thousand) mainly consist of prepaid expenses amounting to € 14,222 thousand (September 30, 2024: € 11,633 thousand). Prepaid expenses relate, among other things, to commissions and licenses for IT software, insurance and capitalized transaction costs (see General information, Transaction costs).

Other non-current financial assets

Other non-current financial assets comprise the following as of March 31, 2025 and September 30, 2024:

€'000	March 31, 2025	September 30, 2024
Other non-current financial assets		
Derivative financial instruments (currency hedge)	858	520
Derivative financial instruments (interest rate hedge)	97	159
Strategic investments	6,272	8,690
Other financial assets	5,050	6,221
Total	**12,277**	**15,590**

Strategic investments as of March 31, 2025 mainly include investments in a French company to the amount of € 1,511 thousand (prior year: € 1,000 thousand) and investments and rights to acquire further shares of Nexstim Plc. in the amount of € 4,761 thousand (prior year: € 0 thousand).

Other non-current assets also mainly include investments in funds in connection with long-term remuneration models for employees of Brainlab, Inc. (USA), which have decreased due to payouts and their valuation compared to September 30, 2024.

Other non-current non-financial assets

The other non-current, non-financial assets in the amount of € 2,579 thousand (September 30, 2024: € 1,378 thousand) mainly consist of prepaid expenses amounting to € 2,548 thousand as of March 31, 2025 (September 30, 2024: € 1,347 thousand).

Capitalized development costs

The additions to capitalized development costs amount to € 20,280 thousand for the six months ends of March 31, 2025 (March, 31, 2024: € 24,599 thousand).

The additions to the amortization of capitalized development costs amount to € 20,228 thousand for the six months ends of March 31, 2025 (March 31, 2024: € 15,740 thousand).

(5) DISCONTINUED OPERATIONS

Spin-off of the Snke Group

On March 17, 2025, the Management Board of Brainlab AG resolved, with the approval of the Supervisory Board, to spin off the 100% investment in Snke OS GmbH and thus significant parts of the previous Healthcare Platform segment. At the extraordinary general meeting on April 29, 2025, the shareholders of Brainlab AG approved the spin-off and absorption agreement by a majority. Brainlab plans to spin off the Snke Group and incorporate it in the newly acquired Snke Holding SE (spin-off by absorption). The Snke Group, i.e. the spin-off group, comprises the legal entities Snke OS GmbH, Mint Medical GmbH, Mint Medical Inc., Immersive Surgical Ltd., Snke Inc. and

Snke Holding SE. Brainlab AG has provided Snke Holding SE with an amount of € 19,990 thousand as part of a capital increase prior to the spin-off.

It is planned that upon completion of the spin-off in the third quarter, Brainlab will hold a minority interest of 6.8% in Snke Holding SE. Brainlab will no longer have control over the company from the date of entry of the spin-off in the commercial register on the basis of the agreements concluded in connection with the transaction.

Impact of the spin-off on reporting

The criteria for classifying the spin-off group as assets and liabilities held for distribution to owners and as discontinued operations have been met in accordance with the IFRS 5 accounting standard since March 17, 2025.

For accounting purposes, the spin-off of the Snke Group is thus considered as a distribution of a non-cash asset that is ultimately controlled by the same party before and after the distribution and hence outside the application scope of IFRS Interpretations Committee (IFRIC) 17. A spin-off that is not in the scope of IFRIC 17 may be accounted for using either book values or fair values. Management has decided to account for the distribution of net assets at book value without impact on profit or loss.

The presentation of the spin-off group as held for distribution to owners and as discontinued operations has the following effects on the consolidated income statement, the consolidated statement of cash flows and the consolidated balance sheet:

Continued operations are shown in the consolidated income statement; the result from discontinued operations, net of tax, is shown in a separate line. The comparative information has been adjusted accordingly. Unless indicated otherwise, the information on the income statement presented in the notes relates to continued operations. The Healthcare Platform segment is still included in segment reporting, in accordance with internal management and reporting. After the spin-off the Healthcare Platform will cease to be a reportable segment.

The consolidated statement of cash flows shows the consolidated cash flows from continued and discontinued operations for the reporting and prior-year periods.

In the consolidated statement of financial position, the assets and liabilities of the discontinued operation are presented as assets and liabilities held for distribution as of March 31, 2025. The balance sheet figures for the comparative period are reported in accordance with IFRS in continuation of the previous presentation. With the classification “held for distribution”, the scheduled depreciation and amortization of the assets within the spin-off group was discontinued. The Snke Group will be deconsolidated when the spin-off takes effect. The remaining minority interest in Snke Holding SE, which Brainlab is seeking to hold after the spin-off, will be accounted for in accordance with IFRS 9 as a financial asset.

IFRS 5 does not provide specific guidance on how an entity should allocate consolidated results between continuing and discontinued operations in a way that reflects the elimination of intragroup transactions. Brainlab has decided to allocate eliminations from transactions between continued and discontinued operations to discontinued operations.

Revenue from continuing operations for the first six months ended March 31, 2025 includes an amount of € 3.9 million (March, 31, 2024: € 0 million), other operating income of € 4.1 million (March, 31, 2024: € 0 million), research and development expenses of € 5.4 million (March, 31, 2024: € 2.7 million) and financial income of zero (March, 31, 2024: € 2.5 million), which will no longer be incurred or will be incurred to a lesser extent after the forthcoming spin-off.

The following table shows the composition of the results from discontinued operations, net of tax:

A. Results from discontinued operations

	For the six months ended	
€'000	**March 31, 2025**	**March 31, 2024**
Revenue	22,625	5,587
Elimination of intercompany transactions	-23,499	-73
External revenue	**-874**	**5,514**
Expenses	-27,484	-21,114
Elimination of intercompany transactions	9,660	36
External expenditure	**-17,824**	**-21,078**
Results before income tax	**-18,698**	**-15,564**
Income taxes	5,521	746
Results net of tax	**-13,177**	**-14,818**
Transaction costs from the spin-off	**-751**	**-**
Loss from discontinued operations, net of tax	**-13,928**	**-14,818**
Basic earnings per share (euro)	**-0.72**	**-0.78**
Diluted earnings per share (euro)	**-0.72**	**-0.78**

The loss from discontinued operations of € -13,928 thousand (prior year: € -14,818 thousand) includes € -367 thousand (prior year: € -168 thousand) loss that is attributable to non-controlling interests. The profit from continued operations of € 14,516 thousand (prior year: € -5,036 thousand) includes a profit of € 14,317 thousand (prior year: € -5,618 thousand) that is attributable to the shareholders of the parent company.

The consolidated statement of cash flows for the first six months of the current year shows the sum of continued and discontinued operations. The cash flows from discontinued operations are calculated as the difference between the consolidated cash flows from continued and discontinued operations and the consolidated cash flows from continued operations, taking into account all elimination entries between continued and discontinued operations in the discontinued operations. The presentation does not therefore take into account the supply and service relationship after the spin-off.

The individual cash flows are shown in the following table:

B. Cash flows from discontinued operations

	For the six months ended	
€'000	**March 31, 2025**	**March 31, 2024**
Net cash flows from operating activities	-18,740	-11,491
Net cash flows from investing activities	-8,482	-5,583
Net cash flows from financing activities	-241	-421
Net cash flow for the period	**-27,463**	**-17,495**

The assets and liabilities held for distribution are shown in the following table:

C. Assets and liabilities held for distribution

€'000	March 31, 2025
Non-current assets	
Goodwill	30,433
Capitalized development costs	30,865
Other intangible assets	9,210
Property, plant and equipment	576
Right-of-use assets	1,117
Other financial assets	407
Deferred taxes	67
Current assets	
Cash and short-term deposits	21,948
Trade receivables	2,106
Tax receivables	40
Other financial assets	36
Other non-financial assets	1,027
Prepaid expenses	111
Total assets	**97,945**
Non-current liabilities	
Interest-bearing loans and borrowings	146
Lease liabilities	790
Provisions	0
Other financial liabilities	325
Other liabilities	863
Contract liabilities	42
Deferred taxes	9,554
Current liabilities	
Trade payables	696
Interest-bearing loans and borrowings	125
Lease liabilities	346
Provisions	46
Other financial liabilities	332
Other liabilities	3,924
Tax payables	1,836
Contract liabilities	799
Total liabilities	**19,823**

(6) FINANCIAL INSTRUMENTS

The following tables show the financial assets categorized according to IFRS 9 for both continued and discontinued operations as of March 31, 2025 and September 30, 2024:

March 31, 2025

				measured at fair value			
€'000	**Measure-ment category acc. to IFRS 9**	**Carrying amount**	**Measured at amor-tized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets measured at fair value							
Derivative financial instruments (currency hedge)	FVtPL	1,971	-	-	1,971	-	1,971
Derivative financial instruments (interest rate hedge)	FVtPL	97	-	-	97	-	97
Derivative financial instruments (other)	FVtPL	3,030	-	-	-	3,030	3,030
Equity instruments	FVtPL	3,431	-	1,920	1,511	-	3,431
Other non-current financial assets (excluding derivative financial instruments, equity instruments)	FVtPL	4,167	-	4,167	-	-	4,167
Total financial assets measured at fair value		**12,696**	**-**	**6,087**	**3,579**	**3,030**	**12,696**
Financial assets not measured at fair value							
Cash and short-term deposits	AC	76,440	76,440	-	-	-	-
Trade receivables	AC	75,641	75,641	-	-	-	-
Debit balances of accounts payable	AC	347	347	-	-	-	-
Debt instruments	AC	7,615	7,615	-	7,647	-	7,647
Other current financial assets	AC	2,768	2,768	-	-	-	-
Other non-current financial assets	AC	1,319	1,319	-	-	-	-
Total financial assets not measured at fair value		**164,130**	**164,130**	**-**	**7,647**	**-**	**7,647**

March 31, 2025

				measured at fair value			
in € '000	**Measure-ment category acc. to IFRS 9**	**Carrying amount**	**Measured at amor-tized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial liabilities measured at fair value							
Contingent considerations	FVtPL	6,514	-	-	-	6,514	6,514
Derivative financial instruments (currency hedge)	FVtPL	1,358	-	-	1,358	-	1,358
Derivative financial instruments (interest rate hedge)	FVtPL	381	-	-	381	-	381
Total financial liabilities measured at fair value		**8,253**	**-**	**-**	**1,739**	**6,514**	**8,253**
Financial liabilities not measured at fair value							
Trade payables	AC	40,696	40,696	-	-	-	-
Interest-bearing loans and borrowings	AC	230,350	230,350	-	238,741	-	238,741
Debtors with credit balances	AC	7,426	7,426	-	-	-	-
Accrued interest	AC	635	635	-	-	-	-
Other financial liabilities	AC	451	451	-	-	-	-
Other liabilities in connection with business combinations	AC	5,180	5,180	-	-	5,180	5,180
Total financial liabilities not measured at fair value		**284,738**	**284,738**	**-**	**238,741**	**5,180**	**243,921**

September 30, 2024

				measured at fair value			
€'000	**Measurement category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets measured at fair value							
Derivative financial instruments (currency hedge)	FVtPL	2,469	-	-	2,469	-	2,469
Derivative financial instruments (interest rate hedge)		159	-	-	159	-	159
Derivative financial instruments (other)	FVtPL	189	-	-	-	189	189
Equity instruments	FVtPL	1,000	-	-	1,000	-	1,000
Other current financial assets (excluding derivative financial instruments, equity instruments)	FVtPL	799	-	-	-	799	799
Other non-current financial assets (excluding derivative financial instruments, equity instruments)	FVtPL	5,058	-	5,058	-	-	5,058
Total financial assets measured at fair value		**9,674**	**-**	**5,058**	**3,628**	**988**	**10,674**
Financial assets not measured at fair value							
Cash and short-term deposits	AC	78,989	78,989	-	-	-	-

Trade receivables	AC	84,770	84,770	-	-	-	-
Debit balances of accounts payable	AC	401	401	-	-	-	-
Debt instruments	AC	7,500	7,500	-	7,560	-	7,560
Other current financial assets	AC	1,859	1,859	-	-	-	-
Other non-current financial assets	AC	1,163	1,163	-	-	-	-
Total financial assets not measured at fair value		**174,682**	**174,682**	**-**	**7,560**	**-**	**7,560**

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

September 30, 2024

				measured at fair value			
€'000	**Measurement category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial liabilities measured at fair value							
Contingent considerations	FVtPL	8,084	-	-	-	8,084	8,084
Derivative financial instruments (currency hedge)	FVtPL	701	-	-	701	-	701
Derivative financial instruments (interest rate hedge)	FVtPL	488	-	-	488	-	488
Total financial liabilities measured at fair value		**9,273**	**-**	**-**	**1,189**	**8,084**	**9,273**
Financial liabilities not measured at fair value							
Trade payables	AC	49,186	49,186	-	-	-	-
Interest-bearing loans and borrowings	AC	221,915	221,915	-	239,062	-	239,062
Debtors with credit balances	AC	5,238	5,238	-	-	-	-
Accrued interest	AC	394	394	-	-	-	-
Other financial liabilities	AC	1,219	1,219	-	-	-	-
Other liabilities in connection with business combinations	AC	4,314	4,314	-	-	4,314	4,314
Total financial liabilities not measured at fair value		**282,266**	**282,266**	**-**	**239,062**	**4,314**	**243,376**

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

The table above shows the carrying amounts and fair values of financial assets and financial liabilities, including their valuation category acc. to IFRS 9. It does not contain any information on the fair value of financial assets and financial liabilities that were not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The measurement of expected credit losses on other assets creates an insignificant need for impairment, meaning that no corresponding valuation allowance was recognized.

Fair value hierarchy

The Group applies the following hierarchy to determine and recognize the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the information can be accessed at measurement date.

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value, which are not based on observable market data. For assets and liabilities, which are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers between the levels of hierarchy have taken place by reviewing the classification at the end of each reporting period (based on the lowest-level input factor that is significant for the measurement at fair value as a whole).

The development of financial instruments classified in Level 3 of the fair value hierarchy is shown in the following table:

€'000	Other financial assets	Contingent considerations
October 1, 2024	**988**	**8,084**
Additions	-	-
Fair value changes recognized through profit or loss	2,042	294
Cash effective disposal	-	-1,864
March 31, 2025	**3,030**	**6,514**

The development of financial instruments classified in Level 3 of the fair value hierarchy for financial year 2023/24 is shown in the following table:

€'000	Other financial assets	Contingent considerations
October 1, 2023	**123**	**13,388**
Additions	-	-
Fair value changes recognized in profit or loss	-	244
Cash effective disposal	-	-4,000
March 31, 2024	**123**	**9.632**

In the first half of the financial year 2024/25 there were neither transfers between Level 1 and Level 2, nor into or out of Level 3.

Derivative financial instruments for currency and interest rate hedging are measured at fair value. The valuations provided by the banks are used to determine the fair value. These valuations are based on standard market valuation methods and current market data (present value method including exchange rate curve and yield curve). The banks' fair value measurements are regularly reviewed, and adjusted if necessary, to ensure that they reflect actual market conditions. The foreign currency forward contracts are measured based on current spot exchange rates. The fair value of options is determined based on the market values of similar instruments.

Other Level 1 financial assets include funds in connection with long-term compensation models for employees. Their fair value was derived from listed market prices on active markets as of March 31, 2025.

The equity instruments of Level 1 include shares in Nexstim Plc. Their fair value was derived from quoted market prices in active markets as of March 31, 2025.

Level 2 equity instruments include non-controlling interests in a French company, the fair value of which can be observed directly or indirectly in financing rounds. This equity instrument is measured at fair value through profit or loss. The debt instruments item includes a loan to an external company.

The derivative financial instruments (other) of Level 3 include, rights to acquire additional shares in Nexstim Plc, which are measured at fair value through profit or loss. The valuation is based on a Monte Carlo simulation, which takes into accounts parameters such as share price, volatility and risk-free rate. Furthermore, the position includes a loan to an external company amounting to € 189 thousand.

The Level 3 financial liabilities include contingent considerations. These are remeasured at fair value at the end of each reporting period. The fair value is determined based on the discounted cash flows. The underlying assumptions of the valuation take into account the expected cash flows and the risk-adjusted discount rate as unobservable input factors. For the present value of the expected cash flow of the contingent consideration of Mint Medical GmbH, please refer to note (2) to the consolidated financial statements. A risk-adjusted discount rate of 9.38% is used to determine this. For the present value of the expected cash flow of the contingent consideration of Dr. Langer Medical GmbH, please refer to the notes (2) to the consolidated financial statements. A risk-adjusted discount rate of 9.75% is used to determine this. The present value of the expected cash flow of the contingent consideration of medPhoton GmbH amounts to € 2,829 thousand. A risk-adjusted discount rate of 8.31% is used to determine this.

To measure interest-bearing loans and borrowings at fair value, the future cash flows consisting of interest and repayment are discounted at the market interest rate. The interest rate for corporate bonds with the same rating and term is used as the market interest rate.

The valuation of the item "Other liabilities in connection with business combinations" is based on a contractually defined multiplier method, which is used to derive the enterprise value. The multiplier method is calculated taking into account past financial figures and future budget figures of medPhoton GmbH and Brainlab AG. The liability is determined taking into account the enterprise value in the mid double-digit million range (€), the remaining term of the option and the risk-adjusted discount rate of 8.31%.

Hedging instruments

In order to prepare against exchange rate fluctuations on the U.S. dollar (USD), Australian dollar (AUD), Japanese yen (JPY) and pound sterling (GBP), Brainlab has concluded currency forward contracts and options with terms ranging from one to 18 months. As of the end of the reporting period the longest term of open hedges is 17 months.

The Company uses the above instruments to hedge against exchange rate risks and thus to hedge cash flows that are expected for a period of 18 months. The US dollar, Japanese yen and Australian dollar hedging instruments relate only to payments received in foreign currency – the foreign currency is sold and the corresponding value in euros, which is calculated from the forward exchange rate or the exercise price, is purchased.

Over the next 18 months, USD instruments to the value of USD 109.0 million shall become due (prior year: USD 103.0 million). Instruments denominated in JPY, in the amount of JPY 3,000.0 million (prior year: JPY 3,200.0 million) shall also become due. Furthermore, as of the end of the reporting period there are AUD instruments in the amount of AUD 14.6 million (prior year: AUD 10.8 million) and GBP instruments in the amount of GBP 8.3 million (prior year: GBP 6.9 million).

In addition, the Company uses interest rate swaps as an instrument to be prepared against fluctuating market interest rates. In August 2022 an interest rate swap for € 10.0 million with a term until June 2027 was entered into, which turned the variable interest rate into a fixed interest rate. In January 2024, two interest rate swaps were signed for € 12.5 million each, with a decreasing nominal amount over the term until March 2031 which turns the variable interest rate into a fixed interest rate.

Derivative financial instruments

The carrying amounts of the derivative financial assets and liabilities correspond to their fair values. These correspond to market prices (foreign exchange curve and yield curve) and are calculated at the end of the reporting period, using valuations provided by the banks with which the respective derivatives are concluded.

	March 31, 2025		September 30, 2024	
€'000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value of foreign currency derivatives	1,971	1,359	2,469	701
Fair value of interest derivatives	97	380	159	488

Brainlab has entered into global netting or similar agreements for derivative financial instruments. These apply in particular in the event of one of the contracting parties involved becoming insolvent. As of the reporting date no derivatives exist from the perspective of the Brainlab Group that can be offset.

(7) TRADE PAYABLES

Trade payables and other liabilities as of March 31, 2025 and September 30, 2024 break down as follows:

€'000	March 31, 2025	September 30, 2024
Trade payables	18,244	30,019
Accruals for outstanding invoices	15,399	15,054
Other accruals	7,617	4,113
Total	**41,260**	**49,186**

Accruals for outstanding invoices are accrued for goods and services already delivered or rendered but not yet invoiced as of March 31, 2025 or September 30, 2024.

Other accruals mainly include accruals for transaction advisory, auditing and tax advisory.

(8) INTEREST-BEARING LOANS AND BORROWINGS

Liabilities to banks include loans with terms extending to no later than 2036. This includes the utilization of the revolving credit line from the syndicated loan. These loans are repaid on a quarterly or semi-annual basis or in full at the end of the term of the loan. The variable and fixed interest rates as of March 31, 2025 range between 0.75% p.a. and 4.27% p.a. 63% of the loans are subject to the highest interest rate of 4.27%.

The interest-bearing loans in the amount of € 230,350 thousand (prior year: € 221,915 thousand) comprise the following:

Short-term maturities €'000	March 31, 2025	September 30, 2024
Total	**9,948**	**16,688**
less financing costs	213	213
Total	**9,735**	**16,475**

Long-term maturities €'000	March 31, 2025	September 30, 2024
Total	**221,338**	**206,271**
less financing costs	723	831
Total	**220,615**	**205,440**

For a better reconciliation of the outstanding loan amount without transaction costs, which are included in the balance sheet carrying amounts as a reduction, the financing costs are recognized as a separate item in the table.

The increase in non-current maturities is due to a drawdown from the syndicated loan with a term until September 2029. As of March 31, 2025, the Group has unutilized lines of credit in the amount of € 8.1 million in various currencies (prior year: € 7.1 million). In addition, € 25.0 million of the syndicated loan concluded in September 2024, consisting of a revolving credit facility, has not been drawn down.

The table below shows the schedule of principal repayments for interest-bearing loans:

Financial year	Principal repayment	
€'000	March 31, 2025	September 30, 2024
Second half 2024/25	5,225	7,004
2025/26	8,799	8,924
2026/27	41,149	41,233
2027/28	8,149	8,149
2028/29	153,149	133,149
2029/30	8,149	8,149
2030/31	6,066	6,066
2031/32	136	136
2032/33	136	136
2033/34	136	136
2034/35	136	136
2035/36	56	56
Total	**231,286**	**213,274**

The difference between the repayment amount and the total amount of liabilities to credit institutions results from the loan closing fees, which are deferred over the term of the loan.

Loan agreements (covenants)

According to the terms of the bank loans, the group is required to comply with financial covenants at the end of each quarter. The definitions of net debt / EBITDA vary among the different loans.

As of March 31, 2025, there are credit liabilities amounting to € 229.7 million that are subject to at least one financial covenant. € 205 million of these are subject to a net debt / EBITDA ratio of a maximum of 3.25. Additional loans amounting to € 1.7 million are subject to a net debt / EBITDA ratio of a maximum of 2.75.

Of the aforementioned loans, € 228 million are also subject to a minimum equity ratio of 25%.

As of the reporting date March 31, 2025, there is no breach of covenants. No material impacts are expected as a result of the spin-off of Snke OS GmbH.

(9) OTHER FINANCIAL LIABILITIES

Other current financial liabilities comprise the following as of March 31, 2025 and September 30, 2024:

€'000	March 31, 2025	September 30, 2024
Other current financial liabilities		
Contingent considerations	6,514	4,789
Debtors with credit balances	7,426	5,238
Accrued interest	635	394
Other current financial liabilities	450	762
Derivative financial instruments (currency hedge)	1,289	442
Total	**16,314**	**11,625**

Debtors with credit balances mainly include liabilities with a payment term of less than one year.

Other non-current financial liabilities comprise the following as of March 31, 2025 and September 30, 2024:

€'000	March 31, 2025	September 30, 2024
Other non-current financial liabilities		
Contingent considerations	-	3,295
Other non-current financial liabilities	-	457
Other liabilities in connection with business combinations	5,180	4,314
Derivative financial instruments (currency hedge)	70	259
Derivative financial instruments (interest rate hedge)	381	488
Total	**5,631**	**8,813**

The decrease in non-current contingent considerations is mainly due to the fact that significant components will fall due within the next 12 months.

Other liabilities in connection with business combinations include an obligation to acquire non-controlling interests (see Notes (2)).

(10) OTHER LIABILITIES

Other current liabilities comprise the following as of March 31, 2025 and September 30, 2024:

€'000	March 31, 2025	September 30, 2024
Other current liabilities		
Tax liabilities from other taxes	3,406	4,767
Liabilities and accruals in respect of employees	22,253	26,600
Obligations from customer contracts	1,308	1,362
Other liabilities	541	534
Total	**27,508**	**33,263**

Liabilities and accruals in respect of employees include accruals for unused leave, bonuses, commission and compensation, travel expenses and other liabilities to employees that have been incurred but not yet settled with Brainlab as of March 31, 2025 and September 30, 2024, respectively.

Other liabilities mainly include social security liabilities.

Other non-current financial liabilities of continued operations comprise the following as of March 31, 2025 and September 30, 2024:

€'000	March 31, 2025	September 30, 2024
Other non-current liabilities		
Liabilities in respect of employees	-	1,929
Obligations from customer contracts	1,473	984
Other liabilities	145	144
Total	**1,618**	**3,057**

Accruals in respect of employees are mainly bonuses in connection with business combinations which are accounted for in accordance with IAS 19.

(11) REVENUE FROM CONTRACTS WITH CUSTOMERS

Group revenue refers to revenue from contracts with customers in accordance with IFRS 15. Compared with the prior year, it increased by a significant 10.8%. Revenues from continued operations have increased significantly by 14.0%. In the reporting and in the prior period, continued operations are shown for Spinal and Cranial Surgery, Other Surgery and Radiosurgery and discontinued operations for Healthcare Platform.

For the six months ended March 31, 2025	Reportable segments						
€ '000	Spinal and Cranial Surgery	Other Surgery	Radio-surgery	Healthcare Platform	Total	Transition to revenue from continued operations	Continued Operations Total
Type of goods and services							
Revenue from product sales	118,757	12,240	39,177	3,168	173,342	-3,168	170,174
Revenue from services	40,395	3,550	21,050	1,667	66,662	-1,667	64,995
of which service agreements	33,874	1,944	17,068	1,157	54,043	-1,157	52,886
of which other services	6,520	1,605	3,982	510	12,617	-510	12,107
Revenue from development contracts	2,451	-	-	-	2,451	5,708	8,159
Total	**161,603**	**15,790**	**60,227**	**4,835**[1]	**242,455**	**873**	**243,328**
Geographic markets							
Asia Pacific	22,210	798	11,564	-	34,572	-	34,572
Europe and rest of the world	75,746	10,192	24,446	3,139	113,523	2,569	116,092
North America	63,647	4,800	24,217	1,696	94,360	-1,696	92,664
Total	**161,603**	**15,790**	**60,227**	**4,835**	**242,455**	**873**	**243,328**
Date of revenue recognition							
Goods and services transferred at a point in time	119,582	10,987	41,755	2,444	174,768	-2,443	172,325
Goods and services transferred over a period in time	42,021	4,803	18,472	2,391	67,687	3,316	71,003
Total	**161,603**	**15,790**	**60,227**	**4,835**	**242,455**	**873**	**243,328**

[1] Amount does not include intercompany transactions with the discontinued operations.

For the six months ended March 31, 2024	Reportable segments						
€ '000	Spinal and Cranial Surgery	Other Surgery	Radio-surgery	Healthcare Platform	Total	Transition to revenue from continued operations	Continued Operations Total
Type of goods and services							
Revenue from product sales	111,715	7,743	30,925	4,267	154,650	-3,599	151,051
Revenue from services	35,469	2,460	20,152	3,987	62,068	-1,915	60,153
of which service agreements	29,753	1,554	15,754	958	48,019	-958	47,061
of which other services	5,716	906	4,398	3,029	14,049	-958	13,091
Revenue from development contracts	2,179	-	-	-	2,179	-	2,179
Total	**149,363**	**10,203**	**51,077**	**8,254**[1]	**218,897**	**-5,514**	**213,383**
Geographic markets							
Asia Pacific	18,212	397	9,552	-	28,161	-	28,161
Europe and rest of the world	76,634	4,755	18,674	3,311	103,374	-3,311	103,374
North America	54,517	5,051	22,851	4,943	87,362	-2,203	87,362
Total	**149,363**	**10,203**	**51,077**	**8,254**	**218,897**	**-5,514**	**213,383**
Date of revenue recognition							
Goods and services transferred at a point in time	112,524	6,145	34,173	2,751	155,593	-2,751	152,842
Goods and services transferred over a period in time	36,839	4,058	16,904	5,503	63,304	-2,763	60,541
Total	**149,363**	**10,203**	**51,077**	**8,254**	**218,897**	**-5,514**	**213,383**

[1] Amount does not include intercompany transactions with the discontinued operations.

Revenue from product sales includes revenue from hardware and software sales, service contracts (mainly maintenance and support), and other services (mainly revenue from installation, training and consulting).

(12) INCOME TAXES

For the first six months of the financial year, income taxes in the individual countries were recorded based on the best possible estimate of the weighted average annual income tax rate expected for the entire financial year.

The total tax expense for the Brainlab Group amounted to € 4,585 thousand (previous year tax expense € 9,185 thousand), of which a total tax expense of € 10,106 thousand (previous year tax expense € 9,931 thousand) is attributable to the continuing operations.

Deferred tax assets for deductible differences and tax loss carryforwards were only recognized if their realization was sufficiently probable. No deferred tax assets on losses were recognized for the companies Brainlab, Inc. (USA), Brain-Pulse, Inc. (USA), Brainlab SARL (France) and Brainlab Ltda. (Brazil).

(13) CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

As of March 31, 2025 there are the following contingent liabilities:

There are financial obligations of € 0.2 million (prior year: € 0.3 million) from purchase commitments for investments as of March 31, 2025. In addition, as of March 31, 2025, there were general agreements with purchase commitments with a remaining term of more than one year in the amount of € 13.7 million (prior year: € 12.3 million).

As of March 31, 2025 there are the following other obligations:

The Group also has guarantees amounting to € 2.0 million (prior year: € 3.1 million) due to outstanding deliveries from suppliers. This relates to orders that have already been placed, for which a commitment to provide services has not been made yet.

The following table shows the undiscounted maximum amount for which Brainlab was liable on the balance sheet date under significant types of guarantees (including sureties) issued by banks:

€'000	March 31, 2025	September 30, 2024
Loan guarantees/sureties	1,502	1,179
Performance guarantees/sureties	6,381	6,764
Total	**7,883**	**7,943**

The credit guarantees/sureties item shows the extent to which Brainlab is liable for financial obligations (in this case credit lines that can be utilized in variable amounts) of affiliated companies. Brainlab generally guarantees that it will meet the payment obligations of the principal debtor in the event of non-performance by the principal debtor. The maximum liability amount corresponds to the maximum amount that can be claimed.

In addition, Brainlab indirectly guarantees fulfillment of contractual obligations via the issuing bank, mainly through performance guarantees/sureties and rental guarantees/sureties.

(14) Related party disclosures

Mr. Vilsmeier has held the majority of voting rights with 50.1% since July 9, 2024, and is therefore the ultimate controlling party of Brainlab AG. Mr. Vilsmeier was also the ultimate controlling party in the prior year (since April 2025 Mr. Vilsmeier, former member of the Management Board, is part of the Supervisory Board), although this information was inadvertently omitted in the prior period's financial statements (IAS 8.41).

In the first half of financial year 2024/25, there was a new appointment to the Management Board. An existing member of the Management Board took on the role of CEO. In addition, three new members were appointed to the Management Board.

In the reporting period, the total remuneration of the Management Board and the Supervisory Board amounted to € 1,802 thousand (prior year: € 1,381 thousand). The significant change compared to the previous year is primarily attributable to the payment of a special bonus of € 259 thousand to a former member of the Management Board.

A member of the Company’s Management Board holds a significant interest of 75% in the share capital of schalk&friends GmbH, an external marketing agency. In the reporting period, services amounting to € 1,232 thousand were purchased. As of March 31, 2025, there were liabilities to schalk&friends GmbH in the amount of € 375 thousand, payable within the customary period.

The spin-off of the Snke Group affects relationships with related parties only upon the spin-off becoming effective.

(15) EVENTS AFTER THE END OF THE REPORTING PERIOD

At the extraordinary general meeting on April 29, 2025, the shareholders of Brainlab AG approved the submitted spin-off and acquisition agreement by a majority vote. Brainlab plans to incorporate Snke Group in the newly acquired Snke Holding SE. The spin-off of the Snke Group was registered in the commercial register on June 06, 2025.

On April 15, 2025, the renaming of the company from Blitz 24-896 SE to Snke Holding SE was registered.

At the extraordinary general meeting on April 29, 2025, the shareholders of Brainlab AG approved the conversion of Brainlab AG into a European Company (Societas Europaea, SE).

The development of US tariffs and the potential impact on Brainlab are regularly monitored and assessed by Brainlab management in a risk analysis. Based on current knowledge, there are no significant effects on the net assets, financial position and results of operations. Furthermore, no events have occurred that had a material impact on the company's assets, financial position, or results of operations.

Brainlab AG
June 19, 2025

Rainer Birkenbach
Chief Executive Officer

Rudolf Kreitmair
Management Board Member

Florian Hoffmann
Management Board Member

Tobias Schalkhaußer
Management Board Member

Audited Consolidated Financial Statements of the Company as of and for the year ended September 30, 2024, prepared in accordance with IFRS

Consolidated statement of financial position

ASSETS

€'000	Notes	September 30, 2024	September 30, 2023
Current assets			
Cash and short-term deposits	(1)	78,989	86,336
Trade receivables	(2)	83,526	72,482
Contract assets	(2)	61,548	52,935
Tax receivables	(26)	4,529	2,838
Other financial assets	(7)	5,008	3,210
Other non-financial assets	(7)	16,021	15,150
Cash advances		2,056	2,369
Inventories	(3)	68,262	64,830
Total current assets		**319,939**	**300,150**
Non-current assets			
Goodwill	(5),(6)	67,670	91,299
Capitalized development costs	(5)	143,459	131,076
Other intangible assets	(5)	25,269	34,218
Property, plant and equipment	(4)	26,310	28,715
Rights of use	(15)	59,051	62,358
Financial assets accounted for using the equity method	(8)	5,126	79
Trade receivables	(2)	1,244	1,037
Contract assets	(2)	56,471	45,023
Other financial assets	(7)	15,590	9,931
Other non-financial assets	(7)	1,378	1,673
Deferred taxes	(26)	11,751	10,691
Total non-current assets		**413,319**	**416,100**
Total assets		**733,258**	**716,250**

LIABILITIES

€'000	Notes	September 30, 2024	September 30, 2023
Current liabilities			
Trade payables	(13)	49,186	48,973[2]
Interest-bearing loans and borrowings	(14)	16,475	34,653[1]
Lease liabilities	(15)	12,374	11,421
Provisions	(17)	3,066	2,519
Other financial liabilities	(18)	11,625	14,679
Other Liabilities	(19)	33,263	34,984[2]
Tax payables	(26)	6,763	6,874[3]
Contract liabilities	(2)	74,214	71,483
Total current liabilities		**206,966**	**225,586[1,2,3,4]**
Non-current liabilities			
Interest-bearing loans and borrowings	(14)	205,440	149,199[1]
Lease liabilities	(15)	46,311	50,597
Provisions	(17)	940	870
Other financial liabilities	(18)	8,813	14,132
Other Liabilities	(19)	3,057	2,910
Employee benefits	(16)	4.661	3.549[4]
Contract liabilities	(2)	15,375	16,466
Deferred taxes	(27)	47,290	42,923
Total non-current liabilities		**331,887**	**280,646[1,4]**
Equity	(20)		
Issued capital		18,864	18,864
Capital reserves		32,535	32,535
Revenue reserve		125,165	139,034
Other comprehensive income		14,083	16,464
Equity attributable to shareholders of the parent company		**190,647**	**206,897**
Non-controlling interests		3,758	3,121
Total equity		**194,405**	**210,018**
Total liabilities		**733,258**	**716,250**

[1]The previous year's figures for current and non-current interest-bearing loans and borrowings have changed accordingly by € 24.6 million due to a reclassification from non-current to current. The previous year's figures have been adjusted in accordance with IAS 8.41 et seq. (see Note (14)).
[2]The previous year's figures for trade payables, other liabilities and tax payables have changed due to reclassification for clarification purposes: accruals for outstanding invoices and other accruals in the amount of € 16.3 million have been allocated to the trade payables (see Note (13)).
[3]Additionally payables from other taxes of € 0,1 million have been reclassified to tax payables (see Note (13), (26)).
[4]Moreover a long-term tax-advantaged plan (409A) is shown onwards as employee benefits (long-term), which has been shown under other liabilities (short-term) (see Note (13, (16)).

Consolidated income statement

For the twelve months ended €'000	Notes	September 30, 2024	September 30, 2023
Revenue	(21)	470,267	429,228
Cost of goods sold	(22)	-176,402	-161,192
Gross profit		**293,865**	**268,036**
Selling, general and administrative expenses	(23)	-193,443	-184,212
Research and development expenses	(23)	-86,095	-75,032
Other operating income	(24)	22,265	28,800
Other operating expense	(24)	-29,026	-24,480
Share of profit/loss in companies accounted for using the equity method	(8)	-1,692	-307
Operating result		**5,874**	**12,805**
Financial income	(25)	986	1,281
Financial expense	(25)	-12,794	-9,989
Earnings before income tax		**-5,934**	**4,097**
Income tax expense / tax income	(26)	-7,500	-14,732
Net profit/loss for the period		**-13,434**	**-10,635**
of which attributable to:			
Shareholders of the parent company		-14,059	-10,722
Non-controlling interests		625	87
Basic earnings per share	(27)	**-0.75**	**-0.57**
Diluted earnings per share	(27)	**-0.75**	**-0.57**

Consolidated statement of comprehensive income

For the twelve months ended €'000	Notes	September 30, 2024	September 30, 2023
Net profit/loss for the period		**-13,434**	**-10,635**
Other comprehensive income possibly to be reclassified to the income statement in subsequent periods			**-**
Currency translation adjustment for foreign operations		-2,296	-9,770
Total		**-2,296**	**-9,770**
			-
Other comprehensive income possibly to be reclassified to the income statement in subsequent periods		**-2,296**	**-9,770**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			**-**
Gains/(losses) on the revaluation of defined benefit pension plans	(15)	**-25**	**34**
Income tax effect		**8**	**-11**
Total		**-17**	**23**
Gains/losses on equity instruments measured at fair value through other comprehensive income	(12)	-84	322
Income tax effect		**28**	**-106**
Total		**-56**	**216**
Other comprehensive income not to be reclassified to the income statement in subsequent periods		**-73**	**239**
Other comprehensive income after taxes		**-2,369**	**-9,531**
Total comprehensive income after taxes		**-15,803**	**-20,166**
of which attributable to:			
Shareholders of the parent company		-16,440	-20,253
Non-controlling interests		637	87

Consolidated statement of cash flows

For the twelve months ended €'000	Notes	September 30, 2024	September 30, 2023
Cash flows from operating activities			
Net profit/loss for the period		-13,434	-10,635
adjusted for:			
Income tax expense/income tax refunds	(26)	7,500	14,732
Financial income/financial expense	(25)	11,808	8,708
Share of profit/loss in companies accounted for using the equity method	(8)	1,692	307
Depreciation/amortization of property, plant and equipment, rights of use and intangible assets	(4),(5), (15)	71,776	62,577
Profit/loss from the disposal of assets		11	52
Other non-cash gains/losses		-3,670	-341[1]
Increase/(decrease) in operating assets and liabilities			
Inventories	(3)	-3,428	-6,761
Trade receivables (net)	(2)	-12,526	-15,359
Contract assets	(2)	-20,689	-18,842
Other assets and tax receivables	(7),(26)	-4,120	-252
Cash advances		622	-874
Contract liabilities	(2)	1,372	3,923
Trade payables	(13)	80	212[2]
Other liabilities and tax payables	(13),(16),(17), (19), (26)	-6,159	-2,033[2]
Provisions	(16)	614	-419
Interest paid		-7,393	-6,031
Interest received		634	406
Income taxes paid	(26)	-5,515	-4,701
Income taxes received	(26)	1,221	140
Cash flows from operating activities		**20,396**	**24,809**

[1]The previous year's figures for other non-cash gains and losses have changed due to a reclassification.
[2]The previous year's figures have changed due to a reclassification of accruals for outstanding invoices and other accruals by € 1.4 million (see Note (13)).

For the twelve months ended €'000	Notes	September 30, 2024	September 30, 2023
Cash flows from investing activities			
Purchase of property, plant and equipment	(4)	-7,878	-8,302
Proceeds from sale of property, plant and equipment	(4)	1,410	546
Purchase of intangible assets	(5)	-50,782	-53,197
Investment in financial assets (non-current assets)	(7),(8)	-15,036	-1,163
Proceeds from the disposal of a business division	(10)	20,075	-
Acquisition of a subsidiary net of acquired cash and cash equivalents	(9)	-	-69
Cash flows from investing activities		**-52,211**	**-62,186**
Cash flows from financing activities			
Repayments of principal portion of lease liabilities	(15)	-13,098	-12,523
Repayment of interest-bearing loans	(14)	-112,711	-25,232
Proceeds from interest-bearing loans and borrowings	(14)	151,484	97,000
Dividend payments to shareholders of parent company		-	-
Cash flows from financing activities		**25,675**	**59,245**
Group and exchange rate-related changes in cash and short-term deposits		**-1,207**	**-2,271**
Increase (+) / decrease (-) in cash and short-term deposits		**-6,139**	**21,868**
Cash and short-term deposits at the beginning of the reporting period	**(1)**	**86,336**	**66,740**
Cash and short-term deposits at the end of the reporting period	**(1)**	**78,989**	**86,336**

Consolidated statement of changes in equity

€'000	Notes	Issued capital	Capital reserves	Revenue reserve	Reserve from changes in fair value	Revaluation reserve (pensions)	Currency translation reserve	Total
October 1, 2022		**18,864**	**32,535**	**150,113**	**400**	**-58**	**25,653**	**227,507**
Net profit/loss for the period		-	-	-10,722	-	-	-	-10,722
Other comprehensive income		-	-	-	216	23	-9,770	-9,531
Total comprehensive income		-	-	-10,722	216	23	-9,770	-20,253
Other changes		-	-	-357	-	-	-	-357
September 30, 2023		**18,864**	**32,535**	**139,034**	**616**	**-35**	**15,883**	**206,897**
October 1, 2023		**18,864**	**32,535**	**139,034**	**616**	**-35**	**15,883**	**206,897**
Net profit/loss for the period		-	-	-14,059	-		-	-14,059
Other comprehensive income		-	-	-	-56	-17	-2,308	-2,381
Total comprehensive income		**-**	**-**	**-14,059**	**-56**	**-17**	**-2,308**	**-16,440**
Other changes	(9)	-	-	190	-	-	-	190
September 30, 2024		**18,864**	**32,535**	**125,165**	**560**	**-52**	**13,575**	**190,647**

€'000	Total	Non-controlling interests	Total equity
Saturday, October 1, 2022	**227,507**	**3,034**	**230,541**
Net profit/loss for the period	-10,722	87	-10,635
Other comprehensive income	-9,531	-	-9,531
Total comprehensive income	**-20,253**	**87**	**-20,166**
Other changes	-357	-	-357
September 30, 2023	**206,897**	**3,121**	**210,018**
October 1, 2023	**206,897**	**3,121**	**210,018**
Net profit/loss for the period	-14,059	625	-13,434
Other comprehensive income	-2,381	12	-2,369
Total comprehensive income	**-16,440**	**637**	**-15,803**
Other changes	190	-	190
September 30, 2024	**190,647**	**3,758**	**194,405**

Notes to the consolidated financial statements

General information

Brainlab AG and its subsidiaries (hereinafter “Brainlab”, the “Company” or the "Group”) develop, manufacture and distribute hardware and software technology for computer-assisted medical procedures and their digitalization. Starting in fiscal year 2023/24, the Group's product range is focused on four areas: Spinal and Cranial Surgery, Radiosurgery, Other Surgery and Healthcare Platform. Brainlab's image-guided navigation systems provide high-precision and real-time information which support decision-making during spinal and neurosurgical procedures. Complex procedures can be planned and simulated based on a 3-dimensional digital model of the patient. The entire treatment process is fully supported by the integration of intraoperative imaging devices, neuromonitoring, robotics and mixed reality. Brainlab software, hardware and state-of-the-art tracking technologies in the field of radiosurgery ensure high levels of accuracy in treatment planning and millimeter precision in the irradiation of tumors in the head, spine, prostate, breast and lungs. These solutions are very specifically tailored to the respective clinical requirements of individual indications. The Other Surgery product portfolio covers the clinical disciplines of sports medicine, ENT, orthopedic surgery, trauma surgery and cardiovascular procedures. Instead of focusing on depth in individual disciplines, the main emphasis is on offering the broadest possible portfolio of partial solutions that support server-based navigation, documentation, collaboration and process control. A broadly and universally designed technology platform within the Healthcare Platform that includes the generation and updating of digital anatomical patient models and the patient-centered orchestration of healthcare data streams. Like an "operating system for surgery", these solutions with open and standardized interfaces are made accessible not only to Brainlab but also to third parties via an open hardware platform.

The Company's main customers worldwide are public and private hospitals, surgical centers and university hospitals.

The first company of the Brainlab Group was founded on August 24, 1989. The headquarters of the present Brainlab AG, entered in the commercial register of Munich under HRB 135401 on January 24, 2001, are located on Olof-Palme-Straße 9, 81829 Munich, Germany.

Brainlab markets its products worldwide in over 130 countries.

The consolidated financial statements of Brainlab AG for the fiscal year ending September 30, 2024 were prepared in accordance with IFRS as applicable in the EU and the supplementary provisions of Section 315e of the German Commercial Code (HGB), and approved by the Management Board on February 18, 2025.

The consolidated financial statements contain comparative information relating to the previous reporting period.

Changes in accounting policies and disclosures

New and amended standards and interpretations

The following standards and interpretations were to be applied for the first time from the beginning of the fiscal year:

- Amendment of IAS 1 with respect to the disclosure of key accounting and valuation principles;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of accounting-related estimates;
- Amendments to IAS 12 Income Taxes with regard to deferred taxes relating to assets and liabilities arising from a business transaction.
- Amendments to IAS 12 regarding the change to the International Tax Reform - Pillar Two Model Rules;
- Amendments to IFRS 9 Financial Instruments regarding the presentation of comparative information on initial application.
- IFRS 17 Insurance contracts.

For all standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are any changes expected.

The following accounting policies have already been enacted in European law, but are not yet mandatory for Brainlab. Brainlab has not opted to voluntarily apply these policies early. These accounting policies relate in particular to the following standards:

Standard/Interpretation	Subject/Amendment	Mandatory first-time application for fiscal years beginning on or after	Endorsed by the EU
IFRS 7 Financial statement of cash flows and IFRS 7 Financial instruments: Disclosures	Amendment to IAS 7 and IFRS 7 with regard to additional disclosure requirements for supplier finance arrangements.	January 1, 2024	Yes
IAS 1 Presentation of Financial Statements	Clarification of IAS 1 with regard to the classification of a liability as current or non-current with covenants.	January 1, 2024	Yes
IFRS 16 Leases	Amendment to IFRS 16 in relation to the measurement of sale and leaseback transactions of the lessee.	January 1, 2024	Yes
IAS 21 The Effects of Changes in Foreign Exchange Rates	Amendments to IAS 21 in relation to lack of exchangeability.	January 1, 2025	Yes
IFRS 7 Financial instruments: Disclosures and IFRS 9 Financial Instruments	Adjustments to the classification and measurement of financial instruments.	January 1, 2026	No
Annual Improvements (Volume 11)	This contains proposals for minor amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IFRS 7:	January 1, 2026	No
IFRS 18 Presentation and disclosure of financial statements	This new standard contains requirements for the presentation and disclosure of information in financial statements (replaces IAS 1).	January 1, 2027	No
IFRS 19 Subsidiaries without public accountability Disclosures	This new standard contains reduced disclosure requirements that a qualifying entity may apply instead of the disclosure requirements in the other IFRS accounting standards.	January 1, 2027	No

According to current knowledge, Brainlab does not expect this to have any material effects on the accounting and valuation.

Key accounting and valuation principles

Statement of compliance with IFRSs

The consolidated financial statements of Brainlab have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations promulgated by the IASB, as adopted by the EU, and the provisions of the German Commercial Code also to be applied according to Section 315e (1) HGB.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, with the exception of derivative financial instruments, plan assets and certain financial assets and liabilities, which have been measured at fair value.

The consolidated financial statements are presented in euros and figures are rounded to the nearest thousand (€'000), except where otherwise indicated.

The accounting and valuation policies have been consistently applied by the Group for the fiscal year just ended and the previous reporting period, except as disclosed in these Notes.

Assets and liabilities are classified as either current or non-current, depending on their maturity or useful life. Current assets and liabilities have a maturity or useful life of less than one year; non-current assets and liabilities have a maturity or useful life of more than one year.

Fiscal year

The fiscal year is the twelve-month period ending on September 30. Fiscal year 2023/24 ended on September 30, 2024 and fiscal year 2022/23 ended on September 30, 2023.

Basis of consolidation

The consolidated financial statements comprise the annual financial statements of Brainlab AG and its direct and indirect subsidiaries as of September 30, 2024.

The following companies are included in the consolidated financial statements of Brainlab AG and are fully consolidated:

Name and domicile of the company	Share of capital in %	Equity as of Sep 30, 2024 in €'000 [i]
Germany		
Brainlab Sales GmbH, Munich, Germany*	100.00	26
Brainlab Corporate Services GmbH, Munich, Germany*	100.00	25
10 Grad Event GmbH, Munich, Germany*	100.00	97
Brainlab Robotics GmbH, Munich, Germany*	100.00	124
Snke OS GmbH, Munich, Germany*	100.00	23,834
Mint Medical GmbH, Heidelberg, Germany *	100.00	2,799
Brain-Pulse GmbH, Munich, Germany*	100.00	25
Dr. Langer Medical GmbH, Waldkirch, Germany*	100.00	3,940
Digital-OR Solutions GmbH, Munich, Germany*	100.00	24
Brainlab Marketing Services GmbH, Munich, Germany*	100.00	25
Abroad		
Brainlab Inc., Westchester, Illinois, USA	100.00	47,088
Brain-Pulse, Inc., Mountain View, California, USA	100.00	-19,284
Snke Xplore, Inc., Chicago, Illinois, USA	100.00	-43,641
Snke, Inc, San Diego, California, USA	100.00	-21,239
Mint Medical, Inc., Hamilton, New Jersey, USA	100.00	1,017
Brainlab Ltd., Hong Kong, China	99.99	14,948
Brainlab Beijing Medical Equipment Trading Corporation Ltd., Peking, China	100.00	1,590
Brainlab K.K., Tokyo, Japan	100.00	8,204
Brainlab Australia Pty. Ltd., Sydney, Australia	100.00	3,500
Brainlab India Pvt. Ltd., New Delhi, India	100.00	210
Brainlab Ltd., Petach-Tikva, Israel	100.00	4,211
Brainlab France SARL., Paris, France	100.00	125
Brainlab Italia s.r.l., Milan, Italy	100.00	1,440
Brainlab Ltd., Cambridge, UK	100.00	868
Brainlab Ltda., Sao Paulo, Brazil	99.99	-5
Brainlab Médica S.L., Madrid, Spain	100.00	200
medPhoton GmbH, Salzburg, Austria	75.01	9,602
Immersive Surgical Ltd., Petach-Tikva, Israel	90.01	-4,412
Brainlab Sales Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00	-16
Brainlab Sales Thailand, Ltd., Bangkok, Thailand	99.90	60

*These companies meet the criteria of Section 264 (3) HGB and make use of the option of exemption from certain regulations on the preparation, audit and disclosure of the annual financial statements and management report.

Subsidiaries are fully consolidated from the acquisition date on which the Group obtains control. Control exists if the Group is able to directly or indirectly exercise power of disposition over the investee company, is exposed to fluctuating returns from its investment and can influence the amount of the returns due to its power of disposition. Full consolidation ends as soon as control is lost by the parent company.

The joint venture Beijing Nabrai Medical Technology Co., Ltd. is consolidated using the equity method (see Note (8)). It is developing a digital platform in the field of medical technology.

The following subsidiaries were founded in fiscal year 2023/24 and included in the consolidated financial statements as fully consolidated entities:

- Brainlab Sales Thailand Co., Ltd., Bangkok, Thailand,
- Brainlab Marketing Services GmbH, Munich, Germany.

The following company names were changed in the 2023/24 fiscal year:

- Brain-Pulse, Inc., formerly operating as Jan Medical, Inc.,
- Snke, Inc formerly trading as Visiontree, Inc.,
- Snke Xplore, Inc., formerly operating as Level Ex, Inc.

All companies apply uniform accounting and valuation principles. If necessary, adjustments are made in line with the standard accounting policies applied within the Group.

All intragroup assets and liabilities, equity, income and expenses, as well as cash flows from business transactions executed between Group companies, are fully eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of a company acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date. The identifiable assets acquired and the liabilities assumed in a company acquisition are measured upon first-time recognition at their fair value at the acquisition date. The acquisition costs of the acquired interests are offset against the Group's share in the subsidiary's equity measured at fair value. Acquisition costs are recorded as an expense as they are incurred. Insofar as an asset-side difference remains after this offsetting, this is reported as goodwill. A negative difference is recognized immediately through profit or loss.

If the Group acquires a company it assesses the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual conditions, economic conditions and conditions prevailing at the acquisition date. In this process it is evaluated whether arrangements for contingent payments to employees or selling shareholders qualify as a contingent consideration or are considered a separate transaction.

The agreed contingent consideration is recognized at fair value at the acquisition date. A contingent consideration classified as equity is not remeasured and the subsequent settlement is recognized in equity. A contingent consideration classified as an asset or liability in the form of a financial instrument within the scope of IFRS 9 *Financial Instruments* is measured in accordance with IFRS 9 at fair value through profit or loss. All other contingent considerations that do not fall within the scope of IFRS 9 are measured at each reporting date at fair value through profit or loss.

The fair value of the contingent consideration is determined based on discounted cash flows. The basic assumptions take into account the probability of fulfillment of each performance target and the discount factor (see Notes (9), (11) and (18) in the accompanying notes to the consolidated financial statements).

In the event of a company acquisition, the purchase price allocation may have a material effect on the measurement of intangible assets, goodwill and the future operating result. As part of the purchase price allocation, estimates and assumptions are made about future cash flows expected from the acquired assets and about the appropriate discount factor for these cash flows. Should the future conditions differ from the expectations and assumptions of the management, significant write-downs of goodwill may be required.

The result of the acquired subsidiary is included in the consolidated income statement according to its affiliation to the Group, i.e., from the effective date of acquisition (acquisition of control).

Non-controlling interests

Non-controlling interests are initially measured at their proportionate share of the acquired entity's identifiable net assets as of the acquisition date. In subsequent periods, non-controlling interests are adjusted by the proportionate change in the subsidiary's equity.

Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item "Non-controlling interests".

Changes in the Group's stake in a subsidiary that do not result in a loss of control are recognized as equity transactions.

In the event of put options for remaining non-controlling interests being agreed within the scope of a business combination, these shall be accounted for using the present access method. The liability arising from the put option is measured upon initial recognition at the fair value of the future exercise price and is carried under non-current financial liabilities. The first-time posting and its subsequent measurement is recognized at amortized cost in other comprehensive income. Insofar as the agreements give rise to claims of selling shareholders as employees that are forfeited upon termination of the employment relationship, these represent remuneration for services after the business combination and are recognized separately as other long-term employee benefits.

Shares in joint ventures and in associates

Shares in joint ventures and in associates are accounted for using the equity method. They are initially recognized at cost, which also includes transaction costs. After first-time recognition, the consolidated financial statements contain the Group's share of other comprehensive income of the financial assets recognized using the equity method up until the point at which the significant influence or joint control ends. As part of the applicable subsequent consolidation at equity, these shares are adjusted by the pro rata change in the joint venture's equity, taking upstream and/or downstream transactions into account in accordance with IAS 28. Unrealized gains from transactions with companies accounted for using the equity method are derecognized against the investment in the amount equivalent to the Group's stake in the joint venture. Unrealized losses are eliminated in the same way as unrealized gains, but only if there is no indication of impairment. If a company's share of the losses of an associated company or joint venture equals or exceeds the value of its investment, the company does not recognize any further share of losses. Such additional losses are only recognized as a further equity expense at the time when either a new investment round is agreed and carried out or business profits are generated as part of the ongoing business that at least offset the previously incurred losses or if the profits exceed the losses from previous periods.

Discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires the management to make certain discretionary decisions, estimates and assumptions that have an effect on the reported amounts of assets and liabilities, as well as on the disclosure of contingent assets and contingent liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period.

Estimates form the basis of the Company's assessment of the carrying amounts of assets and liabilities, which are not apparent from other sources. The Company bases its estimates and assessments on past experience and on other assumptions that it believes are reasonable under the circumstances. Changes in these assumptions could have material adverse effects on the financial position, the results of operations and the carrying amounts of the affected assets or liabilities of the Company in the future. Actual future results may differ from current assumptions. The discretionary decisions, assumptions and estimates mainly relate to the following matters:

- Determination of the valuation parameters of the impairment test for the recognized goodwill (see Note (6), (9));
- Timing and fulfillment of the criteria for the initial capitalization of product development projects (see Note (5));
- Feasibility of future tax charges and tax relief (see Note (26));
- Litigation (see Note (33));

- Measurement of the fair value of financial instruments whose valuation parameters are not based on observable market data (see Note (12));
- Measurement of contingent considerations in connection with business combinations (see Notes (9), (12));
- Determination of the expected probabilities of default in connection with the measurement of trade receivables and contract assets (see Note (2));
- Determination of parameters for inventory valuation (see Note (3));
- Estimation of the incremental borrowing rate and determination of the term of leases containing renewal and cancellation options (see Note (15));
- Recognition and measurement of provisions and contingent assets and liabilities: significant assumptions about the probability and extent of the inflow or outflow of resources (see Notes (17), (30));
- Recognition of deferred tax assets: Availability of future taxable profits against which deductible temporary differences and tax loss carryforwards can be utilized (see Note (26)).

Other areas are also affected by estimates, such as the useful lives of non-current assets and provisions.

Foreign currency translation

Foreign currency transactions

The consolidated financial statements are prepared in euros, the functional currency and presentation currency of the Company. Transactions of the Company executed in a foreign currency are translated at the applicable exchange rate at the time of addition. Monetary items denominated in foreign currency are translated at the closing rate on the respective reporting date. Any resulting currency translation differences are recognized through profit or loss and are shown under other operating income or other operating expenses.

Foreign operations

The functional currency of each of the Company's subsidiaries is the respective local currency. The recognized assets and liabilities are translated to the Group's functional currency at the prevailing exchange rates at the end of the reporting period. Income and expenses are translated according to IAS 21.39, at the exchange rate on the transaction date. In terms of practical implementation, IAS 21.40 permits simplified translation at monthly average exchange rates. Brainlab applies this simplification. Differences arising from currency translation are taken directly to the separate item "Other comprehensive income" within equity and do not affect the income statement (see consolidated statement of changes in equity).

The following key exchange rates were applied:

	Average exchange rate		Spot rate as of the end of the reporting period	
EUR	**2023/24**	**2022/23**	**2023/24**	**2022/23**
USD 1	0.922	0.937	0.893	0.944
JPY 1	0.0061	0.0068	0.006	0.006
AUD 1	0.608	0.624	0.619	0.612
HKD 1	0.118	0.120	0.115	0.121

Cash and short-term deposits

The item “Cash and short-term deposits” in the statement of financial position includes cash in hand, bank balances and short-term highly liquid deposits with a maximum term of three months that can be converted into fixed cash amounts at any time and are only exposed to a negligible risk of fluctuations in value.

The item "Cash and short-term deposits" in the consolidated statement of cash flows corresponds to the above components.

Trade receivables

A receivable is the unconditional entitlement of the Group to consideration (i.e., payment falls due automatically due to the passage of time). The accounting methods for financial assets are explained in the section “Financial instruments – initial recognition and subsequent measurement”.

Inventories

Inventories comprise raw materials, consumables and supplies, work in progress, merchandise and finished goods. They are carried at the lower of cost or net realizable value. Inventories are measured using the standard cost method. Standard costs are regularly analyzed and adjusted to current conditions, if necessary. The standard costs for raw materials, consumables and supplies and merchandise consist of directly attributable expenses. The standard costs for finished products also include material and production overheads, as well as the direct manufacturing costs.

The net realizable value corresponds to the selling price in the normal course of business, or an estimate thereof, less estimated costs of completion and the estimated selling expenses. Inventories include high-tech parts and components, which can be very specialized or can rapidly become technically obsolete. The Company has a process to optimize the necessary inventory level, and regularly checks the available inventory for surplus or outdated stock. This is based mainly on empirical values and estimates of future demand for the Company's products and thus production and spare parts requirements. Actual demand may differ from these estimates. In this case it is possible that the Company may have overestimated or underestimated the devaluation for obsolescence. This would affect the operating result.

Intangible assets

Intangible assets include patents, rights, licenses, acquired trademarks, acquired customer relationships, capitalized development costs and software, and goodwill.

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is only capitalized if it increases the future economic benefit embodied in the asset to which it relates. All other expenses, including expenses for internally generated goodwill and brand names, are recognized in profit or loss as soon as they are incurred. Intangible assets are depreciated on a straight-line basis over their estimated useful lives. Depreciation and amortization is generally recognized in profit or loss. Goodwill is not amortized on a scheduled basis.

Goodwill

Goodwill is initially measured at cost, which is the excess of the aggregate of the consideration transferred, the amount of the non-controlling interest and previously held equity interest over the Group’s identifiable assets acquired and liabilities assumed. If the fair value of the acquired net assets exceeds the total consideration transferred, the Group shall reassess whether it has identified all acquired assets and all assumed liabilities correctly, and shall review the methods used to calculate the amounts which have to be reported at the date of acquisition. If the fair value of the acquired net assets still exceeds the total consideration transferred after this reassessment, the difference shall be recognized in the income statement.

After first-time recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired as part of a business combination is allocated, from the acquisition date, to the Group's cash-generating units that are expected to benefit from the business combination (see Note (6)). This applies, regardless of whether other assets or liabilities of the acquired company are assigned to these cash-generating units. In cases where goodwill has been allocated to a cash-generating unit and part of the operation is disposed of, then the goodwill associated with the operation that has been disposed of shall be included in the carrying amount of the operation when determining the gain or loss on the disposal of this operation.

The value of the disposed of goodwill is determined based on the relative values of the disposed of operation and the residual portion of the cash-generating unit.

Due to its indefinite useful life, goodwill is not subject to any scheduled amortization. The Company tests goodwill for signs of impairment at least once a year. A review is also carried out if circumstances indicate that goodwill might be impaired. If there are indications of impairment, any impairment of goodwill will have an effect on the future operating result. Potential impairment is determined by calculating the recoverable amount of the cash-generating unit, to which the goodwill was allocated. If the recoverable amount is less than the carrying amount of this unit, then an impairment loss will be recognized. The recoverable amount is determined based on the calculation of a value in use, using cash flow projections based on budgets prepared by the management for a period of five years. The assumptions used to calculate the value in use are subject to planning uncertainties regarding EBITDA margin and revenue and estimation uncertainties of discount rates and the growth rate, which are used for extrapolation of cash flow forecasts outside the budget period. Forecasts of revenue and EBITDA margin are subject to the general risks, as reflected in a business plan based on empirical data and containing forward-looking statements. The discount rates are based on the weighted average capital costs (WACC).

The weighted average capital costs take account of both borrowings and equity of the peer group. Equity costs are derived from the expected return on investment of the Group's investors. Borrowing costs are based on market yield curves for which debt service is to be paid. The sector-specific risk is incorporated by applying appropriate beta factors. The beta factors are determined annually based on publicly accessible market data. To calculate a discount rate before taxes, the discount rate is adjusted by the relevant amount and timing of future cash flows from taxes.

Any impairment of goodwill is not reversible.

Research and development

Research costs are recognized as an expense in the period in which they are incurred.

Development expenses are capitalized based on individual projects, if the Company meets the capitalization criteria for each project in accordance with IAS 38.57 - Intangible Assets. The assessment is based on the management's estimation that technical and economic feasibility has been demonstrated. This is generally the case when a product development project has reached a certain milestone in an existing project management model. For the purposes of determining the amounts to be capitalized, the management makes assumptions about the expected future cash flows from the project, the applicable discount rates and the period over which the anticipated future benefit will flow to the Company.

Following the capitalization period, the asset is carried at cost less accumulated amortization and any accumulated unscheduled write-downs. Amortization of the individual projects begins in the month of completion in each case. An impairment test is carried out at least once a year during the development phase.

Expenditure on research activities is recognized in profit or loss and in the reporting period when it is incurred.

Development expenses are only capitalized if the development costs can be reliably measured, the product or process is technically and commercially suitable, future economic benefit is probable and the Group intends to complete the development and to use or sell the asset, and has sufficient resources to do so. Other development expenses are recognized in profit or loss as soon as they are incurred. Capitalized development expenses are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets

With the exception of goodwill and current developments, intangible assets have a limited useful life and are amortized either on a performance-related or on a straight-line basis over the following periods:

	Useful life in years
Computer software	2-8
Capitalized development projects	3-12
Trading rights and brand names	2, 10 and 15
Licenses, patents, customer relationships	2-5 and 12-15 and 18

Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful life. Cost comprises the amount paid to acquire or manufacture an item of property, plant and equipment, and costs directly attributable to readying the asset for operation, as well as the costs initially estimated for dismantling and removing the asset. Leasehold improvements are depreciated on a straight-line basis over the term of the lease or the estimated useful life, whichever is shorter.

	Useful life in years
Buildings	45
Leasehold improvements	3, 10 and 15
Machinery	4 and 10
Technical equipment	2, 3, 5-14
Vehicles	5 - 8
Office equipment	3-10
Furniture	10
Tools	5
EDP hardware	3 and 4
Demo systems	3-10
Loaner systems	2 and 10
Operating lease systems	4-8
Prototypes	3

If assets have to be sold or disposed of, their historical costs will be derecognized from the statement of financial position, after deduction of accumulated depreciation and any impairment. The resulting gain or loss from the disposal of non-current assets (except for demo, loaner and lease systems) is recognized in the income statement under "Other operating income" and "Other operating expenses". Expenses for maintenance and repairs are expensed in the reporting period in which they are incurred.

Revenue from the sale of demo, loaner and lease systems is recorded as revenue; its carrying amount is recorded under cost of materials.

Borrowing costs are expensed.

Impairment of intangible assets, property, plant and equipment and goodwill

The carrying amounts of the Group's non-financial assets are reviewed on each reporting date to determine whether there is any indication of impairment. If this is the case, the recoverable amount of the asset

is estimated. Goodwill and intangible assets with an indefinite useful life are reviewed annually for impairment. The recoverable amount of an asset is the higher of its value in use and its fair value less retirement costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses relating to goodwill are not reversed. For other assets, an impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been determined net of depreciation or amortization if no impairment loss had been recognized.

Leases

The Group assesses at the inception of the contract whether a contract constitutes or contains a lease. This is the case if the contract authorizes control of the use of an identified asset against payment of a fee for a certain period.

Lessee

The Group recognizes and measures all leases (with the exception of short-term leases and leases in which the underlying asset has a low value of no more than 5,000 EUR or USD) according to a single model. It recognizes liabilities to make lease payments and rights of use for the right to use the underlying asset.

Rights of use

The Group recognizes rights of use at the commitment date (i.e., the date on which the underlying leased asset is provided for use). Rights of use are measured at cost less any cumulative write-downs and any cumulative impairment losses and adjusted for any remeasurement of the lease liabilities. The costs of rights of use include the recognized lease liabilities, the initial direct costs incurred and the lease payments made upon or prior to provision, less any lease incentives received. Rights of use are amortized on a straight-line basis over the shorter of the term and the expected useful life of the leases as follows.

The Group has lease agreements for buildings, vehicles and operating and office equipment that it uses for its business. Lease agreements for buildings have terms between two and nineteen years. The terms of leases for motor vehicles and operating and office equipment is between two and nine years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. If the title to the leased asset passes to the Group at the end of the term of the lease or the costs take the exercise of a call option into account, the write-downs are determined based on the expected useful life of the leased asset.

The Group determines the term of the lease based on the non-cancelable basic lease term and including periods arising from an option to extend the lease, insofar are is it sufficiently certain that the Group will exercise this option, or periods that arise from an option to cancel the lease, insofar as it is sufficiently certain that the Group will not exercise this option.

The Group has entered into several lease agreements that contain extension options. When assessing whether it is sufficiently certain that the option to extend the lease will or will not be exercised, the Group makes discretionary decisions. In so doing, the Group considers all relevant factors that constitute an economic incentive for it to exercise the lease extension option. After the commitment date the Group recalculates the term of the lease if a significant event or a change in circumstances has occurred that is within its control and affects whether or not it will exercise the option to renew the lease (e.g. making leasehold improvements or material adjustment to the underlying asset).

The extension periods in leases for other buildings are not taken into account in the lease terms, as it is not sufficiently certain whether the extension options will be exercised. Negotiations take place at the end of the term at first.

For details on the potential future lease payments for periods after the exercise date of the extension options, please refer to Note (13).

Lease liabilities

On the commitment date the Group recognizes the lease liabilities at the present value of the lease payments to be made over the term of the lease. The lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments that are tied to an index or (interest) rate and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a call option, if it is sufficiently certain that the Group will actually make use of this option. They also include penalties for canceling the lease in cases where the lease term accounts for the Group exercising the cancellation option.

Lease liabilities are measured at amortized carrying amount using the effective interest method (see Note (15)).

The Group does not have any leases with variable lease payments that depend on the use of the leased asset. Several leasing contracts contain renewal and cancellation options (see Note (15)).

When calculating the present value of the lease payments the Group applies its incremental borrowing rate as of the commitment date, as the interest rate underlying the lease cannot be readily determined.

The incremental borrowing rate is the interest rate that the Group would have to pay if it borrowed the funds for a comparable term with comparable security that it would require in a comparable economic environment for an asset with a comparable value to the right of use. The incremental borrowing rate thus reflects the interest that the Group "would have to pay". If no observable interest rates are available (e.g. for subsidiaries that do not conclude any financing transactions) or if the interest rate has to be adjusted to reflect the conditions of the lease (e.g. if the lease was not concluded in the functional currency of the subsidiary), the incremental borrowing rate must be estimated. The Group estimates the incremental borrowing rate based on observable input factors (e.g. market interest rates), if these are available and must make certain company-specific estimates (e.g. individual credit assessment of the subsidiary). In such cases, the Group uses a risk-free interest rate for the German market. Accordingly, it calculates a region-specific premium. The Group calculates the rates for the various maturity bands on a region-specific basis.

After the commitment date the amount of the lease liabilities is increased to account for the higher interest expense and decreased to account for the lease payments made. In addition, the carrying amount of the lease liabilities is recalculated in the event of changes to the lease, changes to the term of the lease, changes to the lease payments (e.g. changes to future lease payments due to a change in the index or interest rate used to calculate these payments) or a change in the measurement of a call option for the underlying asset.

Short-term leases and leases based on a low-value asset

The Group applies the short-term lease exemption for its short-term leases for machinery and equipment (i.e., leases with a maximum term of twelve months from the commitment date that do not contain a call option). The Group also applies the exemption rule for leases for items of office equipment classified as having a low value. This pertains to assets with a value of up to € 5 thousand. Lease payments for short-term leases and leases based on a low-value asset are recognized as an expense on a straight-line basis over the term of the lease.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is a contract that leads to a financial asset at one company and to a financial liability or an equity instrument at another.

Financial assets

Initial recognition and measurement

When recognized for the first time financial assets are classified for subsequent measurement either as "at amortized cost", "at fair value through other comprehensive income" or as "at fair value through profit or loss".

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Group's cash model for managing its financial assets. With the exception of trade receivables, which do not contain any significant financing components, the Group measures a financial asset at its fair value and in the case of a financial asset that is not measured at fair value through profit or loss, plus transaction costs. Trade receivables that do not contain any significant financing components are measured at their transaction price calculated in accordance with IFRS 15. For more details on this please refer to the accounting principles under "Revenue from Contracts with Customers".

Insofar as the fair value of financial assets recognized in the statement of financial position cannot be determined based on data from an active market, the fair value is determined using valuation techniques. The model input parameters are based as far as possible on observable market data. If this is not possible, the calculation of fair values is based on discretionary judgments. Changes in the assumptions about these factors could affect the reported fair value of the financial instruments. For further information see Notes (7) and (11).

In order for a financial asset to be classified and measured "at amortized cost", the cash flows for a given business model must be solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is carried out at the level of the individual financial instrument.

The Group's business model for managing its financial assets reflects how a company manages its financial assets in order to generate cash flows. Depending on the business model, the cash flows are generated through the collection of contractual cash flows, the sale of financial assets or both. Financial assets classified and measured at amortized cost are held within the framework of a business model, whose objective is to hold financial assets to collect the contractual cash flows.

Purchases or sales of financial assets that provide for the delivery of the assets within a timeframe stipulated by regulations or conventions in the respective market (regular way purchases), are recognized on the day of trading, i.e., on the date on which the Group enters into the obligation to purchase or sell the asset concerned.

The Group assigns its debt and equity instruments to one of the following measurement categories:

- financial assets measured at amortized cost (debt instruments),
- financial assets measured at fair value through other comprehensive income without reclassification of cumulative gains and losses upon derecognition (equity instruments),
- financial assets measured at fair value through profit or loss.

Subsequent measurement

Financial assets measured at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets to collect contractual cash flows, and
- The contractual conditions of the financial asset result in cash flows at specified times that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognized through profit or loss, if the asset is derecognized, modified or impaired.

Financial assets measured at fair value through other comprehensive income (equity instruments)

On first-time recognition the Group may irrevocably elect to classify its equity instruments as equity instruments measured at fair value through other comprehensive income, if they meet the definition of equity pursuant to IAS 32 Financial Instruments and are not held for trading purposes. Each instrument

is classified individually. Gains and losses on these financial assets are never classified to the income statement. Dividends are recognized in the income statement as other operating income if the legal entitlement to payment exists, unless the dividends recover part of the cost of the financial asset. In this case the gains will be recognized in other comprehensive income.

Financial assets recognized at fair value through profit or loss

The group of financial assets measured at fair value through profit or loss includes

- financial assets held-for-trading,
- financial assets classified on first-time recognition as measured at fair value through profit or loss, or
- financial assets that are required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near term. Derivatives, including separately recognized embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified, regardless of the business model, as at fair value through profit or loss, and are measured accordingly.

Financial assets measured at fair value through profit or loss are recognized in the statement of financial position at fair value, with changes in fair value recognized on a net basis in the income statement.

Recognition and derecognition

A regular way purchase or sale of financial assets is recognized on the day of trading, i.e., on the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognized if the rights to receive payment flows from the financial assets expire or have been transferred and the Group has essentially transferred all risks and rewards of ownership.

Impairment of financial assets

The Group applies a simplified method for calculating the expected credit losses on trade receivables and contract assets. It therefore does not track changes in the credit risk, but instead recognizes a provision for loan losses at each reporting date based on the expected credit losses over the entire term. The Group has a valuation allowance matrix, which is based on its previous experience with credit losses and which has been adjusted for forward-looking factors that are specific to the borrowers and the economic environment.

The allowance ratios are determined based on the days past due. Estimating credit losses, the Group takes into account appropriate and reliable information, which is relevant and available without unreasonable expenditure of time and costs. The table of allowances is initially based on the historical default rates of the Group. The Group then calibrates the table to adjust its historical credit losses to forward-looking information. If, for example, it is assumed that forecast economic conditions will deteriorate in the course of the coming year, which may lead to an increase in credit defaults in the manufacturing industry, then the historical default rates will be adjusted. The historical default rates are updated at the end of each reporting period and changes in forward-looking estimates are analyzed. The assessment of the relationship between historical default rates, forecast economic conditions and expected credit losses constitutes a significant estimate. The amount of the expected credit losses depends on changes in circumstances and the forecast economic conditions. The historical credit losses of the Group and the forecast economic conditions may not be representative of the actual losses of customers in the future.

For further details on the impairment of financial assets see Note (2).

Financial liabilities

All financial liabilities are measured at fair value upon first-time recognition; in the case of loans and liabilities, less directly attributable transaction costs.

The financial liabilities of the Group include trade payables, other liabilities, interest-bearing loans and borrowings, derivative financial instruments and contingent considerations arising from company acquisitions.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and other financial liabilities classified as measured at fair value through profit or loss upon first-time recognition. Financial liabilities are classified as “held for trading” if they are entered into for the purpose of buyback in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by IFRS 9. Gains or losses on financial liabilities held for trading are recognized through profit or loss.

The classification of financial liabilities as “measured at fair value through profit or loss” occurs upon initial recognition, provided that the criteria of IFRS 9 are met. The Group has classified the contingent considerations from business combinations as financial liabilities in the category “measured at fair value through profit or loss” (see Notes (9) and (12)).

Financial liabilities measured at amortized cost

After first-time recognition, interest bearing loans are measured at amortized cost using the effective interest rate method. Gains and losses are recognized through profit or loss if the liabilities are derecognized and, within the scope of the amortization process, using the effective interest method.

Derecognition

A financial liability is derecognized if the underlying obligation is fulfilled, terminated or expired. If an existing financial liability is exchanged with another financial liability from the same creditor with substantially different contractual conditions, or if the conditions of an existing liability are amended significantly, such an exchange or amendment will be treated in the accounts as a derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized through profit or loss.

Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps, foreign currency forward contracts and options to hedge against changes in the interest rate and exchange rate fluctuations. These derivative financial instruments are classified as measured at fair value through profit or loss and are measured at fair value. Derivative financial instruments are carried as financial assets, if their fair value is positive, and as financial liabilities, if their fair value is negative.

The fair value of foreign currency forward contracts and interest rate swaps is calculated based on current forward exchange rates and interest rates for contracts with similar maturity profiles. The fair value of options is determined based on the market values of similar instruments.

The Company does not apply hedge accounting. Any unrealized gains and losses on hedges are recognized directly in the income statement under the items "Other operating expenses" and "Other operating income".

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts against each other and it is intended to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provisions for pensions and similar obligations

Pursuant to IAS 19 – Employee Benefits, there are defined benefit plans, which are effected in the form of direct commitments and provident funds. In order to determine the value of the pension plan obligation, an expert report is prepared annually by independent actuaries using the projected unit credit method.

The net obligation is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. The estimated amount of the future benefit is discounted to determine the present value. The fair value of the plan assets is offset against the corresponding obligation. At the end of the reporting period Brainlab had a defined benefit asset.

The contributions for pension plans are included in personnel expenses. Revaluations, mainly the actuarial gains and losses are recognized in full in the statement of financial position in the reporting period in which they occur, and are carried under other comprehensive income. The interest rate applied to discount post-employment benefit obligations and to pay interest on the plan assets shall be determined on the basis of the returns generated in the market at the end of the reporting period on first-class, fixed-interest corporate bonds.

Net interest is determined by applying this interest rate to the balance of defined benefit obligations and plan assets, and is then recognized in the financial result.
Pension commitments are determined on the basis of the biometric assumptions according to the mortality tables by Prof. Dr. Klaus Heubeck (Richttafeln 2018 G).

In addition, defined contribution plans exist via direct insurance, which are recognized directly as expenses in the income statement.

Government grants

Government grants are recognized in accordance with IAS 20.7 if there is adequate assurance that the grants will be awarded and that the Company meets the associated requirements. Insofar as they relate to non-capitalizable expenses, grants are recognized as other operating income through profit and loss over the period that is necessary to offset the grant against the costs it is intended to compensate. If the grant relates to expenses that are capitalized in accordance with IAS 38, the original cost of the asset is reduced by the amount of the grant, thus reducing the depreciation and amortization of the asset over the remaining term.

Revenue from contracts with customers

The application of IFRS 15 requires a five-stage approach:

- Identification of the contract
- Identification of the performance obligations
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue upon fulfillment of the performance obligation

The Company's business transactions include the sale of products (hardware and software), services (maintenance and support), other services (installation, training and consulting) and multiple-element arrangements, which may consist of the supply of several individual products and/or services (construction contracts). In addition, revenue from license agreements (rights of use/access to hardware and/or software components) and software-as-a-service agreements and revenue from development contracts are recognized in revenue. This results in several definable performance obligations, each of which should be considered separately under IFRS 15.

Contracts pertaining to the sale of products and services as a bundle consist of (at least) two performance obligations, as the commitments to transfer systems and provide services are independently definable and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative individual selling prices of the system and the service.

In addition, a distinction must be made for the various performance obligations between revenue recognition at a specific point in time or over a period of time.

Revenue recognition at a specific point in time

Brainlab recognizes revenue from the sale of hardware as soon as control over the asset has been transferred to the customer. Revenue from licensing rights to use software components are recognized at the point of contract fulfillment. In the case of sales via certified distributors control is transferred upon delivery. Where installation at the customer is agreed as an integral part of the sale of a product, the proceeds and cost of sales will be recognized upon completion of the installation.

Revenue recognition over a period of time - Provision of services

The Group provides services which are sold to customers either individually or as a bundle together with the sale of products.

Revenue from other services is recognized upon rendering of the service. Income from service agreements is recognized on a straight-line basis over the term of the agreement. Revenue from licensing for access rights to software components and a 24-hour hotline as well as software-as-a-service services are recognized on a straight-line basis over the period of the agreement, taking the contractually agreed term into consideration.

Revenue from development contracts is recognized on a straight-line basis over the contractually agreed development period. These development services are based on contractual agreements concerning the number of people required and provided for the provision of product development services.

Revenue recognition of multiple-element arrangements

In the case of multiple-element arrangements, which consist fundamentally of hardware and software products (possibly in the form of software licenses) and services, an analysis is carried out with regard to the separability of contractual obligations. If the individual obligations are identified and can be separated, revenue is recognized when the individual components have been fulfilled, either at a point in time or over a period of time. In cases where separation is not possible, revenue is recognized at a point in time when the corresponding performance obligations are fulfilled. This can be applied to customer orders in Radiotherapy due to the technical circumstances and the associated inseparability of various benefit obligations.

Contract assets

A contract asset is the entitlement to receive a consideration in exchange for goods or services that have been transferred to a customer. If the Group meets its contractual obligations by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the contingent claim to consideration.

The contract assets classified as non-current are discounted.

Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer, from whom the Group has received or is to receive a consideration. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when payment is made or falls due (whichever occurs first). Contract liabilities are recognized as revenue as soon as the Group has fulfilled its contractual obligations.

The contract liabilities classified as non-current are discounted.

Offsetting contract assets against contract liabilities

If there are both contract assets and contract liabilities from advance payments received for one and the same customer order, these items are offset in the amount of the lower of the contract asset and contract liability.

Impairment

If there are objective indications of impairment, the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows, with the exception of expected future credit losses that have not yet occurred. The carrying amount of the asset is reduced using an adjustment account and the impairment loss is recognized through profit or loss.

Receivables are derecognized, including the associated valuation allowance, if they are classed as uncollectible, and all collateral pledged has been called and liquidated.

If the estimated impairment loss increases or decreases in a subsequent reporting period, due to an event that occurred after recognition of the impairment, then the earlier impairment loss recognized will be increased or decreased through profit or loss by amending the adjustment account.

Contract initiation costs

The Group pays its employees sales commission for each contract they win for the bundled sale of equipment and installation services. This sales commission is recognized as an expense at the point of revenue recognition. In cases where sales commission has already been paid before the revenue from the underlying customer contract has been recognized through profit or loss, the sales commission paid is carried under prepaid expenses, which are included in other non-financial assets.

Sales commission for the conclusion of maintenance service contracts is recognized immediately as an expense for practicality reasons.

Provisions

General

A provision is recognized in the statement of financial position if the Company has a legal or de facto obligation, due to a past event, if it is probable that fulfillment of the obligation will lead to an outflow of financial resources and if the amount of the obligation can be reliably determined. To the extent that the Group expects at least a partial reimbursement for a provision carried as a liability, the reimbursement shall only be recorded as a separate asset if the reimbursement is as good as certain.

The expense arising from the formation of the provision, taking the discounting of non-current provisions into consideration, is recognized in the income statement less any deductions of reimbursements.

Provisions for warranty obligations

The Company sets up provisions for the costs of product warranties upon recognition of the revenue. Estimates for the cost of product warranties are based on past experience. These are reviewed regularly and the warranty provisions are adjusted quarterly in line with the new findings.

Taxes on income

Income taxes comprise current taxes on income and earnings as well as deferred taxes resulting from the Group's business activities. For companies with a consolidated group turnover of € 750 million or more, the global minimum taxation in accordance with BEPS 2.0, Pillar Two, will apply for the first time from 2024. The Group did not exceed this turnover threshold in the reporting year and therefore does not fall within the scope of the corresponding regulations. The regulations on global minimum taxation had no impact on the Group's tax position or tax strategy in the reporting year.

Current income taxes

Current income taxes relate to the tax liabilities and refunds incurred for the fiscal year. These are calculated on the basis of the respective national regulations. Tax obligations and refunds relating to previous years are also taken into account. Uncertain tax positions are recognized if it is likely that they will be realized. The amount is determined from the best possible estimate of the expected tax payment or reimbursement (expected value or most likely value of the uncertain tax position).

Deferred taxes

Deferred income taxes are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet, including differences in the reporting entity. They also include unused tax loss carryforwards and tax credits, provided that these are utilized. They are based on the tax rates that apply on the balance sheet date or will apply in the future. Deferred tax assets are recognized up to the point at which it is probable that future taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized. The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable profit will be available, against which the deferred tax assets can be at least partially utilized. Unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent that it has become probable that a future taxable profit will enable the deferred tax asset to be realized. Deferred tax assets are only recognized for tax losses brought forward if their realization is sufficiently probable.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which the asset is realized, or a liability is settled, based on tax rates (and tax laws) that apply at the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset against each other if the Group has an enforceable entitlement to offset the actual tax refund claims against actual tax liabilities, and the latter relate to taxes on income of the same taxable entity and are levied by the same tax authority.

Notes to the consolidated statement of financial position

(1) Cash and short-term deposits

Cash and cash equivalents comprise the following:

€'000	September 30, 2024	September 30, 2023
Cash-in-hand	16	13
Bank balances	78,973	86,323
Total	**78,989**	**86,336**

(2) Contract balances

The asset-side contract balances are composed of the following items in the statement of financial position:

€'000	September 30, 2024	September 30, 2023
Current receivables and contract assets	**145,074**	**125,417**
Trade receivables	83,526	72,482
Contract assets	61,548	52,935
Non-current receivables and contract assets	**57,715**	**46,060**
Trade receivables	1,244	1,037
Contract assets	56,471	45,023
Total	**202,789**	**171,477**

Trade receivables and contract assets as at September 30, 2024 and September 30, 2023 break down as follows:

€'000	September 30, 2024	September 30, 2023
Current trade receivables and contract assets	147,598	127,391
Non-current trade receivables and contract assets	57,715	46,060
Trade receivables, gross	**205,313**	**173,451**
Valuation allowance	2,524	1,974
Trade receivables, net	**202,789**	**171,477**

In fiscal year 2022 trade receivables and contract assets had been adjusted by € 422 thousand.

As of September 30, 2024 and 2023 the age structure is as follows:

€'000	September 30, 2024	September 30, 2023
Not past due	161,607	138,695
Past due	41,182	32,782
1 - 30 days past due	16,282	7,659
31 - 60 days past due	12,155	7,328
61 - 90 days past due	5,634	8,536
More than 90 days past due	7,111	9,259
Total	**202,789**	**171,477**

The following table contains information on the estimated default risk and expected credit losses for trade receivables and contract assets as at September 30, 2024.

September 30, 2024 €'000	Loss rate (weighted average)	Gross carrying amount	Valuation allowance
Not past due	0.22%	161,957	- 350
1 - 30 days past due	0.25%	16,322	- 40
31 - 60 days past due	0.47%	12,212	- 57
61 - 90 days past due	0.69%	5,673	- 39
More than 90 days past due	22.28%	9,149	- 2,038
Total		**205,313**	**- 2,524**

The following table contains information on the estimated default risk and expected credit losses for trade receivables and contract assets as at September 30, 2023.

September 30, 2023 €'000	Loss rate (weighted average)	Gross carrying amount	Valuation allowance
Not past due	0.20%	138,972	- 277
1 - 30 days past due	0.07%	7,664	- 5
31 - 60 days past due	0.30%	7,350	- 22
61 - 90 days past due	0.50%	8,579	- 43
More than 90 days past due	14.95%	10,886	- 1,627
Total		**173,451**	**- 1,974**

Broken down by geographical region according to headquarters' location and distribution area, the net amount of trade receivables and contract assets as at September 30, 2024 is as follows:

€'000	September 30, 2024	September 30, 2023
Asia/Pacific	23,220	19,798
Europe and Rest of World	67,924	57,156
North America	111,645	94,523
Total	**202,789**	**171,477**

The adjustment account developed as follows:

€'000	
September 30, 2022	**- 2,226**
Additions recognized as expenses	- 424
Utilization	673
Reversals through profit or loss	3
September 30, 2023	**- 1,974**
Additions through profit or loss	- 853
Utilization	129
Reversals through profit or loss	174
September 30, 2024	**- 2,524**

The liabilities-side contract balances are composed of the following items in the statement of financial position:

€'000	September 30, 2024	September 30, 2023
Current contract liabilities	74,214	71,483
Non-current contract liabilities	15,375	16,466
Total	**89,589**	**87,949**

(3) Inventories

€'000	September 30, 2024	September 30, 2023
Raw materials, consumables and supplies	7,205	8,001
Work in progress	4,123	4,447
Finished goods and merchandise	56,934	52,382
Total	**68,262**	**64,830**

For the 2023/24 fiscal year, inventories recognized as an expense in the cost of sales amounted to € 89,445 thousand (previous fiscal year: € 80,718 thousand; fiscal year 2021/22: € 75,843 thousand).

The impairment of inventories with respect to usability and storage period amounts to € 10,410 thousand for fiscal year 2023/24 (previous fiscal year: € 10,244 thousand).

Inventories increased due in part to stockpiling for the robotic imaging platform.

Raw materials, consumables and supplies and work in progress may include parts that are released for direct, unmodified delivery to customers. Finished goods and merchandise also include parts which, in addition to direct delivery to customers, are also used in the assembly of end products.

Both the impairment losses and the reversals of impairment losses are recognized in cost of sales.

(4) Property, plant and equipment

€'000	Land, buildings and leasehold improve-ments	Office equipment	Demo/loaner systems	Other equipment and assets under construction	Total
Acquisition and production costs					
Balance as of September 30, 2022	**21,143**	**26,423**	**17,065**	**22,477**	**87,108**
Additions	313	3,411	2,262	2,329	8,315
Disposals	-21	-2,451	-1,101	-404	-3,977
Reclassification	336	30	-	-373	-7
Currency translation	-399	-601	-1,372	-275	-2,647
Balance as of September 30, 2023	**21,372**	**26,812**	**16,854**	**23,754**	**88,792**
Additions	172	3,256	2,200	2,387	8,015
Disposals	-236	-1,702	-281	-402	-2,621
Reclassification	-	24	-	5	29
Currency translation	-147	-268	-925	-161	-1,501
Balance as of September 30, 2024	**21,161**	**28,122**	**17,848**	**25,583**	**92,714**
Cumulative depreciation and amortization					
Balance as of September 30, 2022	**8,177**	**18,280**	**12,597**	**16,551**	**55,605**
Additions	1,700	3,589	1,909	2,522	9,720
Disposals	-18	-2,299	-711	-350	-3,378
Reclassification	10	-8	-	8	10
Currency translation	-277	-473	-893	-237	-1,880
Balance as of September 30, 2023	**9,592**	**19,089**	**12,902**	**18,494**	**60,077**
Additions	1,649	3,573	2,229	2,383	9,834
Disposals	-226	-1,615	-262	-263	-2,366
Reclassification	-	28	-	-	28
Currency translation	-124	-221	-677	-147	-1,169
Balance as of September 30, 2024	**10,891**	**20,854**	**14,192**	**20,467**	**66,404**
Carrying amount as of					
September 30, 2023	11,780	7,723	3,952	5,260	28,715
September 30, 2024	**10,270**	**7,268**	**3,656**	**5,116**	**26,310**

Other equipment is mainly technical equipment and technical installations in the amount of € 3,924 thousand (previous fiscal year: € 4,499 thousand). The historical acquisition costs have increased to a lesser extent than the accumulated depreciation compared to the previous year, meaning that the carrying amount of property, plant and equipment as at September 30, 2024 has decreased compared to the previous year.

(5) Intangible assets

€'000	Goodwill	Capitalized development costs	Rights / licenses / patents	Software	Total
Acquisition and production costs					
Balance as of September 30, 2022	**108,517**	**248,528**	**58,291**	**19,587**	**434,923**
Additions	-	52,253	505	439	53,197
Reclassification	-	4,887	-4,886	-1	-
Currency translation	-5,609	-2,527	-1,502	-365	-10,003
Balance as of September 30, 2023	**102,908**	**303,141**	**52,408**	**19,660**	**478,117**
Additions	-	50,639	354	-114	50,879
Disposals	-19,024	-6,455	-6,800	-101	-32,380
Currency translation	-3,120	-1,815	-663	-58	-5,656
Balance as of September 30, 2024	**80,764**	**345,510**	**45,299**	**19,387**	**490,960**
Accumulated depreciation and impairment					
Balance as of September 30, 2022	**6,992**	**142,247**	**16,720**	**18,150**	**184,109**
Additions	-	30,432	3,919	493	34,844
Impairment losses	5,132	-	-	-	5,132
Reclassification	-	399	-398	-1	-
Currency translation	-515	-1,013	-668	-365	-2,561
Balance as of September 30, 2023	**11,609**	**172,065**	**19,573**	**18,277**	**221,524**
Additions	-	33,924	3,117	522	37,563
Disposals	-8,550	-3,411	-1,765	-4	-13,730
Impairment losses	10,727	324			11,051
Currency translation	-692	-851	-245	-58	-1,846
Balance as of September 30, 2024	**13,094**	**202,051**	**20,680**	**18,737**	**254,562**
Carrying amount as of					
September 30, 2023	91,299	131,076	32,835	1,383	256,593
September 30, 2024	**67,670**	**143,459**	**24,619**	**650**	**236,398**

The decrease in intangible assets is mainly due to disposals from the sale of the pharmaceutical and life science business of the Level Ex, Inc. (renamed Snke Xplore, Inc.) subsidiary. Furthermore, an impairment of goodwill was recognized in the 2023/24 fiscal year. This is the result of the impairment test in the 2023/24 fiscal year (see Note (5), (6)). The write-downs on capitalized development costs include impairment losses in the amount of € 324 thousand (previous fiscal year: € 0 thousand).

The additions to capitalized development costs result, among other things, from the new development of Digital OR Next Generation solutions in the Healthcare Platform segment and from the further development of planning software in the Radiosurgery segment and of cranial navigation software in the Spinal and Cranial Surgery segment.

The capitalized development costs relate to internal Company developments. The amortization expense is mainly carried under "Research and development expenses" in the income statement. Trademarks and acquired customer relationships are recognized under the item "Patents, rights and licenses".

(6) Goodwill

In September 2024 the structure of cash-generating units was changed. This was due to a change in strategy towards new digital technologies and changes in the way management monitors the company's business activities.

Cash-generating units (previous structure)	Cash-generating units (new structure)
Snke Xplore, formerly Level Ex	Healthcare Platform
Snke Inc, formerly VisionTree	Healthcare Platform
Mint Medical	Healthcare Platform
Surgery	Spinal and Cranial Surgery
Brain Pulse, formerly Jan Medical	Spinal and Cranial Surgery
medPhoton	Spinal and Cranial Surgery
Radiosurgery	Radiosurgery
Brainlab Israel	Other surgery

The goodwill of net € 67,670 thousand (previous fiscal year: net € 91,299 thousand) acquired within the scope of business combinations was allocated to cash-generating units for the purpose of impairment testing in accordance with IAS 36.80.

Cash-generating unit	Value of goodwill in €'000 2023/24	Pre-tax interest rate	After-tax interest rate	Growth rate	Value of goodwill in €'000 2022/23
Snke Xplore, formerly Level Ex	13,869	11.68%	9.05%	2.0%	36,991
Surgery	14,778	10.35%	7.57%	2.0%	14,778
Brainlab Israel	4,469	10.31%	7.57%	2.0%	4,581
Brain Pulse, formerly Jan Medical	3,232	n.a.	n.a.	2.0%	3,416
Snke Inc, formerly VisionTree	3,720	12.97%	10.00%	2.0%	3,931
Radiosurgery	564	n.a.	n.a.	2.0%	564
Mint Medical	12,226	11.68%	7.57%	2.0%	12,226
medPhoton	14,812	10.11%	7.57%	2.0%	14,812
Total	**67,670**				**91,299**

In fiscal year 2023/24 on relevant closing dates cash-generating units were monitored according to previous structure (see table) with regard to “triggering events”. At Snke Xplore, formerly Level Ex, a goodwill impairment in the amount of € 8,562 thousand in the first half of the fiscal year 2023/24 was identified.

As part of the impairment test for Snke Xplore, formerly Level Ex cash-generating unit, due to the sale of the pharma division of Level Ex, which is allocated to the Healthcare Platform segment, an impairment loss of € 2,165 thousand was recognized. The allocation of goodwill between the split-off and remaining divisions was determined on the basis of relative values. At the reporting date was no further impairment loss for this cash-generating unit detected (in previous year impairment loss in the amount of € 5,132 thousand was caried out; assuming increase of EBITDA margin from -144% to 36% and increase of revenue of 370% in the planning period). These analyses were made on the basis of the available information and expectations regarding the development of the economic environment.

A recoverable amount is determined for the impairment tests as of September 30, 2024 based on cash flow forecasts and compared with the carrying amount. For determination of the “Key Assumptions” it was proceeded on accordance with previous years so that the implementation risk at Snke Xplore, formerly Level Ex, and Snke Inc, formerly Vision Tree, were shown with a higher rate as in previous years. The discount rate used for the cash flow forecasts based on the weighted average cost of capital (WACC after tax) and the corresponding pre-tax interest rates are shown in the table. Growth rates of 2% are used for the extrapolation of the cash flow forecasts outside the budget period (five years) for fiscal year

2023/24 (previous fiscal year: 2-3%). This assumption is based on market trends in the medical technology market. A risk-free interest rate of 2.5% and a country risk of 0% was assumed for WACC. The expected future cash flows were weighted using a binomial method for the cash-generating unit Jan Medical. For this reason no pre-tax interest rate can be calculated for this.

As in previous years, Brainlab plans to increase revenue and EBITDA margin across all segments over the entire planning period.

In all segments revenues were planned resulting from new products and the further development of existing products. For existing product groups and to determine sales from the order backlog as well as from new orders in surgery and radiosurgery, periods between order receipt and sales recognition were taken into account. Margins for the product groups were derived from past values, taking future product efficiencies into account.

The Healthcare Platform segment includes revenues resulting from a changed strategy towards a shift in focus to new digital technologies. Revenues from the introduction of new products and the distribution of these revenues to the cash-generating units were planned for this purpose.

The cost planning takes into account changes and new allocations of employees to the business areas and cash-generating units as they are to appear in the future. The cost base is planned with a slower growth rate than sales, as it is expected that company-wide processes can be carried out more efficiently and sales channels can be standardized.

The impairment loss of € 10,727 thousand (previous fiscal year € 5,132 thousand) reduces Snke Xplore, formerly Level Ex's goodwill by the same amount and is recognized in other operating expenses. In addition, the amount of the impairment loss corresponds to the impairment loss in the Healthcare Platform segment.

The recoverable amount of Snke Xplore, formerly Level Ex in the amount of € 43,962 thousand corresponds to the value in use.

A growth rate of 2% (previous fiscal year: 2%) was assumed for the calculation of the recoverable amount of the Level Ex cash-generating unit for the 2023/24 fiscal year as well as the average discount rate after taxes of 9.05%. Furthermore, the other parameters as described above for the impairment test also apply.

A recoverable amount was determined for the impairment tests of the group of the new cash-generating units based on cash flow forecasts and compared with the carrying amount. The discount rate used for the cash flow forecasts based on the weighted average cost of capital (WACC after tax) and the corresponding pre-tax interest rates are shown in the table. Growth rates of 2% are used for the extrapolation of the cash flow forecasts outside the budget period (five years) for fiscal year 2023/24 (previous fiscal year: 2-3%). This assumption is based on market trends in the medical technology market. A risk-free interest rate of 2.5% and a country risk of 0% was assumed for WACC.

Cash-generating unit	Value of goodwill in €'000	Pre-tax interest rate	After-tax interest rate	Growth rate
Spinal and Cranial Surgery	32,823	10.39%	7.57%	2.0%
Radiosurgery	564	10,25%	7.57%	2.0%
Other Surgery	4,469	9.83%	7.57%	2.0%
Healthcare Platform	29,814	9,34%	7.57%	2.0%
Total	**67,670**			

Revenue and the planned EBITDA margin were determined in accordance with the explanations already given, taking past experience into account.

(7) Other assets

Other current and non-current assets consist of financial and non-financial assets.

Other current financial assets

Other current financial assets comprise the following as of September 30, 2024 and September 30, 2023:

€'000	September 30, 2024	September 30, 2023
Other current financial assets		
Derivative financial instruments (currency hedge)	1,949	2,156
Other receivables	3,059	1,054
Total	**5,008**	**3,210**

As at September 30, 2024, other current financial assets include creditors with debit balances and other tax receivables. Due to a reclassification of creditors with debt balances from non-financial to financial assets the previous year's figures were adjusted accordingly.

Other current non-financial assets

Other current non-financial assets in the amount of € 16,021 thousand (previous fiscal year: € 15,150 thousand) consist primarily of deferred payments in the amount of € 11.633 thousand (previous fiscal year: € 11,296 thousand) and receivables from other taxes in the amount of € 3.990 thousand (previous fiscal year: € 3,759 thousand). Prepaid expenses relate, among other things, to commissions, licenses for IT software and insurance.

Other non-current financial assets

Other non-current financial assets comprise the following as of September 30, 2024 and September 30, 2023:

€'000	September 30, 2024	September 30, 2023
Other non-current financial assets		
Derivative financial instruments (currency hedge)	520	160
Derivative financial instruments (interest rate hedge)	159	622
Strategic investments	8,690	4342
Other financial assets	6,221	4,807
Total	**15,590**	**9,931**

Strategic investments as at September 30, 2024 mainly include shares in a French company in the amount of € 1,000 thousand and a loan to an external company in the amount of € 7,500 thousand (previous fiscal year: € 0 thousand). In previous fiscal year there was included the minority shareholding in a US-based company which is due to a significant influence since fiscal year 2023/24 consolidated at equity (see Note (8)).

Other financial assets mainly include investments in funds in connection with long-term remuneration models for employees of Brainlab, Inc, USA, which increased compared with September 30, 2023 due to deposits and their valuation.

Other non-current non-financial assets

Other non-current non-financial assets in the amount of € 1,378 thousand (previous fiscal year: € 1,673 thousand) mainly consist of prepaid expenses (fiscal year 2023/24: € 1,347 thousand; previous fiscal year: € 1,636 thousand).

(8) Investments accounted for using the equity method

€'000	September 30, 2024	September 30, 2023
Stake in a joint venture	-	79
Investment in associates	5,126	-
Total	**5,126**	**79**

Shares in joint ventures

The company Beijing Nabrai Medical Technology Co., Ltd., domiciled in Beijing, China, is a joint venture jointly managed by the Group, in which the Group holds a 30% stake. The joint venture was founded in cooperation with another shareholder, who holds a 70% stake, to develop a version of a digital platform in the field of medical technology that is tailored for the Chinese market (Made in China). The joint venture is not listed on the stock exchange.

Beijing Nabrai Medical Technology Co., Ltd. is structured as a standalone vehicle. Brainlab participates in 30% of the profit or loss generated by the joint venture. Accordingly, the partners do not have any rights to the assets or liabilities for the debts of the joint venture.

Supplementary contractual agreements were made for the operative business, including licensing and distribution agreements.

A put option was agreed for Brainlab, which can be exercised if defined sales targets are not met in fixed periods of time (initial put option). In addition, the exercise of the put option was supplemented by the occurrence of certain events or non-achievement of sales targets (subsequent put option).

Further investments totaling € 779 thousand were made in the 2023/24 fiscal year, meaning that total acquisition costs increased from € 386 thousand in the previous year to € 1,165 thousand. The investment shall remain unchanged at 30%. The cumulative change in the equity of the joint venture as at September 30, 2024 amounts to a balance sheet loss equivalent to € 4,678 thousand. The 30% share attributable to Brainlab amounts to € 1,403 thousand. As the accounting loss exceeds the acquisition costs, the equity carrying amount was recognized at € 0 in accordance with IAS 28 and the loss was recognized as an expense in the income statement in the amount of € 858 thousand.

Brainlab's share of € 238 thousand in the cumulative change in equity of the joint venture, which exceeds the acquisition costs, will not be recognized in the balance sheet for the time being until either further investments are made in the joint venture or profits are generated by the joint venture in the future. There would also be the option of selling the shares to the majority shareholder. No management decisions have yet been made regarding the future course of action.

In accordance with IAS 28, the carrying amount is not reduced beyond the cost of acquisition.

Up until September 30, 2024, there were no upstream or downstream transactions requiring recognition.

€'000	September 30, 2024
Ownership share	30%
Net assets (100%)	**132.2**
Carrying amount of the investment in a joint venture	**0,-**

Investment in associates

In October 2023, the Group exercised convertible bonds and acquired further shares in Ommo Technologies, Inc, (hereinafter: Ommo) based in Carrollton, Texas, USA, increasing its equity interest and voting shares in this company to 23.59%. This acquisition gave the Group significant influence, as a result of which Ommo is included in the consolidated financial statements as an associated company accounted for using the equity method. Ommo is active in the development and manufacture of 3D magnetic navigation modules and sensors. These serve as central components in surgical navigation systems and surgical robots. The company is not listed on the stock exchange.

Brainlab has also concluded a development and marketing agreement with Ommo for a medical magnetic tracking system. In this context, the Group undertakes to make a further investment of up to USD 2,000 thousand, provided that OMMO achieves the agreed development targets.

The following table summarizes Ommo's financial information (as presented in its own financial statements). As at the reporting date September 30, 2024, the values were not adjusted to reflect the fair value at the time of acquisition, as the purchase price allocation had not yet been finalized. The information for the 2024 fiscal year shown in the table includes Ommo's earnings for the period from October 1, 2023 to September 30, 2024. The table also shows reconciliation of the summarized financial information to the carrying amount of the Group's share in Ommo.

€'000	September 30, 2024
Ownership share	**23.59%**
Current assets	690
Non-current assets	167
Current liabilities	155
Non-current liabilities	893
Net assets (100%)	**-191**
Group share of net assets (23.59)	-45
Preliminary consolidation adjustments (including goodwill / hidden reserves)	5,171
Carrying amount of the investment in the associated company	**5,126**
Revenue	130
	3,535
Group share of loss (23.59%)	**834**

(9) Business combinations

Business combinations in fiscal year 2023/24

There were no company acquisitions in fiscal year 2023/24.

Additional disclosures on past business combinations

Contingent considerations were agreed in connection with past company acquisitions.

With regard to the acquisition of Mint Medical GmbH and its wholly owned subsidiary Mint Medical, Inc. in fiscal year 2020/21, the fair value of the components of the contingent considerations amounted to a total of € 3,295 thousand as of September 30, 2024 (previous fiscal year: € 8,177 thousand). In the 2023/24 fiscal year, the contingent consideration for the purchase price adjustment was remeasured and derecognized in full through profit or loss. The decrease of the position is also due to the payment of a further component of the contingent consideration.

As part of the acquisition of Dr. Langer Medical GmbH in fiscal year 2021/22, a contingent consideration with a fair value of € 1,188 thousand was recognized (previous fiscal year: € 1,244 thousand). Furthermore, there is a purchase price retention in the amount of € 889 thousand (previous fiscal year: € 902 thousand).

In fiscal year 2021/22, Brainlab increased its stake in medPhoton GmbH to 75.01%. There are further agreements effective from January 2026 pertaining to the acquisition of the non-controlling interest of 24.99% by Brainlab, which are carried at amortized cost at a value of € 4,314 thousand (previous fiscal year: € 4,504 thousand). Moreover there is a contingent consideration in connection with the acquisition of the shares in fiscal year 2021/22 in the amount of € 2,712 thousand (previous fiscal year: € 2,467 thousand).

In addition, in respect of the acquisition of Level Ex, Inc., in fiscal year 2019/20, performance-related contingent considerations were agreed, which are not capped and whose fulfillment was considered unlikely by Brainlab management. The agreed performance-based contingent consideration was not fulfilled in the 2023/24 fiscal year, causing the claim to the contingent consideration to expire.

(10) Assets and liabilities sold

In September 2024, the Group sold the pharmaceutical and life science business of its subsidiary Level Ex, Inc. (subsequently renamed Snke Xplore, Inc.) to Relevate Health Group, LLC. The sale underpins the strategic focus on core competencies in the medical technology sector. Brainlab will continue to serve MedTech customers and at the same time focus on integrating video game technologies into the existing Brainlab product portfolio.

The disposal of non-current assets comprises internally developed software and a proportion of customer relationships and goodwill allocatable to the pharma and life science sector. The Level Ex brand name has been transferred in full to the purchaser.

At the time of disposal, the carrying amount of the disposal group was higher than the fair value less costs to sell. The impairment losses incurred in the amount of € 2,165 thousand relate to goodwill and were recognized under other operating expenses (see Note (6)).

(11) Financial risk management objectives and policies

The Group manages its capital with the aim of maintaining the balance between cash flow volatility and financial flexibility. To achieve these goals it is important, among other things, to optimize the ratio of cash and equity to borrowings. The equity ratio and net debt are used as a performance indicator vis-à-vis the ratio of equity to borrowings. These key ratios are calculated regularly and reported to the Management Board, so that the Management Board can initiate any measures necessary. Currently the Company is within the specified target corridor. The main decisions relating to the financing structure are made by the Management Board.

The table below shows the calculation of net debt:

€'000	September 30, 2024	September 30, 2023
Interest-bearing loans (non-current and current)	221,915	183,852
Cash and short-term deposits	78,989	86,336
Net debt	**142,926**	**97,516**

This development is mainly attributable to the increase in interest-bearing loans.

The Group's overall strategy with regard to capital management remained the same as the previous fiscal year.

The main financial liabilities employed by the Group are bank loans and promissory note loans. The primary purpose of these financial liabilities is to finance the Group's business activities.

The Group has a variety of current financial assets, for example trade receivables, contract assets, and cash or short-term deposits, which result from its business activities. The Group also has derivative financial instruments. The purpose of these derivative financial instruments is to hedge against currency and interest rate risks, which result from the Group's business activities and its sources of finance.

The Company does not hold any derivative financial instruments for speculative purposes.

The main risks to the Group arising from the financial instruments include interest-related cash flow risks, as well as liquidity, currency and credit risks. The Company's management devises strategies and procedures to control specific types of risks. The management of the Group receives advisory support regarding financial risks and is given an appropriate general framework for managing financial risks. It is ensured that the activities of the Group that are associated with financial risks are carried out in compliance with the relevant guidelines and procedures, and that financial risks are identified, assessed and managed in accordance with these guidelines and taking into account the Group's risk appetite.

Interest fluctuation risk

The risk arising from fluctuations in market interest rates, to which Brainlab is exposed, mainly results from the financial liabilities bearing variable interest rates. The interest expense is managed by a combination of fixed-interest and variable-interest borrowings with a term extending to no later than 2036.

The following table shows the sensitivity of the Group's consolidated profit before tax to a reasonably possible change in interest rates, due to effects on variable-interest loans, including interest rate swaps concluded without consideration of their fair value. All other variables remain constant. Other than the effect on consolidated profit, there is no impact on consolidated equity.

Effect on earnings before income tax €'000	September 30, 2024	September 30, 2023
Change in interest rate +100 bps	-1,371	-1,072
Change in interest rate -100 bps	1,371	998

The variable-interest debt has a Euribor floor of 0%. Since fiscal year 2023/24 the interest rate sensitivity is determined additionally under consideration of fair value of the new interest rate swaps concluded which is shown in the following table. For the determination of the carrying amount the discounted cash flow method is used based on market data under consideration of the floor.

Effect on earnings before income tax €'000	September 30, 2024
Change in interest rate +100 bps	-242
Change in interest rate -100 bps	217

Liquidity risk

Brainlab's objective is to maintain a balance between continuously covering financing needs and ensuring financing flexibility through the use of current account credit lines and medium-term and long-term loans.

Brainlab continuously monitors the risk of a liquidity bottleneck based on a rolling liquidity forecast. This forecast takes into account the projected cash outflows and expected cash inflows from business, investment and financing activities.

The future cash flows from financial liabilities are as follows:

September 30, 2024 €'000	Due within 1 year	1 to 5 years	More than 5 years	Total
Trade payables	49,186	2	-	49,188
Contingent considerations	4,789	3,295	-	8,084
Other financial liabilities (excluding derivative financial instruments)	6,394	4,769	-	11,163
Derivative financial liabilities	442	747	-	1,189
Interest-bearing loans (non-current and current)	26,102	223,010	15,566	264,678
Lease payment outflows (undiscounted)	12,957	33,718	13,480	60,155
Total	**99,870**	**265,541**	**29,046**	**394,457**

The amounts presented above for interest-bearing loans (non-current and current) represent the contractually agreed (undiscounted) interest and principal payments.

September 30, 2023 €'000	Due within 1 year	1 to 5 years	More than 5 years	Total
Trade payables	48,973	4	-	48,977
Contingent considerations	4,854	8,534	-	13,388
Other financial liabilities (excluding derivative financial instruments)	8,909	5,239	-	14,148
Derivative financial liabilities	916	360	-	1,276
Interest-bearing loans (non-current and current)	43,541	143,914	25,158	212,613
Lease payment outflows (undiscounted)	11,764	32,666	19,127	63,557
Total	**78,047**	**190,717**	**44,285**	**353,959**

The previous year's figures for trade payables, loans and borrowings have changed due to a reclassification. For further information please refer to the Note (13). Non-current trade payables are included in other liabilities due to its insignificant amount.

The amounts shown above represent the contractually agreed (undiscounted) interest and redemption payments on financial liabilities.

Currency risk

The Company's accounts are prepared in euros. The Company is mainly exposed to a foreign exchange risk arising from fluctuations in the U.S. Dollar, the Australian dollar, the Hong Kong dollar and the Japanese yen. To a much lesser extent, exchange rate risks also arise from other currencies of the Group subsidiaries (e.g. the pound sterling, Brazilian real, Chinese yuan, Israeli schekel, Indian rupee).

The table below illustrates the sensitivity of the Group's consolidated earnings due to the changes in the fair values of monetary assets and liabilities compared with a simulated change in the exchange rate for the four aforementioned currencies. The translation risk arising from exchange rate fluctuation is not taken into consideration in determining sensitivity in accordance with IFRS 7. The range of 23 to 33 percentage points has been derived from statistical evaluations of the annual fluctuations of the respective currencies in the past ten years. The underlying earnings and equity ratios are kept constant for the negative and positive scenario.

In addition, the following table presents the sensitivity of the Group's equity to a simulated change in the exchange rate for the four main currencies:

September 30	Currency	Price performance %	Effect on earnings and equity €'000
2024	**USD**	**14%**	**16,281**
		-14%	**-16,281**
2023	USD	18%	15,548
		-18%	-15,548
2024	**JPY**	**16%**	**-216**
		-16%	**216**
2023	JPY	16%	171
		-16%	-171
2024	**AUD**	**11%**	**1,255**
		-11%	**-1,255**
2023	AUD	12%	1,050
		-12%	-1,050
2024	**HKD**	**14%**	**2,388**
		-14%	**-2,388**
2023	HKD	18%	-20
		-18%	20

The fluctuations in consolidated net income and equity due to currency fluctuations are primarily attributable to the business of the Group subsidiaries in North America, Hong Kong, Japan and Australia.

The different signs in JPY compared with the previous fiscal year are due to the change from a surplus of assets to a surplus of liabilities.

To protect its cash flows, the Company therefore concludes transactions to limit the exchange rate risk. To do this the Company uses currency forward contracts and options.

Credit risk

Credit risk refers to the risk of a business partner failing to meet its obligations within the scope of a financial instrument or customer agreement, and this resulting in financial losses. Brainlab manages its credit risk based on guidelines on how to minimize risk concentrations and thus the credit risk.

Within the Brainlab Group, trade receivables and contract assets arise from the sale of hardware and software products and services directly to hospitals, university hospitals, universities, research and development centers or distributors, as well as from development services. A potential concentration of risks in relation to trade receivables and contract assets is considered to be limited, due to the large number of customers and their geographical distribution. The maximum default risk is limited to the carrying amount reported in Note (2).

The distribution companies record master data of the new customers, monitor the development of customers' payment behavior, perform credit checks on their customers and limit order volumes, if necessary, or demand payments in advance. Guarantees or collateral, such as letters of credit, are requested. The Company creates valuation allowances for doubtful receivables, based on the expected collectibility of the receivable.

The Company is unable to make any forecast concerning the financial performance of its customers. Significant changes in the solvency of one or more of its customers could result in a considerable deterioration of Brainlab's operating result and financial position.

Counterparty risk

Counterparty risk encompasses the settlement risk relating to derivative instruments and money market instruments, and the credit risk relating to cash and term deposits. In order to control the risk concentration in financial assets and thus keep losses due to potential default of a business partner to an absolute minimum, the Group has a diversified financial portfolio in terms of maturities, ratings, sectors and industries. In the case of the Group's financial assets, such as cash and short-term deposits and certain derivative financial instruments, the maximum risk, in the event of default on the part of the contracting party, corresponds to the carrying amount of these instruments, less collateral provided. In fiscal years 2023/24 and 2022/23 no collateral was provided.

The other financial assets existing in this context at the end of the reporting period are not impaired.

The issuer risk is minimized by only buying from issuers with an investment grade rating. The settlement risk and credit risk are limited by the fact that the banks and financial institutions selected as counterparties for transactions generally have an investment grade rating or a credit guarantee system similar to the German deposit guarantee fund. The counterparty risk is generally assessed annually and up until termination of the business relationship.

(12) Financial instruments

The following tables show the financial instruments categorized according to IFRS 9 as of September 30, 2024 and 2023:

September 30, 2024

				measured at fair value			
€'000	**Measure-ment category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets recognized at fair value							
Derivative financial instruments (currency hedge)	FVtPL	2,469	-	-	2,469	-	2,469
Derivative financial instruments (interest rate hedge)	FVtPL	159	-	-	159	-	159
Derivative financial instruments (strategic investments)	FVtPL	189	-	-	-	189	189
Equity instruments (strategic investments)	FVtPL	1,000			1,000		1,000
Other current financial assets (excluding derivative financial instruments, equity instruments)	FVtPL	799				799	799
Other non-current financial assets (excluding derivative financial instruments, equity instruments)	FVtPL	5,058		5,058			5,058
Total financial assets recognized at fair value		**9,674**	**-**	**5,058**	**3,628**	**988**	**9,674**
Financial assets not recognized at fair value							
Cash and short-term deposits	AC	78,989	78,989	-	-	-	
Trade receivables	AC	84,770	84,770	-	-	-	
Debit balances of accounts payable	AC	401	401				
Debt instruments (strategic investments)	AC	7,500	7,500		7,560		7,560
Other current financial assets (excluding derivative financial instruments, equity instruments)	AC	1,859	1,859				
Other non-current financial assets (excluding derivative financial instruments, equity instruments)	AC	1,163	1,163	-	-	-	
Total financial assets not recognized at fair value		**174,682**	**174,682**	**-**	**7,560**	**-**	**7,560**

September 30, 2024

			measured at fair value				
€'000	**Measure-ment category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial liabilities recognized at fair value							
Contingent considerations	FVtPL	8,084	-	-	-	8,084	8,084
Derivative financial instruments (currency hedge)	FVtPL	701	-	-	701	-	701
Derivative financial instruments (interest rate hedge)	FVtPL	488			488		488
Total financial liabilities recognized at fair value		**9,273**	**-**	**-**	**1,189**	**8,084**	**9,273**
Financial liabilities not recognized at fair value							
Trade payables	AC	49,186	49,186	-	-	-	
Interest-bearing loans and borrowings	AC	221,915	221,915	-	239,062	-	239,062
Debtors with credit balances	AC	5,238	5,238	-	-	-	
Accrued interest	AC	394	394	-	-	-	
Other financial liabilities	AC	1,219	1,219	-	-	-	
Other liabilities in connection with business combinations	AC	4,314	4,314	-	-	4,314	4,314
Total financial liabilities not recognized at fair value		**282,266**	**282,266**	**-**	**239,062**	**4,314**	**243,376**

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

September 30, 2023

				measured at fair value			
€'000	**Measure-ment category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets recognized at fair value							
Derivative financial instruments (currency hedge)	FVtPL	2,316			2,316		2,316
Derivative financial instruments (interest rate hedge)		622			622		622
Derivative financial instruments (strategic investments)	FVtPL	123				123	123
Equity instruments (strategic investments)							-
of which	FVtPL	2,623			2,623		2,623
	FVtOCI	1,596			1,596		1,596
Other non-current financial assets (excluding derivative financial instruments, equity instruments)	FVtPL	3,865		3,865			3,865
Total financial assets recognized at fair value		**11,145**	**-**	**3,865**	**7,157**	**123**	**11,145**
Financial assets not recognized at fair value							
Cash and short-term deposits	AC	86,336	86,336	-	-	-	
Trade receivables	AC	73,519	73,519	-	-	-	
Debit balances of accounts payable	AC	6,784	6,784				
Other current financial assets (excluding derivative financial instruments, equity instruments)	AC	654	654				
Other non-current financial assets (excluding derivative financial instruments, equity instruments)	AC	942	942	-	-	-	
Total financial assets not recognized at fair value		**168,235**	**168,235**	**-**	**-**	**-**	**-**

September 30, 2023

				measured at fair value			
€'000	**Measure-ment category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial liabilities recognized at fair value							
Contingent considerations	FVtPL	13,388	-	-	-	13,388	13,388
Derivative financial instruments (currency hedge)	FVtPL	1,276	-	-	1,276	-	1,276
Total financial liabilities recognized at fair value		**14,664**	**-**	**-**	**1,276**	**13,388**	**14,664**
Financial liabilities not recognized at fair value							
Trade payables	AC	49,186	49,186	-	-	-	
Interest-bearing loans and borrowings	AC	183,852	183,852	-	189,427	-	189,427
Debtors with credit balances	AC	6,784	6,784	-	-		
Accrued interest	AC	1,160	1,160	-		-	
Other financial liabilities	AC	1,699	1,699	-	-	-	
Other liabilities in connection with business combinations	AC	4,504	4,504	-	-	4,504	4,504
Total financial liabilities not recognized at fair value		**247,185**	**247,185**	**-**	**189,427**	**4,504**	**193,931**

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

The table above shows the carrying amounts and fair values of financial assets and financial liabilities, including their valuation category acc. to IFRS 9. It does not contain any information on the fair value of financial assets and financial liabilities that were not measured at fair value if the carrying amount is a reasonable approximation of fair value. Due to the adjusted presentation for this fiscal year 2023/24, the table from the prior-year period has been adjusted accordingly.

The measurement of expected credit losses on other assets shows an insignificant need for impairment, meaning that no corresponding valuation allowance was recognized.

Fair value hierarchy

The Group applies the following hierarchy to determine and recognize the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities.

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value, which are not based on observable market data. For assets and liabilities, which are recognized in the financial statements at fair value on a recurring basis, the Group determines whether regroupings between the levels of hierarchy have taken place by reviewing the classification at the end of each reporting period (based on the lowest-level input factor that is significant for the measurement at fair value as a whole).

The development of financial instruments classified in Level 3 of the fair value hierarchy is shown in the following table:

€'000	Other financial assets	Contingent considerations
October 1, 2023	**123**	**13,388**
Additions	799	-
Fair value changes recognized through profit or loss	66	-1,447
Compounding (financial expenses)	-	1,059
Dividend payment	-	-4,916
September 30, 2024	**988**	**8,084**

The development of financial instruments classified in Level 3 of the fair value hierarchy for fiscal year 2022/23 is shown in the following table:

€'000	Other financial assets	Contingent considerations
October 1, 2021	**-**	**13,056**
Fair value changes recognized through profit or loss	123	-454
Compounding	-	833
Currency effects	-	-47
September 30, 2023	**123**	**13,388**

During fiscal year 2023/24 there were neither reclassifications between Level 1 and Level 2, nor into or out of Level 3.

Derivative financial instruments for currency and interest rate hedging are measured at fair value. The valuations provided by the banks are used to determine the fair value. These valuations are based on standard market valuation methods and current market data (present value method including exchange rate curve and yield curve). The banks' fair value measurements are regularly reviewed, and adjusted if necessary, to ensure that they reflect actual market conditions. The foreign currency forward contracts

are measured based on current spot exchange rates. The fair value of options is determined based on the market values of similar instruments.

Other Level 1 financial assets include investments in funds in connection with long-term compensation models for employees (see Note (16)). Their fair value was derived from listed market prices on active markets as of September 30, 2024.

Level 2 equity instruments include non-controlling interests in a French company, the fair value of which can be observed directly or indirectly in financing rounds. In previous year this position included non-controlling interests in a U.S.-based company. In fiscal year 2023/24 the shares in this company rose to 23.59% of which, as a result, the Group gained significant influence and the company is included in the consolidated financial statements as an associated company accounted for using the equity method (see Note (8)).

The debt instruments (strategic investments) item includes a loan to an external company.

The financial liabilities and other current financial assets in level 3 comprise contingent considerations. These are remeasured at fair value at the end of each reporting period. The fair value is determined using discounted cash flows. The underlying assumptions of the valuation take into account the expected cash flows and the risk-adjusted discount rate as unobservable input factors. For the present value of the expected cash flows of contingent consideration of Mint Medical GmbH please refer to the Note (9). For its determination a risk-adjusted discount rate of 9.77% is used. For the present value of the expected cash flows of contingent consideration of Dr. Langer Medical GmbH please refer to the Note (9). For its determination a risk-adjusted discount rate of 10.25% is used. The present value of the expected cash flow of the contingent consideration of medPhoton GmbH is € 2,712 thousand. A risk-adjusted discount rate of 8.74% is used for its determination.

Interest-bearing loans and borrowings are measured at fair value. For this purpose, the future cash flows consisting of interest and repayment are discounted at the market interest rate. The interest rate for corporate bonds with the same rating and term is used as the market interest rate.

The valuation of the position “Other liabilities in connection with business combinations” is based on the contractually determined multiplier method on the basis of which the company value is derived. The multiplier method is calculated taking into account past financial figures and future budget figures of medPhoton GmbH and Brainlab AG. The liability is determined in consideration of the company value in the middle double-digit million range (€), the remaining term of the option and the risk-adjusted discount rate of 8.74% (see Note (9)).

An upward or downward fluctuation of 10% in the expected income or 1.0% in the interest rate would result in an insignificant decrease or increase in level 3 financial assets. An upward or downward fluctuation in the interest rate of 1.0% would also result in an insignificant reduction or increase in the contingent consideration. In the event of a 10% upward or downward fluctuation in expected future revenue, the fair value of contingent consideration would increase or decrease in the low single-digit million range.

The net gains and losses from financial instruments amounted to:

€'000	September 30, 2024	September 30, 2023
Financial assets and liabilities measured at fair value through profit or loss	3,267	5,874
Financial assets measured at fair value through other comprehensive income	84	322

Hedging instruments

In order to hedge against exchange rate fluctuations on the U.S. dollar (USD), Australian dollar (AUD), Japanese yen (JPY) and pound sterling (GBP), Brainlab has concluded currency forward contracts and

options with terms ranging from one to 18 months. As of the end of the reporting period the longest term of open hedges is 18 months.

The Company uses the above instruments to hedge against exchange rate risks and thus to hedge cash flows that are expected for a period of 18 months. The U.S. dollar, Japanese yen and Australian dollar hedging instruments relate only to payments received in foreign currency – the foreign currency is sold and the corresponding value in euros, which is calculated from the forward exchange rate or the exercise price, is purchased.

Over the next 18 months, USD instruments to the value of USD 103.0 million shall become due (previous fiscal year: USD 86.0 million). Instruments denominated in JPY, in the amount of JPY 3,200.0 million (previous fiscal year: JPY 2,700.0 million) shall also become due. Furthermore, as of the end of the reporting period there are AUD instruments in the amount of AUD 10.8 million (previous fiscal year: AUD 8.5 million) and GBP instruments in the amount of GBP 6.9 million (previous fiscal year: GBP 4.5 million). The proportion of foreign currency forward contracts in USD is 76%, in all other currencies 100%.

In addition, the Company uses interest rate swaps as a hedging instrument to hedge against fluctuating market interest rates. In August 2022 an interest rate swap for € 10.0 million with a term until June 2027 was entered into, which turned the variable interest rate into a fixed interest rate. In January 2024, two interest rate swaps were concluded for € 12.5 million each, with a decreasing nominal amount over the term until March 2031 which turns the variable interest rate into a fixed interest rate.

Derivative financial instruments

The carrying amounts of the derivative financial assets and liabilities correspond to their fair values. These correspond to market prices (foreign exchange curve and yield curve) and are calculated at the end of the reporting period, using valuation techniques, by the banks with which the respective derivatives are concluded.

	September 30, 2024		September 30, 2023	
€'000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value of foreign currency derivatives	2,469	701	2,316	1,276
Fair value of interest derivatives	159	488	622	-

Brainlab has entered into global netting or similar agreements for derivative financial instruments. These apply in particular in the event of one of the contracting parties involved becoming insolvent. The following table shows the derivative financial instruments for which netting agreements exist from the perspective of the Brainlab Group.

	September 30, 2024		September 30, 2023	
€'000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivative financial instruments (hedging instruments)	2,628	1,189	2,938	1,276
Offsetable amounts in the balance sheet for which netting agreements exist	-	-	-	-
Net amounts after possible offsetting	2,628	1,189	2,938	1,276

(13) Trade payables

Trade payables and other liabilities as at September 30, 2024 and September 30, 2023 break down as follows:

€'000	September 30, 2024	September 30, 2023
Trade payables		
Trade payables	30,019	32,688
Accruals for outstanding invoices	15,054	13,639
Other accruals	4,113	2,646
Total	**49,186**	**48,973**

Accruals for outstanding invoices are set up for goods and services already delivered or rendered but not yet invoiced as of September 30, 2024 or September 30, 2023.

Other accruals mainly include accruals for auditing and tax consulting services, interest payables to banks and liabilities to social security agencies.

The previous year's figures for trade payables, other liabilities and tax payables have changed due to reclassification. Accruals for outstanding invoices and other accruals in the amount of € 16,285 thousand (fiscal year 2021/22: € 15,147 thousand) have been allocated to the trade payables.

Additionally payables from other taxes of € 120 thousand have been reclassified to tax payables (see Note (19)). Moreover a long-term tax-advantaged plan (409A) will be shown in future as employee benefits (long-term), which has been shown under other liabilities (short-term) (see Note (16)).

September 30, 2023			
€'000	**Before reclassification**	**After reclassification**	**Difference**
Trade payables	32,688	48,973	**+16,285**
Other liabilities (short-term)	54,938	34,984	**-19,954**
Tax payables	6,754	6,874	**+120**
Employee Benefits (previous year in short-term liabilities)	-	3,549	**+3,549**

In fiscal year 2021/22 is reclassification as follows:

September 30, 2022			
€'000	**Before reclassification**	**After reclassification**	**Difference**
Trade payables	33,261	48,408	**+15,147**
Other liabilities (short-term)	52,226	34,016	**-18,210**
Tax payables	8,303	8,418	**+115**
Employee Benefits (previous year in short-term liabilities)	-	2,948	**+2,948**

(14) Interest-bearing loans and borrowings

Liabilities to banks include loans with terms extending to no later than 2036. This includes the utilization of the revolving credit line from the syndicated loan. These loans are repaid on a quarterly or semi-annual basis or in full at the end of the term of the loan. The variable and fixed interest rates as of September 30, 2024 range between 0.75% p.a. and 5.045% p.a. 56% of the loans are subject to the highest interest rate of 5.045%.

The interest-bearing loans in the amount of € 221,915 thousand (previous fiscal year: € 183,852 thousand) comprise the following:

Short-term maturities		
€'000	**September 30, 2024**	**September 30, 2023**
Total	**16,688**	**34,711**
less financing costs	213	58
Total	**16,475**	**34,653**

Long-term maturities	**September 30, 2024**	**September 30, 2023**
€'000		
Total	**206,271**	**149,275**
less financing costs	831	76
Total	**205,440**	**149,199**

For better reconciliation with the items in the statement of financial position, the financing costs are recognized as a separate item.

The previous year's figures for current and non-current interest-bearing loans and borrowings have changed due to a reclassification from non-current to current in the amount of € 24.6 million, as the non-current interest-bearing loans included a loan due in December 2023. The previous year's figures have been adjusted in accordance with IAS 8.41 et seq.

September 30, 2023			
€'000	**Before reclassification**	**After reclassification**	**Difference**
Short-term maturities	10,028	34,653	**+24,625**
Long-term maturities	173,824	149,199	**-24,625**

During the past fiscal year loan repayments to banks were made in the amount of € 112.7 million (previous fiscal year: € 25.2 million). Drawings made from and returned to the revolving credit facility during the course of the year are not taken into account. The decrease in short-term maturities is due to the repayment of short-term loans. The extent of the decrease is reduced by short-term financing under an accounts receivable sales program. The increase in non-current maturities is due to the newly concluded syndicated loan with a term until September 2029. The previous syndicated loan from December 2020, consisting of a loan and a revolving credit facility with a term until December 2025, was repaid early. As of September 30, 2024, the Group has unutilized lines of credit in the amount of € 7.1 million in various currencies (previous fiscal year: € 14.1 million). In addition, € 50.0 million of the new syndicated loan concluded in September 2024, consisting of a revolving credit facility, has not been drawn down.

The table below shows the schedule of principal repayments for interest-bearing loans:

Fiscal year	Principal repayment €'000
2024/25	16,688
2025/26	8,924
2026/27	41,233
2027/28	8,149
2028/29	133,149
2029/30	8,149
2030/31	6,066
2031/32	136
2032/33	136
2033/34	136
2034/35	136
2035/36	56
Total	**222,959**

The difference between the total principal repayment and total liabilities to banks is calculated from up-front fees, which are deferred over the loan period.

Loan agreements (covenants)

Under the contractual terms of the bank loans, the Group is obliged to comply with financial covenants at the end of each reporting period. These are shown in the following table:

Carrying amount of loan liability €'000	Covenant as per loan agreement		Covenant as of September 30, 2024
125,000	Net debt / EBITDA (net leverage) maximum 3.25	Subsequent Definition 1	2.62
60,000	Net debt / EBITDA (net leverage) maximum 3.25	Definition 2	2.61
3,313	Net debt / EBITDA (net leverage) maximum 2.75	Definition 3	2.19
83,000	Balance sheet equity ratio greater than 25%		26.5%

The different ways in which the covenants are calculated are shown in the following table. The calculations differ due to different definitions in the loan agreements.

Calculation of covenant as at September 30, 2024 €'000	Definition 1	Definition 2	Definition 3
Earnings before income taxes	-5,934	-5,934	-5,934
+ Interest expense	12,794	12,794	12,794
+ Amortization of intangible assets	48,618	48,618	48,618
+ Depreciation of property, plant and equipment	9,838	9,838	9,838
+ Amortization of rights of use	13,323	13,323	13,323
- Lease expenses (IAS 17)			-13,734
- Interest income	-986	-986	-986
EBITDA	**77,650**	**77,650**	**63,916**
+ Depreciation of current assets	1,403	1,403	1,403
+ costs, expenses and taxes in connection with permitted acquisitions	904	1,809	-
EBITDA (according to definition in syndicated loan agreements)	**79,957**	**80,862**	**65,319**
Interest-bearing loans (non-current and current)	221,915	221,915	221,915
Cash and short-term deposits	-78,989	-78,989	-78,989
Current lease liabilities	12,374	12,374	-
Non-current lease liabilities	46,311	46,311	-
Other current liabilities to banks	7,936	8,378	-
Other non-current liabilities to banks	-	747	-
Net debt (in accordance with loan agreements)	**209,548**	**210,736**	**142,926**
Net debt/EBITDA	**2.62**	**2.61**	**2.19**

Definition 1: Only half of the "Costs, expenses and taxes in connection with permitted acquisitions" are recognized; the item "Other current and non-current liabilities" includes guarantees and sureties (see Note (30)).
Definition 2: "Costs, expenses and taxes in connection with permitted acquisitions" are recognized in full, the item "Other current and non-current liabilities" includes guarantees and sureties as well as negative fair values of currency and interest rate hedging instruments.
Definition 3: Calculation does not take into account IFRS 16 Leases.

The Group complied with these covenants during the reporting period. In the event of non-compliance with these key figures, loan liabilities of up to € 211,188 thousand may become due as the result of cross-default agreements.

(15) Leases

Group as lessee

The following table shows the carrying amounts of the recognized rights of use and any changes from the previous fiscal year during the reporting period:

€'000	Buildings	Vehicles	Other equipment	Total
Balance as of October 1, 2020	**62,848**	**1,842**	**2,176**	**66,866**
Additions	6,439	2,142	636	9,217
Acquisition of subsidiaries	-	-	-	0
Disposals	-117	-55	-10	-182
Amortization expense	-9,924	-1,679	-1,278	-12,881
Currency translation	-638	-24	0	-662
Balance as of September 30, 2023	**58,608**	**2,226**	**1,524**	**62,358**
Balance as of October 1, 2023	**58,608**	**2,226**	**1,524**	**62,358**
Additions	5,162	2,713	2,753	10,628
Acquisition of subsidiaries	-	-	-	-
Disposals	-40	-104	-218	-362
Amortization expense	-10,442	-1,839	-1,041	-13,323
Currency translation	-235	-14	0	-249
Balance as of September 30, 2024	**53,053**	**2,982**	**3,017**	**59,051**

The additions to buildings are mainly attributable to the index rent adjustment.

The item “Other equipment” mainly includes sale-and-leaseback, office and operating equipment and IT equipment.

The table below shows the carrying amounts of lease liabilities and any changes during the reporting period and the prior-year period:

€'000	
Balance as of October 1, 2020	**66,249**
Additions	9,745
Disposals	-179
Interest growth	779
Payments	-13,302
Currency translation	-1,274
Balance as of September 30, 2023	**62,018**
Balance as of October 1, 2023	**62,018**
Additions	10,483
Disposals	-364
Interest growth	669
Payments	-13,767
Currency translation	-354
Balance as of September 30, 2024	**58,686**

The maturity analysis of the lease liabilities is presented in Note (11).

The following amounts were recognized though profit or loss in the reporting period:

€'000	September 30, 2024	September 30, 2023
Amortization expense for rights of use	-13,323	-12,880
Interest expenses for lease liabilities	-669	-779
Expense for short-term leases	-180	-180
Expense for leases for a low-value asset	-25	-51
Gains and losses on sale-and-lease-back	469	106
Income from the sub-leasing of rights of use	0	215
Total amount recognized through profit or loss	**-13,727**	**-13,569**

The Group's cash outflows for leases in fiscal year 2023/24 amounted to € 13,767 thousand (previous fiscal year: € 13,302 thousand). In addition, the Group recognized non-cash additions to lease liabilities in the amount of € 10,435 thousand in fiscal year 2023/24 (previous fiscal year € 9,071 thousand).

The Group has entered into several lease agreements that contain renewal and cancellation options. These options are negotiated by the management to enable the portfolio of leased assets to be managed flexibly and in compliance with the respective business requirements of the Group. The assessment of whether the exercise of these renewal and cancellation options is reasonably certain requires the management to make key discretionary decisions.

Future cash outflows of € 76,534 thousand (previous fiscal year: € 73,871 thousand) have not been included in lease liabilities, as it is not sufficiently certain that the leases will be renewed. Furthermore, future cash outflows from the Mint Medical GmbH subsidiary were not included in the lease liabilities, as the move to the new company building will take place in March 2025 (future payment obligation for net rent € 764 thousand).

(16) Employee Benefits

There are defined benefit pension plans in the form of direct commitments. The pension plans have been funded, since fiscal year 2006, by reinsurance policies. Due to full servicing of the claim there is no service cost for direct commitments. Due to coverage of the pension obligation by the reinsurance amounts, there are no major risks associated with pension obligations. Moreover, there are support fund commitments as a part of retirement provision, for which no pension provisions are to be made. In addition, there are defined contribution plans from direct insurance policies, under which contributions are carried as expenses.

These defined benefit plans expose the Group to actuarial risks including longevity, currency, interest rate and market (investment) risks.

The actuarial valuation is based on an actuarial interest rate of 3.4% as of September 30, 2024 (previous fiscal year: 4.0%), which is based on maturity-equivalent capital yields of investment-rate corporate bonds.

The net liability or net assets from direct commitments are as follows:

€'000	September 30, 2024	September 30, 2023
Present value of the benefit obligation at end of year	-515	-477
Fair value of plan assets	545	530
Net assets/debt	**30**	**53**

The defined benefit costs comprise the following:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Interest expense from obligation	-19	-15
Expected interest income from plan assets	21	15
Net interest from defined benefit plans	**2**	**-**
Gains/losses on financial assumptions	-18	34
Gains/losses on empirical assumptions	-1	-
Actuarial gains/losses	**-19**	**34**
Total returns on plan assets	-15	-15
Interest income from plan assets	21	15
Net returns on plan assets	**6**	**-**
Total revaluations	**-25**	**34**
Total result from defined benefit plans	**-23**	**34**
Pension expenses from defined contribution plans	-69	-69
Contributions to statutory pension funds	-14,664	-13,814

Income is carried under other operating income and expenses are carried under personnel expenses.

For North America, Brainlab recognized expenses for defined contribution plans in the amount of € 1,792 thousand (previous fiscal year: € 1,732 thousand).

Brainlab, Inc., USA, recognized long-term benefit obligations in the amount of € 4,661 thousand (previous fiscal year: € 3,548 thousand) as well as a related investment in the amount of € 5,028 thousand (previous fiscal year: € 3,812 thousand). These amounts are reported as gross amounts.

(17) Provisions

The table below shows the development of provisions in fiscal years 2023/24 and 2022/23:

€'000	Warranty	Litigation	Asset retirement obligations	Provisions for goodwill and other purposes	Total
September 30, 2022	**1,288**	**1,228**	**927**	**430**	**3,873**
Additions	1,178	-	-	415	1,593
Discounting	-	38	-47	-	-9
Utilization	-710	-750	-	-343	-1,803
Reversals	-163	-	-	-22	-185
Currency translation	-	-42	-10	-28	-80
September 30, 2023	**1,593**	**474**	**870**	**452**	**3,389**
Additions	1,807	89		294	2,190
Compounding/discounting	-	-	71	-	71
Utilization	-972	-82	-	-342	-1,396
Reversals	-188	-	-	-15	-203
Currency translation	-	-25	-1	-19	-45
September 30, 2024	**2,240**	**456**	**940**	**370**	**4,006**

Non-current provisions include provisions for asset retirement obligations in the amount of € 940 thousand (previous fiscal year: € 870 thousand).

The warranty period is generally one year. The valuation of the provision for warranties is based on empirical values from previous years (percentage share of costs) and the directly attributable expenses for materials and material and production overheads.

Provisions for litigation are set up for legal fees and damages claims in connection with the proceedings described in Note (33) of the notes to the consolidated financial statements. For details on the expected cash outflow see Note (33).

The outflow for provisions for asset retirement obligations is generally expected at the end of the respective lease agreement.

To a limited extent Brainlab offers free replacement or repairs if this is deemed necessary to protect the customer relationship. Goodwill provisions are set up for this purpose.

(18) Other financial liabilities

Other current financial liabilities comprise the following as of September 30, 2024 and September 30, 2023:

€'000	September 30, 2024	September 30, 2023
Other current financial liabilities		
Contingent considerations	4,789	4,854
Debtors with credit balances	5,238	6,784
Accrued interest	394	1,160
Other current financial liabilities	762	965
Derivative financial instruments (currency hedge)	442	916
Total	**11,625**	**14,679**

Debtors with credit balances mainly include liabilities with a payment term of less than one year. The decrease in accrued interest is due to the early repayment of the syndicated loan in September 2024 (see Note (14)).

Other non-current financial liabilities comprise the following as of September 30, 2024 and September 30, 2023:

€'000	September 30, 2024	September 30, 2023
Other non-current financial liabilities		
Contingent considerations	3,295	8,534
Other non-current financial liabilities	457	734
Other liabilities in connection with business combinations	4,314	4,504
Derivative financial instruments (currency hedge)	259	360
Derivative financial instruments (interest rate hedge)	488	-
Total	**8,813**	**14,132**

The decline in long-term contingent considerations is mainly due to significant components falling due within the next 12 months.

Other liabilities in connection with business combinations include obligation to acquire non-controlling interests.

(19) Other liabilities

Other current liabilities comprise the following as of September 30, 2024 and September 30, 2023:

€'000	September 30, 2024	September 30, 2023
Other current liabilities		
Liabilities from other taxes	4,767	3,602
Liabilities and accruals in respect of employees	26,600	29,388
Customer contract obligations	1,362	1,467
Other liabilities	534	527
Total	**33,263**	**34,984**

Liabilities and accruals in respect of employees include accruals for unused leave, bonuses, commission and compensation, travel expenses and other liabilities to employees that have been incurred but not yet settled with Brainlab as of September 30, 2024 and September 30, 2023, respectively.

Other liabilities mainly include liabilities for social security.

The previous year's figures have changed due to a reclassification. For further information refer to the Note (13).

Other non-current liabilities comprised the following as of September 30, 2024 and September 30, 2023:

€'000	September 30, 2024	September 30, 2023
Other non-current liabilities		
Liabilities in respect of employees	1,929	1,756
Customer contract obligations	984	959
Other liabilities	144	186
Total	**3,057**	**2,910**

Accruals in respect of employees mainly include bonuses in connection with business combinations, which are subject to the application guidelines of IAS 19.

(20) Equity

As of September 30, 2024 the Company's share capital amounts to € 18,864,457 and is composed of 18,864,457 no-par value registered shares with a theoretical nominal value of € 1 per share. All shares are issued and deposited in full. Each share entitles the registered bearer to one vote and bears dividend rights. There are no voting right restrictions.

The item "Revenue reserve" comprises the accumulated net profit/loss of consolidated companies from previous fiscal years, less any undistributed profits of consolidated companies from previous fiscal years, and the net profit/loss for the fiscal year under review.

The item "Reserve from changes in fair value" includes the revaluation reserve for financial assets measured at fair value through other comprehensive income.

The item "Revaluation reserve (pensions)" recognizes gains and losses on the revaluation of defined benefit pension plans in accordance with IAS 19 Employee Benefits.

The currency translation reserve includes differences arising from foreign currency translation. These differences arise in part due to the fact that assets and liabilities denominated in foreign currency are translated using the exchange rates prevailing at the end of the reporting period, while expenses and income, on the other hand, are translated at average exchange rates.

Authorized capital

Pursuant to a resolution of the Annual General Meeting on March 3, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital, on one or several occasions up until March 2, 2026, by a total of up to € 9,432,228, by issuing new, no-par value registered shares (ordinary shares) against cash and/or contributions in kind (Authorized Capital 2022/1).

The following shall apply to the Authorized Capital 2022/1:

Each shareholder shall in principle be granted a subscription right. However, the Management Board is authorized, with the consent of the Supervisory Board in each case, to exclude shareholders' statutory subscription rights in order to issue the new shares as part of a capital increase against contributions in kind for the purchase of companies, parts of companies or equity interests in companies, or receivables from the Company or other investable assets. The Management Board is further authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases. Insofar as the Management Board does not make use of the above authorizations to exclude subscription rights, shareholders' subscription rights may only be excluded for fractional amounts. The Management

Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the capital increase and its implementation.

Non-controlling interests

Non-controlling interests include shares of third parties in the equity of the consolidated subsidiaries Brainlab Ltd. (Hong Kong), Brainlab Ltda. (Brazil), medPhoton GmbH (Austria), Brainlab Sales (Thailand) Co., Ltd. (Thailand) and Immersive Surgical Ltd.. The holdings of other shareholders in Brainlab Ltd. (Hong Kong) and Brainlab Ltda. (Brazil) are negligible and are therefore not recognized in the financial statements.

Capital reserve

Pursuant to legal requirements, the capital reserve is set up within the scope of capital increases as the difference between the nominal amount of the issued shares and the issue price.

Miscellaneous

The changes in the equity structure in fiscal years 2023/24 and 2022/23 are recognized in the consolidated statement of changes in equity.

Appropriation of profit

Brainlab AG did not distribute a dividend in fiscal year 2023/24 for the fiscal year ended September 30, 2023. The Management Board proposes not to distribute a dividend for the fiscal year to September 30, 2024.

Shareholdings above thresholds

EMH GP I GmbH, EMH Founders GmbH & Co. KG, EMH Partners GmbH, Aragon GmbH and Mr. Maximilian Kuss have informed us of the following in accordance with Section 20 (1) and (3) AktG:

1. EMH GP I GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Digital Growth Fund GmbH & Co. KG, domiciled in Munich (“EMH Fund KG”), EMH Invest I GmbH & Co. KG, domiciled in Munich (“EMH Invest I KG”), and EMH Invest II GmbH & Co. KG, domiciled in Munich (“EMH Invest II KG”), are attributable to EMH GP I GmbH.

2. EMH Founders GmbH & Co. KG, c/o EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to EMH Founders GmbH & Co. KG.

3. EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to EMH Partners GmbH via EMH Founders GmbH & Co. KG and EMH GP I GmbH.

4. Aragon GmbH, c/o Eger Färber Aicher Steuerberater Sozietät, Gabelsbergerstraße 1, 83022 Rosenheim indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to Aragon GmbH via EMH Founders GmbH & Co. KG, EMH GP I GmbH and EMH Partners GmbH.

5. Mr. Maximilian Kuss, c/o EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly holds more than one quarter of the shares in Brainlab AG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to Mr. Kuss via EMH Founders GmbH & Co. KG, EMH GP I GmbH, EMH Partners GmbH and Aragon GmbH.

Notes to the consolidated income statement

(21) Revenue from contracts with customers

Group revenue refers to revenue from contracts with customers in accordance with IFRS 15. Revenue increased significantly by 9.6% compared with the previous fiscal year and comprised the following in fiscal years 2023/24 and 2022/23:

For the twelve months ended September 30, 2024	Segments				
€'000	Spinal and Cranial Surgery	Other Surgery	Radiosurgery	Healthcare Platform	Total
Type of goods and services					
Revenue from product sales	237,065	20,049	70,081	8,147	335,342
Revenue from services	72,637	5,515	41,297	8,156	127,605
of which service agreements	60,515	3,294	32,159	2,075	98,043
of which other services	12,123	2,221	9,139	6,081	29,564
Revenue from development contracts	7,320	-	-	-	7,320
Total	**317,022**	**25,564**	**111,378**	**16,303**	**470,267**
Geographic markets					
Asia/Pacific	37,308	1,167	20,320	-	58,795
Europe and Rest of World	158,439	8,884	40,203	6,851	214,377
North America	121,575	15,213	50,855	9,452	197,095
Total	**317,322**	**25,264**	**111,378**	**16,303**	**470,267**
Date of revenue recognition					
Goods and services transferred at a certain date	238,794	17,077	77,011	5,555	338,437
Goods and services transferred over a certain period of time	78,228	8,487	34,367	10,748	131,830
Total	**317,022**	**25,564**	**111,378**	**16,303**	**470,267**

For the twelve months ended September 30, 2023	Segments				
€'000	Spinal and Cranial Surgery	Other Surgery	Radiosurgery	Healthcare Platform	Total
Type of goods and services					
Revenue from product sales	217,444	15,859	65,895	10,307	309,505
Revenue from services	66,902	4,944	37,839	7,104	116,789
of which service agreements	55,607	3,475	31,517	1,434	92,033
of which other services	11,295	1,469	6,321	5,671	24,756
Revenue from development contracts	2,934	-	-	-	2,934
Total	**287,280**	**20,803**	**103,734**	**17,411**	**429,228**
Geographic markets					
Asia/Pacific	32,343	891	18,685	-	51,919
Europe and Rest of World	134,780	8,754	44,692	7,097	195,323
North America	120,157	11,158	40,357	10,314	181,986
Total	**287,280**	**20,803**	**103,734**	**17,411**	**429,228**
Date of revenue recognition					
Goods and services transferred at a certain date	218,154	12,672	70,488	7,019	308,333
Goods and services transferred over a certain period of time	69,126	8,131	33,246	10,392	120,895
Total	**287,280**	**20,803**	**103,734**	**17,411**	**429,228**

Revenue from product sales includes revenue from hardware and software sales, service agreements include primarily maintenance and support, other services include basically revenue from installation, training and consulting.

Revenue from contracts with customers includes revenue from temporary software licenses in the amount of € 89,138 thousand (previous fiscal year: € 82,379 thousand).

The transaction price allocated to the (unfulfilled or partially unfulfilled) remaining performance obligations (orders on hand) is broken down as of September 30, 2024 and September 30, 2023 as follows:

€'000	September 30, 2024	September 30, 2023
within one year	208,599	214,802
in more than one year	104,390	95,088
Total	**312,989**	**309,890**

The contract liabilities recognized at the beginning of the reporting period generated revenue of € 43,560 thousand (previous fiscal year: € 36,503 thousand) in fiscal year 2023/24.

Contract initiation costs (in particular sales commission paid to employees in advance) in the amount of € 3,411 thousand (previous fiscal year: € 3,277 thousand), for which no revenue has been recognized yet, are carried as other current assets.

(22) Cost of goods sold

The cost of goods sold amounts to € 176,402 thousand in fiscal year 2023/24. This corresponds to a year-on-year increase of 9.4% (previous fiscal year: € 161,192 thousand).

The cost of goods sold includes personnel expenses and depreciation/amortization:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Included in cost of goods sold		
Personnel expenses	**-61,180**	**-56,532**
of which wages and salaries	-50,295	-46,416
of which social security contributions	-9,425	-8,526
of which expenses for obligations after termination of the employment contract	-569	-607
of which other operating expenses	-891	-983
Depreciation and amortization	**-4,211**	**-4,160**

The cost of materials included in the cost of goods sold amounts to € 93,591 thousand in fiscal year 2023/24 (previous fiscal year: € 84,882 thousand).

(23) Operating expenses

Operating expenses in fiscal year 2023/24 and 2022/23 comprise the following:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Selling, general and administrative expenses	-193,443	-184,212
Research and development expenses	-86,095	-75,032
Other operating expense	-29,026	-24,480
Total	**-308,564**	**-283,724**

For consistent presentation of the costs of the functional areas, the item "Research and development expenses" also includes amortization of capitalized development costs.

Operating expenses in fiscal years 2023/24 and 2022/23 include personnel expenses and write-downs in the following amounts:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Included in selling, general and administrative expenses		
Personnel expenses	**-111,489**	**-106,264**
of which wages and salaries	-89,175	-85,718
of which social security contributions	-13,392	-12,199
of which expenses for obligations after termination of the employment contract	-2,855	-2,342
of which other operating expenses	-6,067	-6,005
Depreciation and amortization	**-22,044**	**-22,144**
Included in research and development expenses		
Personnel expenses	**-81,625**	**-76,737**
of which wages and salaries	-68,243	-64,367
of which social security contributions	-11,327	-10,332
of which expenses for obligations after termination of the employment contract	-278	-279
of which other operating expenses	-1,777	-1,759
Depreciation and amortization	**-34,794**	**-31,141**

Own work capitalized mainly relates to the research and development area and reduces functional costs, for example in relation to the personnel expenses incurred. Personnel expenses are therefore higher overall (see table above) than research and development expenses in fiscal year 2022/23.

Personnel expenses in fiscal years 2023/24 and 2022/23 comprise the following:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Personnel expenses	**-254,294**	**-239,533**
of which wages and salaries	-207,713	-196,501
of which social security contributions	-34,144	-31,057
of which expenses for obligations after termination of the employment contract	-3,702	-3,228
of which other operating expenses	-8,735	-8,747

Personnel expenses arose for the following average number of employees by area at the end of the fiscal year. Starting with the present fiscal year, the average number of employees in the fiscal year is shown here:

	September 30, 2024	September 30, 2023
Operations and Support (cost of goods sold)	794	759
Sales and Marketing	729	681
Research and development	853	826
Total	**2,376**	**2,266**

As of September 30, 2024, Brainlab employed 2,370 employees (previous fiscal year 2,318 employees).

(24) Other operating income and expenses

Other operating income comprises the following:

For the twelve months ended		
€'000	**September 30, 2024**	**September 30, 2023**
Foreign currency gains	7,001	10,294
Gains on hedges	4,231	8,186
Income from the reversal of provisions/liabilities	3,701	3,217
Gains on financial instruments	3,060	1,624
Income from the reversal of valuation allowances on receivables	554	1,423
Prior-period income	862	763
Government grants	515	567
Miscellaneous other operating income	2,341	2,726
Total	**22,265**	**28,800**

The gains on financial instruments in fiscal year 2023/24 mainly result from the measurement of financial liabilities for contingent consideration in connection with business combinations and the measurement of a long-term tax-advantaged plan (409 A) for employees of an affiliated company.

Government grants mainly consist of government subsidies for research and development.

Other operating expenses comprise the following:

For the twelve months ended		
€'000	**September 30, 2024**	**September 30, 2023**
Foreign currency exchange losses	-15,300	-15,394
Impairment losses	-10,727	-5,132
Losses on hedges	-2,633	-2,619
Losses on financial instruments	-350	-1,317
Miscellaneous other expenses	-16	-18
Total	**-29,026**	**-24,480**

In the 2023/24 fiscal year, an impairment of goodwill in the amount of € 8,562 thousand (previous fiscal year: € 5,132 thousand) was recognized. Additionally a further impairment loss in the amount of € 2,165 thousand concerning goodwill was recognized in connection with the sale of assets and liabilities (see Note (10)).

The losses on financial instruments include measurements of financial liabilities for contingent consideration relating to business combinations.

A net loss of € 6,701 thousand was incurred in connection with foreign currencies (including currency hedges) in the 2023/24 fiscal year (previous fiscal year: € 467 thousand profit) The development of foreign currency gains and losses is mainly attributable to the performance of the U.S. dollar.

(25) Financial income and financial expense

Financial income and financial expenses in fiscal years 2023/24 and 2022/23 are as follows:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Interest and similar income	703	557
Income from discounting and compounding	283	724
Total financial income	**986**	**1,281**
Interest and similar expenses	10,564	6,368
Expenses from discounting and compounding	2,230	3,621
of which from leasing	669	779
Total financial expenses	**12,794**	**9,989**

Financial income is composed of interest income for cash and cash equivalents and income from the discounting of non-current trade receivables and contract assets.

Financial expenses mainly include finance costs for interest-bearing loans and borrowings and expenses from the adjustment of capital costs for the valuation of purchase price retentions and contingent considerations. The increase is mainly due to higher interest-bearing loans and borrowings.

(26) Income taxes

From fiscal year 2022/23 the average tax rate applicable for the Brainlab Group is calculated from the weighted tax rates applicable for the companies included in the consolidated financial statements.

The actual income tax expense in fiscal year 2023/24 amounted to € 4,104 thousand (previous fiscal year: € 3,301 thousand). The total amount recognized for the actual income tax expense includes prior-period tax income of € 20 thousand (previous fiscal year: € 1,968 thousand).

The change in the actual income tax expense, taking into account the change in consolidated profit, is mainly attributable to elimination of the special effect of taxes relating to other periods. There was also a deferred tax expense of € 3,396 thousand (previous fiscal year: expense of € 11,431 thousand). The total tax expense thus amounted to € 7,500 thousand (previous fiscal year: € 14,732 thousand), which includes prior-period tax expense for previous fiscal years in the amount of € 1,841 thousand (previous fiscal year: income of € 2,896 thousand). In fiscal year 2023/24, there were tax expenses as a result of changed tax rates in the amount of € 584 thousand (previous fiscal year: expense of € 7 thousand). These result from the adjustment in the tax rate of Snke, Inc. The deferred tax expenses offset directly against equity amounted to € 36 thousand (previous fiscal year: expense of € 117 thousand).

The deferred taxes result from differences in the following items:

For the twelve months ended	**September 30, 2024**			
€'000	**Deferred tax assets**	**Deferred tax liabilities**	**Total change**	**of which recognized in other comprehensive income**
Fixed assets	3,063	66,705	6,585	44
Inventories	544	1,645	671	158
Receivables	4,680	378	-795	-31
Other assets	293	1,682	-1,352	74
Liabilities to banks	-	344	300	-
Prepaid expenses	1,298	-	-205	-4
Loss carryforwards/tax credits	2,355	-	-781	-170
Provisions	890	2,601	-404	-81
Liabilities	22,900	293	-790	-104
Deferred revenue and deferred cost of goods sold	2,723	139	79	25
Gross value	**38,747**	**74,286**	**3,307**	**-88**
Netting	-26,996	-26,996		
Carrying amount	**11,751**	**47,290**		
Net liability position		**35,539**		

For the twelve months ended	September 30, 2023			
€'000	Deferred tax assets	Deferred tax liabilities	Total change	of which recognized in other comprehensive income
Fixed assets	1,925	58,981	15,231	-404
Inventories	4,013	506	-1,489	11
Receivables	-	431	542	28
Other assets	238	3,478	-1,180	-23
Liabilities to banks	-	44	-48	-
Prepaid expenses	1,093	-	204	2
Loss carryforwards/tax credits	1,574	-	10,517	1,023
Provisions	759	2,874	-21	69
Liabilities	21,859	42	-11,832	40
Deferred revenue and deferred cost of goods sold	2,666	3	268	15
Gross value	**34,129**	**66,359**	**12,309**	**879**
Netting	-8,911	-8,911		
Carrying amount	**25,218**	**57,448**		
Net liability position		**32,232**		

Overall, the net liability position for deferred taxes (net liabilities of € 35,539 thousand) increased by € 3,307 thousand compared with € 32,232 thousand in the previous fiscal year (previous fiscal year: increase of € 12,309 thousand). An amount of € -88 thousand (previous fiscal year: € 879 thousand) is attributable to effects recognized in other comprehensive income.

Temporary differences relating to investments in subsidiaries, for which no deferred tax liabilities were recognized, amounted to a total of € 7,583 thousand (previous fiscal year: € 7,235 thousand).

Deferred tax assets were only recognized for deductible differences and tax losses brought forward if their realization was sufficiently probable. Future taxable profits shall be determined based on the reversal of taxable temporary differences. If the amount is not sufficient to capitalize deferred tax assets in full, future taxable profits will be calculated – taking the reversal of temporary differences into account – based on the individual business plans of the subsidiaries. Deferred tax assets shall be reviewed on each reporting date and reduced to the extent that it is no longer probable that the associated tax benefit will be realized. As of September 30, 2024 no deferred tax assets were recognized on deductible differences in the amount of € 10,635 thousand (previous fiscal year: € 2,304 thousand). Deferred tax assets on loss carryforwards/tax credits (€ 2,355 thousand, previous fiscal year: € 1,575 thousand) were recognized for the subsidiaries Brainlab Italia s.r.l., (Italy),Brainlab Sales Malaysia Sdn (Malaysia), Brainlab K.K., (Japan), Brainlab Robotics GmbH (Germany) and Brainlab Ltda, Brazil. The capitalized loss carryforwards of € 4,731 thousand as at 30 September 2024 are indefinite.

As of September 30, 2024 the Company had the following tax losses brought forward, for which no deferred taxes have been set up:

€'000	September 30, 2024	September 30, 2023
Brainlab Sales GmbH	120	120
Brainlab Inc., USA (tax group)	32,233	49,455
Brain-Pulse, Inc., USA	32,577	33,870
Brainlab SARL, France	888	278
Brainlab Ltda., Brazil	1,650	1,388
Snke Inc, USA	11,068	8,273
Immersive Surgical Ltd., Israel	2,480	-
Digital-OR Solutions GmbH	2	-
Brainlab Ltd., Israel	70	-
Total	**81,087**	**93,384**

Of the loss carryforwards existing Group-wide as of September 30, 2024 no deferred tax assets were set up in the amount of € 81,087 thousand (previous fiscal year: € 93,384 thousand).

Utilization of € 24,719 thousand (previous fiscal year: € 35,106 thousand) of the non-capitalized losses carried forward is subject to certain time limits.

€'000	Losses carried forward with time limit
Utilization from 2025 until 2029	1,506
Utilization from 2030 until 2034	5,077
Utilization from 2035 until 2038	18,136
Total	**24,719**

These are loss carryforwards of Brainlab, Inc, USA (including its controlled company Snke Xplore. Inc, USA), Brain-Pulse, Inc, USA and Snke, Inc, USA. Losses from calendar year 2018 may be carried forward indefinitely.

The total tax expense for fiscal year 2023/24 of € 7,500 thousand (previous fiscal year: tax expense of € 14,732 thousand) was € 9,994 thousand higher (previous fiscal year: € 12,853 thousand higher) than the expected tax income of € 2,493 thousand (previous fiscal year: tax expense of € 1,879 thousand) that would have resulted had an expected average tax rate been applied to the Group's pre-tax earnings.

This average tax rate is calculated from the weighted applicable tax rates of the companies included in the consolidated financial statements and amounted to 12.08% in the 2023/24 fiscal year (previous fiscal year: 45.86%, fiscal year 2021/22: 32.98%).

The reasons for the difference between the expected and total tax expense are shown in the following reconciliation account: They mainly relate to the impairment of goodwill (permanent differences) and the non-capitalization of deferred taxes on losses of the companies in the USA.

€'000	September 30, 2024	September 30, 2023
Earnings before income taxes	-5,933	4,097
Expected tax income (-) / tax expense (+)	-717	1,879
Differences from foreign tax rates and currency effects	-350	835
Permanent differences	4,966	2,204
Tax effects on:		
Prior-period income taxes	1,841	-2,896
Tax rate adjustment	585	-7
Non-capitalized loss carryforwards and corrections	4,423	12,786
Use of non-capitalized loss carryforwards	-3,255	-
Utilization and capitalization of deferred taxes on loss carryforwards	-	78
Other	7	-145
Total tax expense	**7,500**	**14,732**
Effective tax rate in %	**-126.41**	**359.53**

(27) Earnings per share

Earnings per share is calculated in accordance with IAS 33 – Earnings per Share, by dividing net profit for the period by the weighted average number of shares.

The table below shows the calculation of basic and diluted earnings per share for fiscal years 2023/24 and 2022/23:

For the twelve months ended		
€	**September 30, 2024**	**September 30, 2023**
Basic earnings per share		
Net profit/loss attributable to the ordinary shareholders of the parent company	-14,058,878	-10,721,555
Weighted average number of shares - basic	18,864,457	18,864,457
Basic earnings per share	**-0.75**	**-0.57**
Diluted earnings per share		
Net profit/loss attributable to the ordinary shareholders of the parent company	-14,058,878	-10,721,555
Weighted average number of shares - diluted	18,864,457	18,864,457
Diluted earnings per share	**-0.75**	**-0.57**

(28) Information on the statement of cash flows

The changes in financial liabilities that lead to cash flows from financing activities are presented in the table below:

			Non-cash change		
€'000	**Balance as of October 1, 2023**	**Cash changes**	**Currency effects**	**Other changes**	**Balance as of September 30, 2024**
Interest-bearing loans and borrowings	149,199	58,424	-	-2,183	205,440
Lease liabilities	50,597	-	-	-4,286	46,311
Non-current financial liabilities	**199,796**	**58,424**	**-**	**-6,469**	**251,751**
Interest-bearing loans and borrowings	34,653	-19,653	-	1,475	16,475
Lease liabilities	11,421	-13,098	-354	14,405	12,374
Current financial liabilities	**46,074**	**-32,751**	**-354**	**15,880**	**28,849**
Total	**245,870**	**25,673**	**-354**	**9,411**	**280,600**

The changes in financial liabilities from the previous fiscal year which lead to cash flows from financing activities are presented in the table below:

			Non-cash change		
€'000	**Balance as of October 1, 2022**	**Cash changes**	**Currency effects**	**Other changes**	**Balance as of September 30, 2023**
Interest-bearing loans and borrowings	72,908	53,823	-	22,468	149,199
Lease liabilities	54,860	-	-	-4,263	50,597
Non-current financial liabilities	**127,768**	**53,823**	**-**	**18,205**	**199,796**
Interest-bearing loans and borrowings	39,039	17,945	-	-22,331	34,653
Lease liabilities	11,389	-12,523	-1,274	14,608	11,421
Current financial liabilities	**50,428**	**4,643**	**-1,274**	**-7,723**	**46,074**
Total	**178,196**	**58,466**	**-1,274**	**10,482**	**245,870**

The previous year's figures for current and non-current interest-bearing loans and borrowings have changed accordingly by € 24.6 million due to a reclassification from non-current to current (see Note (14)).

(29) Segment reporting

The following segment information has been prepared in accordance with IFRS 8 – Operating Segments. The accounting and valuation principles applied by the operating segments correspond to those discussed in the notes on "Key accounting and valuation principles".

For management purposes, the Group is organized into business units based on product and service groups. The Company's main customers worldwide are public and private hospitals, surgical centers and university hospitals.

In fiscal year 2023/24 a change in the segment structure was made to meet requirements of Chief Operating Decision Maker (CODM) concerning company structure. After this change it is reported for four segments “Spinal and Cranial Surgery”, “Other Surgery”, “Radiosurgery” and “Healthcare Platform”. The new structure complies with resource allocation and allows assessment of profitability of the individual segments.

Spinal and Cranial Surgery

Brainlab's image-guided navigation systems provide high-precision and real-time information which support decision-making during spinal and neurosurgical procedures. Complex procedures can be planned and simulated based on a 3-dimensional digital model of the patient. The entire treatment process is fully supported by the integration of intraoperative imaging devices, neuromonitoring, robotics and mixed reality.

Other Surgery

The product portfolio covers the clinical disciplines of sports medicine, ENT, orthopedic surgery, trauma surgery and cardiovascular procedures. Instead of focusing on depth in individual disciplines, the main emphasis is on offering the broadest possible portfolio of partial solutions that support server-based navigation, documentation, collaboration and process control.

Radiosurgery

Brainlab software, hardware and state-of-the-art tracking technologies ensure a high level of precision in treatment planning and submillimetric precision during irradiation of tumors in the head, spine, prostate, breast and lungs. These solutions are very specifically tailored to the respective clinical requirements of individual indications.

Healthcare Platform

A broadly and universally designed technology platform includes generation and updating of the digital anatomical patient model and the patient-centered orchestration of healthcare data streams. Like an "operating system for surgery", these solutions with open and standardized interfaces are made accessible not only to Brainlab but also to third parties via an open hardware platform.

For more information on the business activities of the operating segments please refer to the combined management report (see Basis of the Brainlab Group - Business).

The four segments correspond to the management structure, the distribution organization, the internal reporting system and the predominant source of risks and income of the Company. No operating segments have been aggregated to form reportable operating segments.

The management monitors earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT) of the operating segments separately, in order to make decisions on how to allocate resources and to assess the profitability of the operating segments. Segment performance is evaluated based on their respective operating results and is measured in accordance with the operating result reported in the consolidated financial statements.

Gains and losses which cannot be directly allocated to one of the operating segments Surgery, Radiosurgery and Healthcare Platform are allocated using apportionment formulas.

The results of the operating segments do not include taxes or any interest income or interest expenses that cannot be directly allocated to the segment assets.

Cash and short-term deposits and tax receivables are managed centrally and are not allocated to the individual business segments. Group financing (including financial expenses and income) and income taxes are managed on a uniform basis within the Group, and are not allocated to the individual operating segments. They are included in the reconciliation to the consolidated financial statements.

2023/24	Reportable segments						
€'000	Spinal and Cranial Surgery	Other Surgery	Radio-surgery	Healthcare Platform	Total reportable segments	Other	Total
External revenue	317,022	25,564	111,378	16,303	470,267	-	470,267
Inter-segment revenue	-	-	-	7,934	7,934		7,934
Segment revenue	**317,022**	**25,564**	**111,378**	**24,237**	**478,201**	**-**	**478,201**
Gross profit	**200,277**	**16,235**	**61,811**	**15,542**	**293,865**	**-**	**293,865**
Selling, general and administrative expenses	-116,918	-11,429	-40,367	-24,669	-193,383	-60	-193,443
Research and development expenses	-26,807	-11,055	-19,231	-29,002	-86,095	-	-86,095
Other operating income	10,260	3,032	3,313	5,557	22,162	103	22,265
Other operating expense	-11,860	-430	-4,490	-12,246	-29,026	-	-29,026
Share of profit/loss in companies accounted for using the equity method	-	-858	-	834	-1,692	-	-1,692
EBITDA	**81,029**	**670**	**17,722**	**-21,814**	**77,607**	**43**	**77,650**
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	-26,077	-5,175	-16,686	-23,838	-71,776	-	-71,776
of which impairment	-	-	-	-11,125	-11,125	-	-11,125
Bad debt allowances & depreciation of current assets	-784	-209	-403	-7	-1,403	-	-1,403
EBIT	**54,952**	**-4,505**	**1,036**	**-45,652**	**5,831**	**43**	**5,874**
Interest income	405	10	139	12	566	420	986
Interest expense	-1,251	-863	-274	-99	-2,487	-10,307	-12,794
Segment profit/(loss) before tax	**54,106**	**-5,358**	**901**	**-45,739**	**3,910**	**-9,844**	**-5,934**
Segment assets	**333,313**	**62,237**	**129,561**	**79,501**	**604,612**	**128,646**	**733,258**
Segment liabilities	**112,267**	**41,363**	**59,916**	**10,741**	**224,287**	**314,566**	**538,853**
Investments	**23,780**	**4,454**	**11,743**	**15,242**	**55,219**	**3,675**	**58,894**
of which in intangible assets	20,534	3,946	11,385	15,024	50,889	-10	50,879
of which in property, plant and equipment	3,246	508	358	218	4,330	3,685	8,015

2022/23	Reportable segments						
€'000	Spinal and Cranial Surgery	Other Surgery	Radio-surgery	Healthcare Platform	Total reportable segments	Other	Total
External revenue	287,280	20,803	103,734	17,411	429,228	-	429,228
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	**287,280**	**20,803**	**103,734**	**17,411**	**429,228**	**-**	**429,228**
Gross profit	**186,906**	**16,110**	**57,835**	**7,185**	**268,036**	**-**	**268,036**
Selling, general and administrative expenses	-111,079	-8,227	-36,214	-28,442	-183,962	-250	-184,212
Research and development expenses	-26,140	-8,699	-15,039	-25,154	-75,032	-	-75,032
Other operating income	16,817	2,905	6,054	2,451	28,227	573	28,800
Other operating expense	-10,036	-3,502	-4,466	-6,476	-24,480	-	-24,480
Share of profit/loss in companies accounted for using the equity method	-	-307	-	-	-307	-	-307
EBITDA	**82,201**	**4,404**	**22,083**	**-33,629**	**75,059**	**323**	**75,382**
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	-25,733	-6,124	-13,913	-16,807	-62,577	-	-62,577
of which impairment	-	-	-	-5,132	-5,132	-	-5,132
Bad debt allowances & depreciation of current assets	-416	-121	-74	-16	-627	-	-627
EBIT	**56,468**	**-1,720**	**8,170**	**-50,436**	**12,482**	**323**	**12,805**
Interest income	376	9	134	3	522	759	1,281
Interest expense	-915	-817	-339	-104	-2,175	-7,814	-9,989
Segment profit/(loss) before tax	**55,929**	**-2,528**	**7,965**	**-50,537**	**10,829**	**-6,732**	**4,097**
Segment assets	**290,096**	**39,104**	**121,127**	**134,430**	**584,757**	**131,493**	**716,250**
Segment liabilities	**111,151**	**52,299**	**62,045**	**12,420**	**237,915**	**268,317**	**506,232**
Investments	**22,364**	**3,164**	**14,754**	**21,230**	**61,512**	**-**	**61,512**
of which in intangible assets	16,858	2,247	13,352	20,740	53,197	-	53,197
of which in property, plant and equipment	5,506	917	1,402	490	8,315	-	8,315

In the 2023/24 fiscal year, an impairment of goodwill and capitalized development costs in the amount of € 11,125 thousand (previous fiscal year: € 5,132 thousand) was recognized in the Healthcare Platform segment. The impairment in the 2022/23 fiscal year related to goodwill. This is the result of the impairment test in the 2023/24 fiscal year (see Notes (5), (6)).

Based on the old segment structure, the following figures were reported for the 2022/23 fiscal year

€'000	For the twelve months ended September 30	Surgery	Radio-surgery	Digital Health	Total operating segments	Others	Total
Net revenue from contracts with customers	2023/23	241,876	104,330	83,022	429,228	-	429,228
Gross profit	2022/23	169,962	63,762	34,312	268,036	-	268,036
Selling, general and administrative expenses	2022/23	-91,558	-41,332	-51,072	-183,962	-250	-184,212
Research and development expenses	2022/23	-18,384	-13,878	-42,770	-75,032	-	-75,032
Other operating income/(expenses)	2022/23	4,934	2,288	-3,474	3,748	572	4,320
EBITDA	2022/23	83,212	24,346	-36,523	71,035	4,346	75,381
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	2022/23	-18,258	-13,506	-26,789	-58,553	-4,024	-62,577
of which impairment	2022/23	5,132	-	-	5,132	-	5,132
Bad debt allowances & depreciation of current assets	2022/23	-245	-101	-281	-627	-	-627
EBIT	2022/23	64,954	10,840	-63,312	12,482	323	12,805
Interest income/- expenses	2022/23	-527	-205	-926	-1,658	-7,050	-8,708
Segment profit/(loss) before tax	2022/23	64,427	10,635	-64,238	10,824	-6,727	4,097

€'000	Fiscal year	Surgery	Radio-surgery	Digital Health	Total operating segments	Others	Total
Segment assets	2022/23	255,388	125,504	203,826	584,718	131,532	716,250
Segment liabilities	2022/23	107,922	62,122	67,806	237,850	268,382	506,232
Investments	2022/23	27,642	13,045	16,554	57,241	4,271	61,512
of which in intangible assets	2022/23	24,176	12,726	15,562	52,464	733	53,197
of which in property, plant and equipment	2022/23	3,466	319	992	4,777	3,538	8,315

Reconciliation of information on reportable segments based on the figures reported in the consolidated financial statements

€'000	September 30, 2024	September 30, 2023
Revenue		
Revenue of the reportable segments	478,201	429,228
Elimination of inter-segment revenue	7,934	-
Consolidated revenue	**470,267**	**429,228**
Gross profit from sales		
Gross profit from sales of reportable segments	293,865	268,036
Elimination of inter-segment revenues	7,934	-
Elimination of inter-segment cost of goods sold	-7,934	-
Consolidated gross profit from sales	**293,865**	**268,036**
Profit before taxes		
Profit before taxes of the reportable segments	3,910	10,829
Profit before taxes of the other segments	-9,844	-6,732
Consolidated profit before taxes	**-5,934**	**4,097**
Assets		
Net assets of the reportable segments	604,612	584,757
Net assets of the other segments	128,646	131,493
Consolidated net assets	**733,258**	**716,250**
Liabilities		
Liabilities of the reportable segments	224,287	237,915
Liabilities of the other segments	314,566	268,317
Consolidated debt	**538,853**	**506,232**

2023/24 €'000 Other material items	Total reportable segments	Adjustments	Total consolidated
Interest income	566	420	986
Interest expense	-2,487	-10,307	-12,794
Depreciation/amortization	-71,776	-	-71,776
Other operating income	22,162	103	22,265
Other operating expense	-29,026	-	-29,026
Impairment losses on property, plant and equipment, intangible assets and right of use	-11,125	-	-11,125

2022/23 €'000 Other material items	Total reportable segments	Adjustments	Total consolidated
Interest income	522	759	1,281
Interest expense	-2,175	-7,814	-9,989
Depreciation/amortization	58,553	4,024	62,577
Other operating income	28,227	573	28,800
Other operating expense	-24,480	-	-24,480
Impairment losses on property, plant and equipment, intangible assets and right of use	5,132	-	5,132

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Segment profit/(loss) before tax	**3,910**	**10,829**
Selling, general and administrative expenses	-60	-250
Other operating income	103	573
Interest income	420	759
Interest expense	-10,307	-7,814
Brainlab Group earnings before tax	**-5,934**	**4,097**

Additional information

The following table shows the Group's revenue, broken down by company location. Where information is presented on a geographical basis, the revenue of a segment is based on the geographical locations of the company.

€'000	September 30, 2024	September 30, 2023	September 30, 2022
Germany	185,973	168,845	123,797
USA	196,298	182,001	159,191
UK	10,428	11,439	10,190
Italy	9,836	6,075	8,003
Japan	22,101	23,154	26,269
Australia	15,225	10,194	11,684
Hong Kong	20,108	18,200	17,760
Other countries	10,298	9,320	7,405
Total	**470,267**	**429,228**	**364,299**

The following table shows the Group's non-current assets, broken down by company location. Where information is presented on a geographical basis, the assets are based on the geographical locations of the assets.

€'000	September 30, 2024	September 30, 2023	September 30, 2022
Germany	216,183	207,459	192,543
USA	23,124	35,352	40,297
UK	195	218,547	218
Italy	1,481	652	564
Japan	608	566	984
Australia	1,085	1,289	1,010
Hong Kong	652	592	738
Other countries	17,167	15,471	14,824
Other	61,264	86,066	98,005
Total	**321,759**	**565,994**	**349,183**

The non-current assets reported here comprise property, plant and equipment, intangible assets and rights of use. Adjustments relating to Group consolidation are shown under "Other".

The offsetting within the Group is performed in accordance with the arm's length principle based on the transfer pricing principles of the Organisation for Economic Cooperation and Development (OECD).

(30) Contingent liabilities and other obligations

As of September 30, 2024 there are the following contingent liabilities:

The purchase commitment for investments as of September 30, 2024 gives rise to financial obligations in the amount of € 0.3 million (previous fiscal year: € 0.9 million). In addition, as of September 30, 2024, there were general agreements with purchase commitments with a remaining term of more than one year in the amount of € 12.3 million (previous fiscal year: € 13.2 million). The Group also has contingent liabilities amounting to € 3.1 million due to outstanding deliveries from suppliers.

The following table shows the undiscounted maximum amount for which Brainlab was liable on the balance sheet date under significant types of guarantees (including sureties) issued by banks:

€'000	September 30, 2024	September 30, 2023
Loan guarantees/sureties	1,179	1,111
Performance guarantees/sureties	6,764	4,751

The credit guarantees/sureties item shows the extent to which Brainlab is liable for financial obligations (in this case credit lines that can be utilized in variable amounts) of affiliated companies. Brainlab generally guarantees that it will meet the payment obligations of the principal debtor in the event of non-performance by the principal debtor. The maximum liability amount corresponds to the maximum amount that can be claimed.

In addition, Brainlab guarantees fulfillment of contractual obligations, mainly through performance guarantees/sureties and rental guarantees/sureties.

(31) Total auditor's fees

The total fees calculated for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft for fiscal years 2023/24 and 2022/23 amount to:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
KPMG AG Wirtschaftsprüfungsgesellschaft		
Auditing of financial statements	668	488
of which from previous fiscal years	182	19
Other services	46	46
Total	**714**	**534**

(32) Remuneration of the Management Board, Supervisory Board and related party disclosures

The total remuneration of the Management Board and Supervisory Board in accordance with IAS 24.17 is as follows in fiscal years 2023/24 and 2022/2023:

For the twelve months ended €'000	September 30, 2024	September 30, 2023
Expense for short-term payments due	1,469	2,491
Expense for payments due after termination of employment contract	112	115
Expenses from termination benefits	525	0
Expense for long-term payments due	180	420
Expense for total remuneration of the Management Board	**2,286**	**3,026**
Expense for the total remuneration of the Supervisory Board	83	83
Expense for the total remuneration of the executive bodies	**2,369**	**3,109**

The total remuneration of the Management Board and Supervisory Board pursuant to Section 314 (1) No. 6 in conjunction with Section 315e (1) HGB amounts to € 1,581 thousand (previous fiscal year: € 2,606 thousand) for the active members of the Management Board in fiscal year 2023/24. The total remuneration paid to the Supervisory Board in fiscal year 2023/22 amounted to € 83 thousand (previous fiscal year: € 83 thousand).

The total remuneration of the active members of the Management Board amounts to € 525 thousand in fiscal year 2023/24 (previous fiscal year: € 0 thousand).

One member of the Supervisory Board had a business association with the Company as an employee in fiscal years 2023/24 and 2022/23.

(33) Litigation

Brainlab is party to various litigation proceedings:

Product liability

On January 13, 2021, an action ("Action") was filed against Brainlab, Inc. ("Brainlab"), NYU Langone Health System and NYU Langone Hospitals (collectively, "NYU") and Dimitris G. Placantonakis M.C. ("Dr. Placantonakis") by a patient who underwent a brain biopsy performed by Dr. Placantonakis at NYU on October 10, 2019. Dr. Placantonakis used a Brainlab Navigation system for the procedure. The Action alleges strict product liability and negligence against Brainlab and also contains allegations against NYU and Dr. Placantonakis. Brainlab's insurer has taken over Brainlab's defense. Discovery continues with defendants' depositions proceeding. Brainlab does not expect the matter to have a material financial effect on Brainlab.

On July 13, 2022, Brainlab, Inc. was served with a complaint filed in the Superior Court of California, County of Los Angeles against Brainlab AG, Brainlab, Inc., Mike Chen, MD, Methodist Hospital of Southern California, City of Hope and Does 1 to 100 alleging wrongful death resulting from a May, 2021 craniotomy and brain biopsy and seeking compensatory damages ("Complaint"). The Complaint alleges strict liability and negligence against Brainlab AG and Brainlab, Inc. Brainlab's insurer has accepted the claim and provided defense. Brainlab was dismissed with prejudice from the case on August 13, 2024.

Intellectual property

On June 20, 2024, Brainlab AG and its wholly-owned U.S. subsidiary Brainlab, Inc. (collectively, "Brainlab") filed a complaint against Klarity Medical LLC in the U.S. District Court for the District of Delaware ("Litigation"). Brainlab asserts that Klarity manufactures patient immobilization masks for use in Brainlab's ExacTrac® and Brainlab's ExacTrac Dynamic® systems that infringe at least Brainlab's U.S. Patent Nos. 10,665,346; 10,973,486; and 11,937,985. Brainlab also asserts that Klarity infringes Brainlab's ExacTrac® and ExacTrac Dynamic® trademarks and competes against Brainlab using unlawful and deceptive trade practices. Klarity's products include the Klarity Green Mask set, the Klarity Green Dynamic Mask set and the Klarity White Dynamic Mask set. Klarity has filed ananswer denying Brainlab's contentions. The Litigation is in its earliest stages. Brainlab does not at this time have enough information to value the Litigation.

Three proceedings are pending against a Brainlab trademark and one proceeding against a Brainlab patent. Brainlab does not expect a negative outcome of these proceedings to have a material adverse effect on Brainlab's financial situation.

Others

Proceedings were issued in the High Court of Ireland on July 4, 2024, by way of plenary summons by a local distributor against Brainlab Sales GmbH ("Brainlab"), the sole defendant. The proceedings concern the supply of equipment by Brainlab to a local distributor for distribution to one of its customers. The local distributor is claiming that due to alleged "compatibility issues" with third party instruments, its customer terminated its agreement with the local distributor. The local distributor alleged that this "incompatibility" constitutes a material breach of the agreement with the local distributor and gave notice of the termination of the purchase agreement with Brainlab, requesting repayment of € 733,814.97 in respect of the cost of the equipment and services purchased by the local distributor and is now pursuing declaratory reliefs, that Brainlab is to indemnify the local distributor for costs and expenses arising out of the supply of the equipment – a "consequential loss" style claim. Prior settlement discussions did not result in a resolution. At this time Brainlab cannot speculate on any outcome of this case.

Brainlab is party to eight additional lawsuits that are unlikely to have a material adverse effect on Brainlab's financial situation, regardless of their outcome.

(34) Events after the end of the reporting period

On September 29, 2024, Mr. Florian Hoffmann was appointed to the Management Board of Brainlab AG with effect from October 1, 2024.

On September 29, 2024, Mr. Tobias Schalkhaußer was appointed to the Management Board of Brainlab AG with effect from October 1, 2024.

Mr. Rainer Birkenbach was appointed Chief Executive Officer of Brainlab AG with effect from January 1, 2025. Mr. Stefan Vilsmeier remains a member of the Management Board of Brainlab AG.

Mr. Rudolf Kreitmair was appointed Chief Financial Officer of Brainlab AG with effect from January 1, 2025.

After the balance sheet date, Brainlab AG acquired 3.5% of the shares in Nexstim Plc as well as an option to acquire additional shares on November 29, 2024. The transaction was concluded for a purchase price of € 1,145 million. Furthermore, a development and distribution cooperation agreement was signed with Nexstim Plc with effect from December 1, 2024. The acquisition of the financial instrument and the conclusion of the cooperation agreement represent events after the balance sheet date that require no adjustment to the figures reported in the financial statements, as they have no impact on the figures for the past fiscal year. The financial investment and the cooperation agreement are expected to have a positive effect on the future business development of Brainlab AG. It is not currently possible to give a reliable estimate of the potential financial impact on the future financial position and results of operations. These are monitored on an ongoing basis.

Mr. Ulrich Martin Graf, EL. Ing. HTL, retired (Deputy Chairman) stepped down as a member of the Supervisory Board with effect from December 31, 2024.

Brainlab AG
Munich, February 18, 2025

Rainer Birkenbach

Chief Executive Officer

Stefan Vilsmeier

Member of the Management Board

Florian Hoffmann

Member of the Management Board

Rudolf Kreitmair

Member of the Management Board

Tobias Schalkhaußer

Member of the Management Board

Disclaimer

The following auditor's report, prepared in accordance with § 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete consolidated financial statements, comprising consolidated statement of financial position as at 30 September 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2023 to 30 September 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies, together with the combined management report of Brainlab AG, Munich for the financial year from 1 October 2023 to 30 September 2024. The combined management report is not included in this Prospectus. The following auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

Independent Auditor’s Report

To Brainlab AG, Munich

Opinions

We have audited the consolidated financial statements of Brainlab AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2023 to 30 September 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Brainlab AG and the Group (hereinafter “combined management report”) for the financial year from 1 October 2023 to 30 September 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the “Other Information” section of our auditor’s report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2024, and of its financial performance for the financial year from 1 October 2023 to 30 September 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those

components of the combined management report specified in the “Other Information” section of the auditor’s report.

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

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Other Information

Management is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- information extraneous to combined management reports and marked as unaudited.

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

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

- is materially inconsistent with the consolidated financial statements, with the information in the combined management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

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

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

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

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Munich, 18 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Rohrbach	Bergler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited Consolidated Financial Statements of the Company as of and for the year ended September 30, 2023, prepared in accordance with IFRS

Consolidated statement of financial position

ASSETS

€ '000	Notes	September 30, 2023	September 30, 2022
Current assets			
Cash and short-term deposits	(1)	86,336	66,740
Trade receivables	(2)	72,482	58,071
Contract assets	(2)	52,935	48,561
Tax receivables	(23)	2,838	2,396
Other financial assets	(7)	2,810	1,800
Other non-financial assets	(7)	15,550	15,250
Prepaid expenses		2,369	1,518
Inventories	(3)	64,830	59,742
Total current assets		**300,150**	**254,078**
Non-current assets			
Goodwill	(5),(6)	91,299	101,525
Capitalized development costs	(5)	131,076	106,281
Other intangible assets	(5)	34,218	43,008
Property, plant and equipment	(4)	28,715	31,503
Rights of use	(13)	62,358	66,866
Financial assets accounted for using the equity method	(8)	79	-
Trade receivables	(2)	1,037	3,593
Contract assets	(2)	45,023	36,146
Other financial assets	(7)	9,931	8,035
Other non-financial assets	(7)	1,673	986
Deferred taxes	(23)	10,691	15,772
Total non-current assets		**416,100**	**413,715**
Total assets		**716,250**	**667,793**

In fiscal year 2022/23, receivables from other taxes were reclassified from tax receivables to current other non-financial assets. The previous year's figures were adjusted to an insignificant extent accordingly to improve comparability.

LIABILITIES

€ '000	Notes	September 30, 2023	September 30, 2022
Current liabilities			
Trade payables		32,688	33,261
Interest-bearing loans and borrowings	(12)	10,028	39,039
Lease liabilities	(13)	11,421	11,389
Provisions	(15)	2,519	2,233
Other financial and non-financial liabilities	(16)	69,617	69,426
Tax payables		6,754	8,303
Contract liabilities	(2)	71,483	69,770
Total current liabilities		**204,510**	**233,421**
Non-current liabilities			
Interest-bearing loans and borrowings	(12)	173,824	72,908
Lease liabilities	(13)	50,597	54,860
Provisions	(15)	870	1,640
Other financial and non-financial liabilities	(16)	17,042	20,584
Contract liabilities	(2)	16,466	18,146
Deferred taxes	(23)	42,923	35,693
Total non-current liabilities		**301,722**	**203,831**
Equity	**(17)**		
Issued capital		18,864	18,864
Capital reserve		32,535	32,535
Revenue reserve		139,034	150,113
Other comprehensive income		16,464	25,995
Equity attributable to shareholders of the parent company		**206,897**	**227,507**
Non-controlling interests		3,121	3,034
Total equity		**210,018**	**230,541**
Total liabilities		**716,250**	**667,793**

In fiscal year 2022/23 liabilities from other taxes were regrouped from tax payables to other current financial and non-financial liabilities. For better comparability, the previous year's figures have been adjusted accordingly to an insignificant extent.

Consolidated income statement

For the twelve months ended € '000	Notes	September 30, 2023	September 30, 2022
Revenue	(18)	429,228	364,299
Cost of goods sold	(19)	-161,192	-148,105
Gross profit		**268,036**	**216,194**
Selling, general and administrative expenses	(20)	-184,212	-165,026
Research and development expenses	(20)	-75,032	-61,107
Other operating income	(21)	28,800	36,418
Other operating expense	(21)	-24,480	-23,554
Share of profit/loss in companies accounted for using the equity method	(8)	-307	5,210
Operating result		**12,805**	**8,135**
Financial income	(22)	1,281	1,323
Financial expense	(22)	-9,989	-5,313
Earnings before income tax		**4,097**	**4,145**
Tax expense	(23)	-14,732	-851
Net profit/loss for the period		**-10,635**	**3,294**
of which attributable to:			
Shareholders of the parent company		-10,722	3,196
Non-controlling interests		87	98
Basic earnings per share	(24)	**-0.57**	**0.17**
Diluted earnings per share	(24)	**-0.57**	**0.17**

Consolidated statement of comprehensive income

For the twelve months ended € '000	Notes	September 30, 2023	September 30, 2022
Net profit/loss for the period		-10,635	3,294
Other comprehensive income possibly to be reclassified to the income statement in subsequent periods			
Currency translation adjustment for foreign operations		-9,770	15,160
Total		**-9,770**	**15,160**
Other comprehensive income possibly to be reclassified to the income statement in subsequent periods		**-9,770**	**15,160**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			
Gains/(losses) on the revaluation of defined benefit pension plans	(14)	34	125
Income tax effect		-11	-41
Total		**23**	**84**
Gains/losses on equity instruments measured at fair value through other comprehensive income	(11)	322	150
Income tax effect		-106	-49
Total		**216**	**101**
Other comprehensive income not to be reclassified to the income statement in subsequent periods		**239**	**185**
Other comprehensive income after taxes		**-9,531**	**15,345**
Total comprehensive income after taxes		**-20,166**	**18,639**
of which attributable to:			
Shareholders of the parent company		-20,253	18,541
Non-controlling interests		87	98

Consolidated statement of cash flows

For the twelve months ended		September 30, 2023	September 30, 2022
€ '000	Notes		
Cash flows from operating activities			
Net profit/loss for the period		-10,635	3,294
adjusted for:			
Income tax expense/income tax refunds	(23)	14,732	851
Financial income/financial expense		8,708	3,990
Share of profit/loss in companies accounted for using the equity method	(8)	307	-5,210
Depreciation/amortization of property, plant and equipment, rights of use and intangible assets	(4),(5),(13)	62,577	45,456
Profit/loss from the disposal of assets		52	18
Other non-cash gains/losses		-579	-11,668
Increase/(decrease) in operating assets and liabilities			
Inventories	(3)	-6,761	-3,636
Trade receivables (net)	(2)	-15,359	-6,167
Contract assets	(2)	-18,842	-9,955
Other assets and tax receivables	(7),(23)	-252	-3,239
Prepaid expenses		-874	-299
Contract liabilities	(2)	3,923	9,772
Trade payables		-1,179	7,991
Other liabilities and tax payables	(16),(23)	-642	4,573
Deferred taxes	(23)	238	5,462
Provisions	(15)	-419	-347
Interest paid		-6,031	-2,455
Interest received		406	349
Income taxes paid	(23)	-4,701	-8,029
Income taxes received	(23)	140	5,221
Cash flows from operating activities		**24,809**	**35,972**

For the twelve months ended € '000	Notes	September 30, 2023	September 30, 2022
Cash flows from investing activities			
Purchase of property, plant and equipment	(4)	-8,302	-8,272
Proceeds from sale of property, plant and equipment	(4)	546	175
Purchase of intangible assets	(5)	-53,197	-42,613
Investment in financial assets (non-current assets)	(7),(8)	-1,163	-1,198
Proceeds from the disposal/repayment of financial assets (current assets)	(7)	-	4,459
Acquisition of a subsidiary net of acquired cash and cash equivalents	(9)	-69	-16,889
Cash flows from investing activities		**-62,186**	**-64,338**
Cash flows from financing activities			
Repayments of principal portion of lease liabilities	(13)	-12,523	-11,894
Repayment of interest-bearing loans	(12)	-25,232	-79,757
Proceeds from interest-bearing loans and borrowings	(12)	97,000	101,237
Dividend payments to shareholders of parent company	(17)	-	-5,093
Cash flows from financing activities		**59,245**	**4,493**
Group and exchange rate-related changes in cash and short-term deposits		**-2,272**	**4,679**
Increase/(decrease) in cash and short-term deposits		**21,868**	**-23,873**
Cash and short-term deposits at the beginning of the reporting period	**(1)**	**66,740**	**85,934**
Cash and short-term deposits at the end of the reporting period	**(1)**	**86,336**	**66,740**

The calculation of foreign currency effects was changed in the reporting period. The previous year's figures have been adjusted to an insignificant extent to ensure comparability.

Consolidated statement of changes in equity

€ '000	Notes	Issued capital	Capital reserve	Revenue reserve	Reserve from changes in fair value	Revaluation reserve (pensions)	Currency translation reserve	Total
October 1, 2021		**18,864**	**32,535**	**156,158**	**299**	**-142**	**10,493**	**218,207**
Net profit/loss for the period		-	-	3,196	-	-	-	3,196
Other comprehensive income		-	-	-	101	84	15,160	15,345
Total comprehensive income		**-**	**-**	**3,196**	**101**	**84**	**15,160**	**18,541**
Dividend payments	(17)	-	-	-5,093	-	-	-	-5,093
Other changes		-	-	-4,148	-	-	-	-4,148
September 30, 2022		**18,864**	**32,535**	**150,113**	**400**	**-58**	**25,653**	**227,507**
October 1, 2022		**18,864**	**32,535**	**150,113**	**400**	**-58**	**25,653**	**227,507**
Net profit/loss for the period		-	-	-10,722	-		-	-10,722
Other comprehensive income		-	-	-	216	23	-9,770	-9,531
Total comprehensive income		**-**	**-**	**-10,722**	**216**	**23**	**-9,770**	**-20,253**
Other changes	(9)	-	-	-357	-	-	-	-357
September 30, 2023		**18,864**	**32,535**	**139,034**	**616**	**-35**	**15,883**	**206,897**

in € '000	Total	Non-controlling interests	Total equity
October 1, 2021	**218,207**	**-**	**218,207**
Net profit/loss for the period	3,196	98	3,294
Other comprehensive income	15,345	-	15,345
Total comprehensive income	**18,541**	**98**	**18,639**
Dividend payments	-5,093	-	-5,093
	-4,148	-	-4,148
September 30, 2022	**227,507**	**3,034**	**230,541**
October 1, 2022	**227,507**	**3,034**	**230,541**
Net profit/loss for the period	-10,722	87	-10,635
Other comprehensive income	-9,531	-	-9,531
Total comprehensive income	**-20,253**	**87**	**-20,166**
Other changes	-357	-	-357
September 30, 2023	**206,897**	**3,121**	**210,018**

Notes to the consolidated financial statements

General information

Brainlab AG and its subsidiaries (hereinafter “Brainlab”, the “Company” or the "Group”) develop, manufacture and distribute hardware and software technology for computer-assisted medical procedures and their digitalization. The Group's product range is split into three segments: Surgery, Radiosurgery and Digital Health. Brainlab's image-guided surgery systems deliver high-precision information for surgical procedures in real time. These systems can be expanded from a single system for a single area of application through to the integrated operating room or full digital integration for a hospital. Radiosurgery applications enable high-precision treatment planning and radiation of tumors in the head, spine and lungs. Digital Health applications, developed as an open, modular platform, record, manage and display patient data in the operating room.

The Company's main customers worldwide are public and private hospitals, surgical centers and university hospitals.

The first company of the Brainlab Group was founded on August 24, 1989. The headquarters of the present Brainlab AG, entered in the commercial register of Munich under HRB 135401 on January 24, 2001, are located on Olof-Palme-Straße 9, 81829 Munich, Germany.

Brainlab markets its products worldwide in over 126 countries.

The consolidated financial statements of Brainlab AG for the fiscal year ending September 30, 2023 were approved by the Management Board for submission to the Supervisory Board on January 29, 2024.

The consolidated financial statements contain comparative information relating to the previous reporting period.

Changes in accounting policies and disclosures

New and amended standards and interpretations

The following standards and interpretations were to be applied for the first time from the beginning of the fiscal year:

- Update to IFRS 3 Business Combinations to the effect that the standard now refers to the 2018 Conceptual Framework and no longer to the 1989 Conceptual Framework; addenda in relation to the identification of acquired debt and contingent liabilities;
- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Determination of the cost of performance of the contract in connection with onerous contracts;
- Amendments to IAS 16 Property, Plant and Equipment in relation to revenue generated, before an asset is in its operating condition;
- Annual Improvements to IFRSs - 2018 to 2020 cycle; improvements to IFRS 1, IFRS 9, IFRS 16, IAS 41.

For all standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are any changes expected.

The following accounting policies have already been enacted in European law, but are not yet mandatory for Brainlab. Brainlab has not opted to voluntarily apply these policies early. These accounting policies relate in particular to the following standards:

Standard/Interpretation	**Subject/Amendment**	**Mandatory first-time application for fiscal years beginning on or after**
IFRS 17 Insurance contracts	Endorsement of IFRS 17.	January 1. 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	Amendment of IAS 1 with respect to the disclosure of key accounting and valuation principles.	January 1. 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Update to IAS 8 regarding the definition of accounting estimates.	January 1. 2023
IAS 12 Income Taxes	Update to IAS 12 with regard to deferred taxes relating to assets and liabilities arising from a business transaction.	January 1. 2023
IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts	Update to IFRS 17: First-time application of IFRS 17 and IFRS 9 – Comparative Information.	January 1. 2023

According to current knowledge, Brainlab does not expect this to have any material effects on the accounting and valuation.

Key accounting and valuation principles

Statement of compliance with IFRSs

The consolidated financial statements of Brainlab have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations promulgated by the IASB, as adopted by the EU, and the provisions of the German Commercial Code also to be applied according to Section 315e (1) HGB.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, with the exception of derivative financial instruments, plan assets and certain financial assets and liabilities, which have been measured at fair value.

The consolidated financial statements are presented in euros and figures are rounded to the nearest thousand (€ '000), except where otherwise indicated.

The accounting and valuation policies have been consistently applied by the Group for the fiscal year just ended and the previous reporting period, except as disclosed in these Notes.

Assets and liabilities are classified as either current or non-current, depending on their maturity or useful life. Current assets and liabilities have a maturity or useful life of less than one year; non-current assets and liabilities have a maturity or useful life of more than one year.

Fiscal year

The fiscal year is the twelve-month period ending on September 30. Fiscal year 2022/23 ended on September 30, 2023 and fiscal year 2021/22 ended on September 30, 2022.

Basis of consolidation

The consolidated financial statements comprise the annual financial statements of Brainlab AG and its direct and indirect subsidiaries as of September 30, 2023.

The following companies are included in the consolidated financial statements of Brainlab AG and are fully consolidated:

	Share of capital (in %)
Germany	
Brainlab Sales GmbH, Munich, Germany*	100.00
Brainlab Corporate Services GmbH, Munich, Germany*	100.00
10 Grad Event GmbH, Munich, Germany*	100.00
Brainlab Robotics GmbH, Munich, Germany*	100.00
Snke OS GmbH, Munich, Germany*	100.00
Mint Medical GmbH, Heidelberg, Germany*	100.00
Brain-Pulse GmbH, Munich, Germany*	100.00
Dr. Langer Medical GmbH, Waldkirch, Germany*	100.00
Digital-OR Solutions GmbH, Munich, Germany	100.00
Abroad	
Brainlab, Inc., Westchester, Illinois, USA	100.00
Jan Medical, Inc., Mountain View, California, USA	100.00
Level Ex, Inc., Chicago, Illinois, USA	100.00
VisionTree Software, Inc., San Diego, California, USA	100.00
Mint Medical, Inc., Hamilton, New Jersey, USA	100.00
Brainlab Ltd., Hong Kong, China	99.99
Brainlab Beijing Medical Equipment Trading Co., Peking, China	100.00
Brainlab K.K., Tokyo, Japan	100.00
Brainlab Australia Pty. Ltd., Sydney, Australia	100.00
Brainlab India Pvt. Ltd., New Delhi, India	100.00
Brainlab Ltd., Petach-Tikva, Israel	100.00
Brainlab France SARL., Paris, France	100.00
Brainlab Italia s.r.l., Milan, Italy	100.00
Brainlab Ltd., Cambridge, United Kingdom	100.00
Brainlab Ltda., Sao Paulo, Brazil	99.99
Brainlab Médica, S.L., Madrid, Spain	100.00
medPhoton GmbH, Salzburg, Austria	75.01
Immersive Surgical Ltd, Petach-Tikva, Israel	90.01
Brainlab Sales Malaysia Sdn. Bhd, Kuala Lumpur, Malaysia	100.00

*These companies meet the criteria of Section 264 (3) HGB and make use of the option of exemption from certain regulations on the preparation, audit and disclosure of the annual financial statements and management report.

Subsidiaries are fully consolidated from the acquisition date on which the Group obtains control. Control exists if the Group is able to directly or indirectly exercise power of disposition over the investee company, is exposed to fluctuating returns from its investment and can influence the amount of the returns due to its power of disposition. Full consolidation ends as soon as control is lost by the parent company.

The joint venture Beijing Nabrai Medical Technology Co., Ltd. is consolidated using the equity method (see Note (8)) and is developing a digital platform in the field of medical technology.

The following subsidiaries were founded in fiscal year 2022/23 and included in the consolidated financial statements as fully consolidated entities:

- Brainlab Sales Malaysia Sdn. Bhd, Kuala Lumpur, Malaysia, founded August 8, 2023
- Digital-OR Solutions GmbH, Munich, Germany, founded August 10, 2023
- Immersive Surgical Ltd, Petach-Tikva, Israel, founded August 23, 2023

All companies apply uniform accounting and valuation principles. If necessary, adjustments are made in line with the standard accounting policies applied within the Group.

All intragroup assets and liabilities, equity, income and expenses, as well as cash flows from business transactions executed between Group companies, are fully eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of a company acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date. The identifiable assets acquired and the liabilities assumed in a company acquisition are measured upon first-time recognition at their fair value at the acquisition date. The acquisition costs of the acquired interests are offset against the Group's share in the subsidiary's equity measured at fair value. Acquisition costs are recorded as an expense as they are incurred. Insofar as an asset-side difference remains after this offsetting, this is reported as goodwill. A negative difference is recognized immediately through profit or loss.

If the Group acquires a company it assesses the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual conditions, economic conditions and conditions prevailing at the acquisition date. In this process it is evaluated whether arrangements for contingent payments to employees or selling shareholders qualify as a contingent consideration or are considered a separate transaction.

The agreed contingent consideration is recognized at fair value at the acquisition date. A contingent consideration classified as equity is not remeasured and the subsequent settlement is recognized in equity. A contingent consideration classified as an asset or liability in the form of a financial instrument within the scope of IFRS 9 *Financial Instruments* is measured in accordance with IFRS 9 at fair value through profit or loss. All other contingent considerations that do not fall within the scope of IFRS 9 are measured at each reporting date at fair value through profit or loss.

The fair value of the contingent consideration is determined based on discounted cash flows. The basic assumptions take into account the probability of fulfillment of each performance target and the discount factor (see Notes (9), (11) and (16)).

In the event of a company acquisition, the purchase price allocation may have a material effect on the measurement of intangible assets, goodwill and the future operating result. As part of the purchase price allocation, estimates and assumptions are made about future cash flows expected from the acquired assets and about the appropriate discount factor for these cash flows. Should the future conditions differ from the expectations and assumptions of the management, significant write-downs of goodwill may be required.

The result of the acquired subsidiary is included in the consolidated income statement according to its affiliation to the Group, i.e., from the effective date of acquisition (acquisition of control).

Non-controlling interests

Non-controlling interests are initially measured at their proportionate share of the acquired entity's identifiable net assets as of the acquisition date. In subsequent periods, non-controlling interests are adjusted by the proportionate change in the subsidiary's equity.

Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item "Non-controlling interests".

Changes in the Group's stake in a subsidiary that do not result in a loss of control are recognized as equity transactions.

In the event of put options for remaining non-controlling interests being agreed within the scope of a business combination, these shall be accounted for using the present access method. The liability arising from the put option is measured upon initial recognition at the fair value of the future exercise price and is carried under non-current financial liabilities. The first-time posting and its subsequent measurement is recognized at amortized cost in equity. Insofar as the agreements give rise to claims against selling shareholders as employees that are forfeited upon termination of the employment relationship, these are accounted for separately as cash-settled share-based payments and are deducted from the liability from put options.

Joint ventures

Shares in joint ventures are accounted for using the equity method. They are initially recognized at cost, which also includes transaction costs. After first-time recognition, the consolidated financial statements contain the Group's share of other comprehensive income of the financial assets recognized using the equity method up until the point at which the significant influence or joint control ends. As part of the applicable subsequent consolidation at equity, these shares are adjusted by the pro rata change in the joint venture's equity, taking upstream and/or downstream transactions into account in accordance with IAS 28. Unrealized gains from transactions with companies accounted for using the equity method are derecognized against the investment in the amount equivalent to the Group's stake in the joint venture. Unrealized losses are eliminated in the same way as unrealized gains, but only if there is no indication of impairment.

Discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires the management to make certain discretionary decisions, estimates and assumptions that have an effect on the reported amounts of assets and liabilities, as well as on the disclosure of contingent assets and contingent liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period.

Estimates form the basis of the Company's assessment of the carrying amounts of assets and liabilities, which are not apparent from other sources. The Company bases its estimates and assessments on past experience and on other assumptions that it believes are reasonable under the circumstances. Changes in these assumptions could have material adverse effects on the financial position, the results of operations and the carrying amounts of the affected assets or liabilities of the Company in the future. Actual future results may differ from current assumptions.

The discretionary decisions, assumptions and estimates mainly relate to the following matters:

- Determination of the valuation parameters of the impairment test for the recognized goodwill (see Note (6), (9);
- Timing and fulfillment of the criteria for the initial capitalization of product development projects (see Note (5));
- Feasibility of future tax charges and tax relief (see Note (23));
- Litigation (see Note **Fehler! Verweisquelle konnte nicht gefunden werden.**);
- Objective and methods of risk management of financial instruments (see Note (10));
- Measurement of the fair value of financial instruments whose valuation parameters are not based on observable market data (see Note (11));
- Measurement of contingent considerations in connection with business combinations (see Notes (9)(9), (11));
- Determination of the expected probabilities of default in connection with the measurement of trade receivables and contract assets (see Note (2));
- Determination of parameters for inventory valuation (see Note (3));
- Estimation of the incremental borrowing rate and determination of the term of leases containing renewal and cancellation options (see Note (13)).

Other areas are also affected by estimates, such as the useful lives of non-current assets and provisions.

Foreign currency translation

Foreign currency transactions

The consolidated financial statements are prepared in euros, the functional currency and presentation currency of the Company. Transactions of the Company executed in a foreign currency are translated at the applicable exchange rate at the time of addition. Monetary items denominated in foreign currency are translated at the closing rate on the respective reporting date. Any resulting currency translation differences are recognized through profit or loss and are shown under other operating income or other operating expenses.

Foreign operations

The functional currency of each of the Company's subsidiaries is the respective local currency. The recognized assets and liabilities are translated to the Group's functional currency at the prevailing exchange rates at the end of the reporting period. Income and expenses are translated according to IAS 21.39, at the exchange rate on the transaction date. In terms of practical implementation, IAS 21.40 permits simplified translation at monthly average exchange rates. Brainlab applies this simplification. Differences arising from currency translation are taken directly to the separate item "Other comprehensive income" within equity and do not affect the income statement (see Consolidated statement of changes in equity).

The following key exchange rates were applied:

	Average exchange rate		Spot rate as of the end of the reporting period	
€	2022/23	2021/22	2022/23	2021/22
USD 1	0.937	0.921	0.944	1.026
JPY 1	0.0068	0.0075	0.006	0.007
AUD 1	0.624	0.656	0.612	0.663
HKD 1	0.120	0.118	0.121	0.131

Cash and short-term deposits

The item “Cash and short-term deposits” in the statement of financial position includes cash in hand, bank balances and short-term highly liquid deposits with a maximum term of three months that can be converted into fixed cash amounts at any time and are only exposed to a negligible risk of fluctuations in value.

The item "Cash and short-term deposits" in the consolidated statement of cash flows corresponds to the above components.

Trade receivables

A receivable is the unconditional entitlement of the Group to consideration (i.e., payment falls due automatically due to the passage of time). The accounting methods for financial assets are explained in the section “Financial instruments – initial recognition and subsequent measurement”.

Inventories

Inventories comprise raw materials, consumables and supplies, work in progress, merchandise and finished goods. They are carried at the lower of cost or net realizable value. Inventories are measured using the standard cost method. Standard costs are regularly analyzed and adjusted to current conditions, if necessary. The standard costs for raw materials, consumables and supplies and merchandise consist of directly attributable expenses. The standard costs for finished products also include material and production overheads, as well as the direct manufacturing costs.

The net realizable value corresponds to the selling price in the normal course of business, or an estimate thereof, less estimated costs of completion and the estimated selling expenses. Inventories include high-tech parts and components, which can be very specialized or can rapidly become technically obsolete. The Company has a process to optimize the necessary inventory level, and regularly checks the available inventory for surplus or outdated stock. This is based mainly on empirical values and estimates of future demand for the Company's products and thus production and spare parts requirements. Actual demand may differ from these estimates. In this case it is possible that the Company may have overestimated or underestimated the devaluation for obsolescence. This would affect the operating result.

Intangible assets

Intangible assets include patents, rights, licenses, acquired trademarks, acquired customer relationships, capitalized development costs and software, and goodwill.

Intangible assets acquired separately and not in connection with business combinations are initially measured at cost. The cost of intangible assets acquired as part of a business combination corresponds to their fair value at the acquisition date.

A distinction is made for intangible assets between assets with a limited useful life and assets with an indefinite useful life. Intangible assets with a limited useful life are written down over their useful economic life and tested for possible impairment if there are indications of impairment. An impairment test is carried out at least once a year for intangible assets with an indefinite useful life, either for the individual asset or at the level of the cash-generating unit. These intangible assets are not amortized on a scheduled basis.

The future amortization of intangible assets shall affect the future operating result.

With the exception of goodwill, a test is carried out for intangible assets at the end of each reporting period to assess whether there are indications that a previously recognized impairment loss no longer exists or has decreased. If such indicators exist, the Group makes an estimate of the recoverable amount of the asset or the cash-generating unit. Any previously recognized impairment loss is then reversed if there has been a change in the assumptions used to determine the recoverable amount since recognition of the last impairment loss. The reversal of impairment losses is limited to the extent that the carrying amount of an asset may not exceed either its recoverable amount or the carrying amount that would have resulted after taking scheduled write-downs into consideration, if no impairment loss had been recognized for the asset in previous years. A reversal of an impairment loss is recognized through profit or loss.

Goodwill

Goodwill is initially measured at cost, which is the excess of the aggregate of the consideration transferred, the amount of the non-controlling interest and previously held equity interest over the Group’s identifiable assets acquired and liabilities assumed. If the fair value of the acquired net assets exceeds the total consideration transferred, the Group shall reassess whether it has identified all acquired assets and all assumed liabilities correctly, and shall review the methods used to calculate the amounts which have to be reported at the date of acquisition. If the fair value of the acquired net assets still exceeds the total consideration transferred after this reassessment, the difference shall be recognized in the income statement.

After first-time recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired as part of a business combination is allocated, from the acquisition date, to the Group's cash-generating units that are expected to benefit from the business combination (see Note(6)). This applies, regardless of whether other assets or liabilities of the acquired company are assigned to these cash-generating units. In cases where goodwill has been allocated to a cash-generating unit and part of the operation is disposed of, then the goodwill associated with the operation that has been disposed of shall be included in the carrying amount of the operation when determining the gain or loss on the disposal of this operation.

The value of the disposed of goodwill is determined based on the relative values of the disposed of operation and the residual portion of the cash-generating unit.

Due to its indefinite useful life, goodwill is not subject to any ongoing amortization. The Company tests goodwill for signs of impairment at least once a year. A review is also carried out if circumstances indicate that goodwill might be impaired. If there are indications of impairment, any impairment of goodwill will have an effect on the future operating result. Potential impairment is determined by calculating the recoverable amount of the cash-generating unit, to which the goodwill was allocated. If the recoverable amount is less than the carrying amount of this unit, then an impairment loss will be recognized. The recoverable amount is determined based on the calculation of a value in use, using cash flow projections based on budgets prepared by the management for a period of five years. The assumptions used to calculate the value in use are subject to planning uncertainties regarding the result from ordinary business activities and estimation uncertainties of discount rates and the growth rate, which are used for extrapolation of cash flow forecasts outside the budget period. Forecasts of the result from ordinary business activities are subject to the general risks, as reflected in a business plan based on empirical data and containing forward-looking statements. The discount rates are based on the weighted average capital costs (WACC).

The weighted average capital costs take account of both borrowings and equity of the peer group. Equity costs are derived from the expected return on investment of the Group's investors. Borrowing costs are based on market yield curves for which debt service is to be paid. The sector-specific risk is incorporated by applying appropriate beta factors. The beta factors are determined annually based on publicly accessible market data. To calculate a discount rate before taxes, the discount rate is adjusted by the relevant amount and timing of future cash flows from taxes.

Any impairment of goodwill is not reversible.

Research and development

Research costs are recognized as an expense in the period in which they are incurred.

Development expenses are capitalized based on individual projects, if the Company meets the capitalization criteria for each project in accordance with IAS 38.57 - Intangible Assets. The assessment is based on the management's estimation that technical and economic feasibility has been demonstrated. This is generally the case when a product development project has reached a certain milestone in an existing project management model. For the purposes of determining the amounts to be capitalized, the management makes assumptions about the expected future cash flows from the project, the applicable discount rates and the period over which the anticipated future benefit will flow to the Company.

Following the capitalization period, the asset is carried at cost less accumulated amortization and any accumulated unscheduled write-downs. Amortization of the individual projects begins in the month of completion in each case. An impairment test is carried out at least once a year during the development phase.

Amortization of intangible assets

With the exception of goodwill and current developments, intangible assets have a limited useful life and are amortized either depending on the sales volume or on a straight-line basis over the following periods:

	Useful life in years
Computer software	2 and 8
Capitalized development projects	3-12
Trading rights and brand names	2, 10 and 15
Licenses, patents, customer relationships	2-5 and 12-15 and 18

Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful life. Cost comprises the amount paid to acquire or manufacture an item of property, plant and equipment, and costs directly attributable to readying the asset for operation, as well as the costs initially estimated for dismantling and removing the asset. Leasehold improvements are depreciated on a straight-line basis over the term of the lease or the estimated useful life, whichever is shorter.

	Useful life in years
Buildings	45
Leasehold improvements	3-20
Machinery	4
Technical equipment	2-10
Vehicles	5 - 8
Office equipment	3-10
Furniture	10
Tools	5
EDP hardware	3 and 4
Demo systems	3-10
Loaner systems	2
Operating lease systems	4-8
Prototypes	3

An impairment test is carried out for the carrying amount of property, plant and equipment, if there are indications that the carrying amount is no longer in line with the market.

If assets have to be sold or disposed of, their historical costs will be derecognized from the statement of financial position, after deduction of accumulated depreciation and any impairment. The resulting gain or loss from the disposal of non-current assets (except for demo, loaner and lease systems) is recognized in the income statement under "Other operating income" and "Other operating expenses". Expenses for maintenance and repairs are expensed in the reporting period in which they are incurred.

Revenue from the sale of demo, loaner and lease systems is recorded as revenue; its carrying amount is recorded under cost of materials.

Borrowing costs are expensed.

Impairment of intangible assets and property, plant and equipment

The Company reviews the recoverable amount of the carrying amounts of its non-current intangible assets and property, plant and equipment for impairment. During the development phase, an impairment test is carried out once a year. If the loss of value is greater than the reduction reflected in the write-down, an impairment loss will be recognized. Pursuant to IAS 36 – Impairment of Assets, an impairment loss should be recognized when the carrying amount of an asset exceeds the higher of its net realizable value or value in use. The net realizable value is the amount that can be obtained in an arm's length transaction, after deduction of selling costs. The value in use is the present value of the estimated future cash flows which can be expected from the continued use of an asset and its disposal at the end of its useful life. An impairment loss is recognized in the income statement under “Research and development expenses” or “Selling, general and administrative expenses”. If the reasons for the impairment cease to apply, the reversal of the impairment shall be recognized in income.

Leases

The Group assesses at the inception of the contract whether a contract constitutes or contains a lease. This is the case if the contract authorizes control of the use of an identified asset against payment of a fee for a certain period.

Lessee

The Group recognizes and measures all leases (with the exception of short-term leases and leases in which the underlying asset is of low value) according to a single model. It recognizes liabilities to make lease payments and rights of use for the right to use the underlying asset.

Rights of use

The Group recognizes rights of use at the commitment date (i.e., the date on which the underlying leased asset is provided for use). Rights of use are measured at cost less any cumulative write-downs and any cumulative impairment losses and adjusted for any remeasurement of the lease liabilities. The costs of rights of use include the recognized lease liabilities, the initial direct costs incurred and the lease payments made upon or prior to provision, less any lease incentives received. Rights of use are amortized on a straight-line basis over the shorter of the term and the expected useful life of the leases as follows.

The Group has lease agreements for buildings, vehicles and operating and office equipment that it uses for its business. Lease agreements for buildings have terms between two and nineteen years. The terms of leases for motor vehicles and operating and office equipment is between two and nine years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. If the title to the leased asset passes to the Group at the end of the term of the lease or the costs take the exercise of a call option into account, the write-downs are determined based on the expected useful life of the leased asset.

The Group determines the term of the lease based on the non-cancelable basic lease term and including periods arising from an option to extend the lease, insofar are is it sufficiently certain that the Group will exercise this option, or periods that arise from an option to cancel the lease, insofar as it is sufficiently certain that the Group will not exercise this option.

The Group has entered into several lease agreements that contain extension options. When assessing whether it is sufficiently certain that the option to extend the lease will or will not be exercised, the Group makes discretionary decisions. In so doing, the Group considers all relevant factors that constitute an economic incentive for it to exercise the lease extension option. After the commitment date the Group recalculates the term of the lease if a significant event or a change in circumstances has occurred that is within its control and affects whether or not it will exercise the option to renew the lease (e.g. making leasehold improvements or material adjustment to the underlying asset).

The extension periods in leases for other buildings are not taken into account in the lease terms, as it is not sufficiently certain whether the extension options will be exercised. Negotiations take place at the end of the term.

For details on the potential future lease payments for periods after the exercise date of the extension options, please refer to Note (13).

Lease liabilities

On the commitment date the Group recognizes the lease liabilities at the present value of the lease payments to be made over the term of the lease. The lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments that are tied to an index or (interest) rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a call option, if it is sufficiently certain that the Group will actually make use of this option, and penalties for canceling the lease, where the lease term accounts for the Group exercising the cancellation option.

The Group does not have any leases with variable lease payments that depend on the use of the leased asset. Several leasing contracts contain renewal and cancellation options (see Note (13)).

When calculating the present value of the lease payments the Group applies its incremental borrowing rate as of the commitment date, as the interest rate underlying the lease cannot be readily determined.

The incremental borrowing rate is the interest rate that the Group would have to pay if it borrowed the funds for a comparable term with comparable security that it would require in a comparable economic environment for an asset with a comparable value to the right of use. The incremental borrowing rate thus reflects the interest that the Group “would have to pay”. If no observable interest rates are available (e.g. for subsidiaries that do not conclude any financing transactions) or if the interest rate has to be adjusted to reflect the conditions of the lease (e.g. if the lease was not concluded in the functional currency of the subsidiary), the incremental borrowing rate must be estimated. The Group estimates the incremental borrowing rate based on observable input factors (e.g. market interest rates), if these are available and must make certain company-specific estimates (e.g. individual credit assessment of the subsidiary). In such cases, the Group uses a risk-free interest rate for the German market. Accordingly, it calculates a region-specific premium. The Group calculates the rates for the various maturity bands on a region-specific basis.

After the commitment date the amount of the lease liabilities is increased to account for the higher interest expense and decreased to account for the lease payments made. In addition, the carrying amount of the lease liabilities is recalculated in the event of changes to the lease, changes to the term of the lease, changes to the lease payments (e.g. changes to future lease payments due to a change in the index or interest rate used to calculate these payments) or a change in the measurement of a call option for the underlying asset.

Short-term leases and leases based on a low-value asset

The Group applies the short-term lease exemption for its short-term leases for machinery and equipment (i.e., leases with a maximum term of twelve months from the commitment date that do not contain a call option). The Group also applies the exemption rule for leases for items of office equipment classified as having a low value. This pertains to assets with a value of up to € 5 thousand. Lease payments for short-term leases and leases based on a low-value asset are recognized as an expense on a straight-line basis over the term of the lease.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is a contract that leads to a financial asset at one company and to a financial liability or an equity instrument at another.

Financial assets

Initial recognition and measurement

When recognized for the first time financial assets are classified for subsequent measurement either as “at amortized cost”, “at fair value through other comprehensive income” or as “at fair value through profit or loss”.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Group’s cash model for managing its financial assets. With the exception of trade receivables, which do not contain any significant financing components, the Group measures a financial asset at its fair value and in the case of a financial asset that is not measured at fair value through profit or loss, plus transaction costs. Trade receivables that do not contain any significant financing components are measured at their transaction price calculated in accordance with IFRS 15. For more details on this please refer to the accounting principles under “Revenue from contracts with customers”.

Insofar as the fair value of financial assets recognized in the statement of financial position cannot be determined based on data from an active market, the fair value is determined using valuation techniques. The model input parameters are based as far as possible on observable market data. If this is not possible, the calculation of fair values is based on discretionary judgments. Changes in the assumptions about these factors could affect the reported fair value of the financial instruments. For further information see Notes (7) and (11).

In order for a financial asset to be classified and measured “at amortized cost” or “measured at fair value through other comprehensive income”, the cash flows for a given business model must be solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is carried out at the level of the individual financial instrument.

The Group’s business model for managing its financial assets reflects how a company manages its financial assets in order to generate cash flows. Depending on the business model, the cash flows are generated through the collection of contractual cash flows, the sale of financial assets or both. Financial assets classified and measured at amortized cost are held within the framework of a business model, whose objective is to hold financial assets to collect the contractual cash flows. Conversely, financial assets classified and measured at fair value through other comprehensive income are held within the framework of a business model whose objective is both to collect contractual cash flows and to sell financial assets.

Purchases or sales of financial assets that provide for the delivery of the assets within a timeframe stipulated by regulations or conventions in the respective market (regular way purchases), are recognized on the day of trading, i.e., on the date on which the Group enters into the obligation to purchase or sell the asset concerned.

The Group assigns its debt and equity instruments to one of the following measurement categories:

- financial assets measured at amortized cost (debt instruments)
- financial assets measured at fair value through other comprehensive income without reclassification of cumulative gains and losses upon derecognition (equity instruments)
- financial assets measured at fair value through other comprehensive income with reclassification of cumulative gains and losses (debt instruments)
- financial assets measured at fair value through profit or loss

Subsequent measurement

Financial assets measured at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets to collect contractual cash flows, and
- the contractual conditions of the financial asset result in cash flows at specified times that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognized through profit or loss, if the asset is derecognized, modified or impaired.

The Group's financial assets measured at amortized cost include trade receivables and other receivables.

Financial assets measured at fair value through other comprehensive income (equity instruments)

On first-time recognition the Group may irrevocably elect to classify its equity instruments as equity instruments measured at fair value through other comprehensive income, if they meet the definition of equity pursuant to IAS 32 Financial Instruments: Presentation and are not held for trading purposes. Each instrument is classified individually. Gains and losses on these financial assets are never classified to the income statement. Dividends are recognized in the income statement as other operating income if the legal entitlement to payment exists, unless the dividends recover part of the cost of the financial asset. In this case the gains will be recognized in other comprehensive income.

The Group recognizes an unlisted equity instrument in this category.

Financial assets recognized at fair value through profit or loss

The group of financial assets measured at fair value through profit or loss includes

- financial assets held-for-trading,
- financial assets classified on first-time recognition as measured at fair value through profit or loss, or
- financial assets that are required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near term. Derivatives, including embedded derivatives recognized separately, are also classified as held for trading, with the exception of derivatives designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified, regardless of the business model, as at fair value through profit or loss, and are measured accordingly. Irrespective of the criteria explained above for the classification of debt instruments to the categories “measured at amortized cost”, or “measured at fair value through other comprehensive income”, debt instruments may be classified upon first-time recognition as measured at fair value through profit or loss if this would eliminate or significantly reduce an accounting anomaly.

Financial assets measured at fair value through profit or loss are recognized in the statement of financial position at fair value, with changes in fair value recognized on a net basis in the income statement.

This category includes derivative financial instruments which the Group has not irrevocably elected to classify as measured at fair value through other comprehensive income and debt instruments whose cash flows are not solely payments of principal and interest (SPPI) on the principal amount outstanding.

A derivative embedded in a hybrid contract that contains a financial asset as the underlying contract is not accounted for separately. The financial asset serving as the underlying contract and the embedded derivative are to be classified in their entirety as financial assets measured at fair value through profit or loss.

Recognition and derecognition

A regular way purchase or sale of financial assets is recognized on the day of trading, i.e., on the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognized if the rights to receive payment flows from the financial assets expire or have been transferred and the Group has essentially transferred all risks and rewards of ownership.

Impairment of financial assets

The Group uses a simplified method for calculating the expected credit losses on trade receivables and contract assets. It therefore does not track changes in the credit risk, but, instead, recognizes a provision for loan losses at each reporting date based on the expected credit losses over the entire term. The Group has created an allowance matrix, which is based on its previous experience with credit losses and has been adjusted for forward-looking factors specific to the borrowers and the economic environment.

The allowance ratios are determined based on the days past due for various customer segments grouped together with similar default patterns (according to criteria such as geographical region, product type, customer type and credit rating, as well as coverage by a letter of credit or other form of credit insurance). The table of allowances is initially based on the historical default rates of the Group. The Group then calibrates the table to adjust its historical credit losses to forward-looking information. If, for example, it is assumed that forecast economic conditions (such as gross domestic product) will deteriorate in the course of the coming year, which may lead to an increase in credit defaults in the manufacturing industry, then the historical default rates will be adjusted. The historical default rates are updated at the end of each reporting period and changes in forward-looking estimates are analyzed. The assessment of the relationship between historical default rates, forecast economic conditions and expected credit losses constitutes a significant estimate. The amount of the expected credit losses depends on changes in circumstances and the forecast economic conditions. The historical credit losses of the Group and the forecast economic conditions may not be representative of the actual losses of customers in the future.

For further details on the impairment of financial assets see Note (2).

Financial liabilities

Financial liabilities are classified upon first-time recognition as financial liabilities measured at fair value through profit or loss, as loans, as liabilities or as derivatives that have been designated as effective hedging instruments.

All financial liabilities are measured at fair value upon first-time recognition; in the case of loans and liabilities, at fair value less directly attributable transaction costs.

The financial liabilities of the Group include trade payables, other liabilities, interest-bearing loans and borrowings, lease liabilities, derivative financial instruments and contingent considerations arising from company acquisitions.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and other financial liabilities classified as measured at fair value through profit or loss upon first-time recognition. Financial liabilities are classified as “held for trading” if they are entered into for the purpose of buyback in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by IFRS 9. Embedded derivatives recognized separately are also classified as “held for trading”, with the exception of derivatives designated as effective hedging instruments. Gains or losses on financial liabilities held for trading are recognized through profit or loss.

The classification of financial liabilities as “measured at fair value through profit or loss” occurs upon initial recognition, provided that the criteria of IFRS 9 are met. The Group has classified the contingent considerations from business combinations as financial liabilities in the category “measured at fair value through profit or loss” (see Notes (9) and (11)).

Financial liabilities measured at amortized cost

After first-time recognition, interest bearing loans are measured at amortized cost using the effective interest rate method. Gains and losses are recognized through profit or loss if the liabilities are derecognized and, within the scope of the amortization process, using the effective interest method. Lease liabilities are also measured at amortized cost (see Note (13)).

Derecognition

A financial liability is derecognized if the underlying obligation is fulfilled, terminated or expired. If an existing financial liability is exchanged with another financial liability from the same creditor with substantially different contractual conditions, or if the conditions of an existing liability are amended significantly, such an exchange or amendment will be treated in the accounts as a derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized through profit or loss.

Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps, foreign currency forward contracts and options to hedge against changes in the interest rate and exchange rate fluctuations. These derivative financial instruments are classified as measured at fair value through profit or loss and are measured at fair value. Derivative financial instruments are carried as financial assets, if their fair value is positive, and as financial liabilities, if their fair value is negative.

The fair value of foreign currency forward contracts and interest rate swaps is calculated based on current forward exchange rates and interest rates for contracts with similar maturity profiles. The fair value of options is determined based on the market values of similar instruments.

The Company does not apply hedge accounting. Any unrealized gains and losses on hedges are recognized directly in the income statement under the items "Other operating expenses" and "Other operating income".

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts against each other and it is intended to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provisions for pensions and similar obligations

Pursuant to IAS 19R – Employee Benefits, there are defined benefit plans, which are effected in the form of direct commitments and provident funds. In order to determine the value of the pension plan obligation, an expert report is prepared annually by independent actuaries using the projected unit credit method.

The net obligation is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine the present value. The fair value of the plan assets is offset against the corresponding obligation. At the end of the reporting period Brainlab had a defined benefit asset.

The contributions for pension plans are included in personnel expenses. Revaluations, mainly the actuarial gains and losses are recognized in full in the statement of financial position in the reporting period in which they occur, and are carried under other comprehensive income. The interest rate applied to discount post-employment benefit obligations and to pay interest on the plan assets shall be determined on the basis of the returns generated in the market at the end of the reporting period on first-class, fixed-interest corporate bonds.

Net interest is determined by applying this interest rate to the balance of defined benefit obligations and plan assets, and is then recognized in the financial result.
Pension commitments are determined on the basis of the biometric assumptions according to the mortality tables by Prof. Dr. Klaus Heubeck (Heubeck-Richttafeln 2018 G).

In addition, defined contribution plans exist via direct insurance, which are recognized directly as expenses in the income statement.

There is a long-term tax-advantaged plan (409 A) for employees. Liabilities and receivables are entered at their equivalent fair value. The bonus plan does not give rise to any liabilities that differ from the fair value of the plan assets.

Government grants

Government grants are recognized in accordance with IAS 20.7 if there is adequate assurance that the grants will be awarded and that the Company meets the associated requirements. Grants are recognized as other operating income over the period that is necessary to offset the grant against the costs it is intended to compensate.

Revenue from contracts with customers

The application of IFRS 15 requires a five-stage approach:

- Identification of the contract
- Identification of the performance obligations
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue upon fulfillment of the performance obligation

The Company's business transactions include the sale of products (hardware and software), services (consulting, training and maintenance) and multiple-element arrangements, which may consist of the supply of several individual products and/or services (construction contracts). In addition, revenue from license agreements (rights of use/access to hardware and/or software components) and software-as-a-service agreements and revenue from development contracts are recognized in revenue. This results in several definable performance obligations, each of which should be considered separately under IFRS 15.

Contracts pertaining to the sale of products and services as a bundle consist of (at least) two performance obligations, as the commitments to transfer systems and provide services are independently definable and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative individual selling prices of the system and the service.

In addition, a distinction must be made for the various performance obligations between revenue recognition at a specific point in time or over a period of time.

Revenue recognition at a specific point in time

Brainlab recognizes revenue from the sale of hardware as soon as control over the asset has been transferred to the customer. Revenue from licensing rights to use software components are recognized at the point of contract fulfillment. In the case of sales via certified distributors control is transferred upon delivery. Where installation at the customer is agreed as an integral part of the sale of a product, the proceeds and cost of sales will be recognized upon completion of the installation.

Revenue recognition over a period of time - Provision of services

The Group provides services which are sold to customers either individually or as a bundle together with the sale of products.

Revenue from services is recognized upon rendering of the service. Income from service agreements is recognized on a straight-line basis over the term of the agreement. Revenue from licensing for access rights to software components and a 24-hour hotline as well as software-as-a-service services are recognized on a straight-line basis over the period of the agreement, taking the contractually agreed term into consideration.

Contract balances

Contract assets

A contract asset is the entitlement to receive a consideration in exchange for goods or services that have been transferred to a customer. If the Group meets its contractual obligations by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the contingent claim to consideration.

The contract assets classified as non-current are discounted.

Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer, from whom the Group has received or is to receive a consideration. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when payment is made or falls due (whichever occurs first). Contract liabilities are recognized as revenue as soon as the Group has fulfilled its contractual obligations.

The contract liabilities classified as non-current are discounted.

Offsetting contract assets against contract liabilities

If there are both contract assets and contract liabilities from advance payments received for one and the same customer order, these items are netted in the amount of the lower reported amount from the contract asset and contract liability.

Contract initiation costs

The Group pays its employees sales commission for each contract they win for the bundled sale of equipment and installation services. This sales commission is recognized as an expense at the point of revenue recognition. In cases where sales commission has already been paid before the revenue from the underlying customer contract has been recognized through profit or loss, the sales commission paid is carried under prepaid expenses, which are included in other non-financial assets.

Sales commission for the conclusion of maintenance service contracts is recognized immediately as an expense for practicality reasons.

Provisions

General

A provision is recognized in the statement of financial position if the Company has a legal or de facto obligation, due to a past event, if it is probable that fulfillment of the obligation will lead to an outflow of financial resources and if the amount of the obligation can be reliably determined. To the extent that the Group expects at least a partial reimbursement for a provision carried as a liability, the reimbursement shall only be recorded as a separate asset if the reimbursement is as good as certain.

The expense arising from the formation of the provision, taking the discounting of non-current provisions into consideration, is recognized in the income statement less any deductions of reimbursements.

Provisions for warranty obligations

The Company sets up provisions for the costs of product warranties upon recognition of the revenue. The product warranty costs are determined based on the Company's past experiences and the specific product specifications.

Taxes on income

All taxes on income paid or owed in the individual countries, and deferred taxes, are recognized as income taxes.

Tax receivables and tax liabilities include income tax receivables and liabilities and other taxes (including sales tax and wage tax).

Actual income taxes

The actual tax receivables and tax payables for the current and previous periods are measured in the amount expected to be received from or paid to the tax authorities, based on tax rates and tax laws prevailing at the end of the reporting period.

Actual income taxes are calculated based on the respective national tax results and regulations for the year. The actual taxes recognized in the fiscal year also include adjustment amounts for any tax payments or refunds due to years not yet fully assessed. In the event that amounts recognized in tax returns are unlikely to be realized (uncertain tax positions), tax liabilities are recognized. The amount is determined from the best possible estimate of the expected tax payment (expected value or most likely value of the uncertain tax position). Tax receivables from uncertain tax positions are recognized if it is likely that they will be realized. Only if there is a tax loss carried forward or an unused tax credit will no tax liability or tax receivable be recognized for these uncertain tax positions; instead, the deferred tax asset for unused tax losses carried forward and tax credits will be adjusted.

Deferred taxes

Deferred taxes result from temporary differences at the end of the reporting period that arise between the tax base of assets or liabilities and their carrying amounts in the statement of financial position.

Deferred tax assets are recognized for all deductible temporary differences and unutilized tax losses brought forward to the extent that it is probable that the taxable profit will be available for use, and thus the deductible temporary differences and tax losses brought forward can be utilized. Tax receivables or tax liabilities arising in connection with investments in subsidiaries or associates are recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and a taxable profit will be available to offset them.

Deferred tax assets or liabilities calculated based on the prevailing tax rates of the subsidiaries are carried in the statement of financial position as non-current assets or non-current liabilities. Any changes are recognized in the income statement.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable profit will be available, against which the deferred tax assets can be at least partially utilized. Unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent that it has become probable that a future taxable profit will enable the deferred tax asset to be realized. Deferred tax assets are only recognized for tax losses brought forward if their realization is sufficiently probable.

Deferred taxes relating to items recognized directly in equity are not recognized in the income statement, but likewise in equity.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which the asset is realized, or a liability is settled, based on tax rates (and tax laws) that apply at the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset against each other if the Group has an enforceable entitlement to offset the actual tax refund claims against actual tax liabilities, and the latter relate to taxes on income of the same taxable entity and are levied by the same tax authority.

Deferred tax assets acquired as a part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized in subsequent periods only if new information about facts and circumstances that existed at the acquisition date are obtained. The adjustment is treated either as a reduction of goodwill (not to exceed goodwill), if this is incurred during the measurement period, or through profit or loss.

Notes to the consolidated statement of financial position

(1) Cash and short-term deposits

Cash and cash equivalents comprise the following:

€ '000	September 30, 2023	September 30, 2022
Cash-in-hand	13	15
Bank balances	86,323	66,725
Total	**86,336**	**66,740**

(2) Contract balances

The asset-side contract balances are composed of the following items in the statement of financial position:

€ '000	September 30, 2023	September 30, 2022
Current receivables and contract assets	**125,417**	**106,632**
Trade receivables	72,482	58,071
Contract assets	52,935	48,561
Non-current receivables and contract assets	**46,060**	**39,739**
Trade receivables	1,037	3,593
Contract assets	45,023	36,146
Total	**171,477**	**146,371**

In fiscal year 2022/23, a valuation allowance was recognized for expected credit losses on trade receivables in the amount of € 321 thousand (previous fiscal year: € 270 thousand) and on contract assets in the amount of € 276 thousand (previous fiscal year: € 235 thousand).

As of September 30, 2023 and 2022, the age structure of the trade receivables which are past due but not impaired is as follows:

in € '000	September 30, 2023	September 30, 2022
Neither past due nor impaired	**129,625**	**115,277**
Past due but not impaired	**41,852**	**31,094**
<=90 days	31,896	24,304
91 - 365 days	9,199	6,367
>365 days	757	423
Total	**171,477**	**146,371**

If there are objective indications of impairment, the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows, with the exception of expected future credit losses that have not yet occurred. The carrying amount of the asset is reduced using an adjustment account and the impairment loss is recognized through profit or loss.

Receivables are derecognized, including the associated valuation allowance, if they are classed as uncollectible, and all collateral pledged has been called and liquidated.

If the estimated impairment loss increases or decreases in a subsequent reporting period, due to an event that occurred after recognition of the impairment, then the earlier impairment loss recognized will be increased or decreased through profit or loss by amending the adjustment account.

There is a factoring agreement between Brainlab, Inc., Brainlab Sales GmbH, Brainlab AG and a bank with a scope of € 10.0 million, which was made use of in the amount of € 9.99 million on September 30, 2023. Brainlab AG acts as agent and is the intermediary for the factoring of these subsidiaries. It maintains a default reserve and is liable for their payment obligations.

The adjustment account developed as follows:

in € '000	
Additions through profit or loss	-966
Utilization	-603
Reversals through profit or loss	529
September 30, 2022	**-1,040**
Additions recognized as expenses	-559
Utilization	-67
Reversals through profit or loss	1,423
September 30, 2023	**797**

The liabilities-side contract balances are composed of the following items in the statement of financial position:

€ '000	**September 30, 2023**	**September 30, 2022**
Current contract liabilities	71,483	69,770
Non-current contract liabilities	16,466	18,146
Total	**87,949**	**87,916**

(3) Inventories

€ '000	**September 30, 2023**	**September 30, 2022**
Raw materials, consumables and supplies	8,001	6,715
Work in progress	4,447	1,435
Finished goods and merchandise	52,382	51,592
Total	**64,830**	**59,742**

The flat-rate individual valuation allowance on inventories with respect to usability and storage period amounts to € 10,244 thousand for fiscal year 2022/23 (previous fiscal year: € 9,505 thousand).

Inventories increased due in part to stockpiling for the robotic imaging platform.

Raw materials, consumables and supplies and work in progress may include parts that are released for direct, unmodified delivery to customers. Finished goods and merchandise also include parts which, in addition to direct delivery to customers, are also used in the assembly of end products.

(4) Property, plant and equipment

€ '000	Land, buildings and leasehold improvements	Office equipment	Demo/loaner systems	Other equipment and assets under construction	Total
Acquisition and production costs					
Balance as of September 30, 2021	**16,983**	**23,542**	**13,177**	**18,378**	**72,080**
Additions	337	3,138	2,220	3,628	9,323
Acquisition of a subsidiary	3,389	173	75	288	3,925
Disposals	-3	-1,217	-338	-248	-1,806
Reclassification	-	20	1	-21	-
Currency translation	437	767	1,930	452	3,586
Balance as of September 30, 2022	**21,143**	**26,423**	**17,065**	**22,477**	**87,108**
Additions	313	3,411	2,262	2,329	8,315
Disposals	-21	-2,451	-1,101	-404	-3,977
Reclassification	336	30	-	-373	-7
Currency translation	-399	-601	-1,372	-275	-2,647
Balance as of September 30, 2023	**21,372**	**26,812**	**16,854**	**23,754**	**88,792**
Accumulated depreciation and impairment					
Balance as of September 30, 2021	**6,337**	**15,713**	**9,802**	**13,689**	**45,541**
Additions	1,562	3,175	1,726	2,561	9,024
Disposals	-3	-1,205	-288	-117	-1,613
Reclassification	-	-	1	-1	-
Currency translation	281	597	1,356	419	2,653
Balance as of September 30, 2022	**8,177**	**18,280**	**12,597**	**16,551**	**55,605**
Additions	1,700	3,589	1,909	2,522	9,720
Disposals	-18	-2,299	-711	-350	-3,378
Reclassification	10	-8	-	8	10
Currency translation	-277	-473	-893	-237	-1,880
Balance as of September 30, 2023	**9,592**	**19,089**	**12,902**	**18,494**	**60,077**
Carrying amount as of					
September 30, 2022	12,966	8,143	4,468	5,926	31,503
September 30, 2023	**11,780**	**7,723**	**3,952**	**5,260**	**28,715**

Other equipment is mainly technical equipment and technical installations in the amount of € 4,499 thousand (previous fiscal year: € 5,132 thousand). The historical costs and cumulative depreciation and impairment decreased compared with the previous fiscal year due to scheduled write-downs, derecognitions and the performance of the U.S. dollar.

(5) Intangible assets

€ '000	Goodwill	Capitalized development costs	Rights / licenses / patents	Software	Total
Acquisition and production costs					
Balance as of September 30, 2021	**81,528**	**203,504**	**33,492**	**19,032**	**337,556**
Additions	-	40,255	2,098	260	42,613
Acquisition of subsidiaries	16,937	-	20,400	114	37,451
Reclassification	65	23	-	-23	65
Currency translation	9,987	4,746	2,301	204	17,238
Balance as of September 30, 2022	**108,517**	**248,528**	**58,291**	**19,587**	**434,923**
Additions	-	52,253	505	439	53,197
Reclassification	-	4,887	-4,886	-1	-
Currency translation	-5,609	-2,527	-1,502	-365	-10,003
Balance as of September 30, 2023	**102,908**	**303,141**	**52,408**	**19,660**	**478,117**
Accumulated depreciation and impairment					
Balance as of September 30, 2021	**5,822**	**119,508**	**12,944**	**17,607**	**155,881**
Additions	-	20,914	3,158	354	24,426
Reclassification	65	-	-	-	65
Currency translation	1,105	1,825	618	189	3,737
Balance as of September 30, 2022	**6,992**	**142,247**	**16,720**	**18,150**	**184,109**
Additions	-	30,432	3,919	493	34,844
Impairment loss	5,132	-	-	-	5,132
Reclassification	-	399	-398	-1	-
Currency translation	-515	-1,013	-668	-365	-2,561
Balance as of September 30, 2023	**11,609**	**172,065**	**19,573**	**18,277**	**221,524**
Carrying amount as of					
September 30, 2022	101,525	106,281	41,571	1,437	250,814
September 30, 2023	**91,299**	**131,076**	**32,835**	**1,383**	**256,593**

In the previous fiscal year, goodwill of € 16,937 thousand was capitalized within the scope of company acquisitions. The increase in intangible fixed assets is mainly attributable to the capitalized development costs. In fiscal year 2022/23, an impairment of goodwill in the amount of € 5,132 thousand (previous year: € 0) was recognized. This is the result of the impairment test in fiscal year 2022/23 (see Note (6)).

The additions to capitalized development costs result, among other things, from the development of ExacTrac Dynamic®[1], developments in the area of spine surgery, as well as a health care platform, Brainlab® Elements and Buzz®. The capitalized development costs relate to internal Company developments. The amortization expense is mainly carried under "Research and development expenses" in the income statement. Trademarks and acquired customer relationships are recognized under the item "Patents, rights and licenses".

1 ExacTrac Dynamic® is a registered trademark of Brainlab AG or an affiliated company. For an overview of registered trademarks, please refer to https://www.brainlab.com/trademarks/.

(6) Goodwill

The goodwill of € 91,299 thousand acquired within the scope of business combinations was allocated to cash-generating units for the purpose of impairment testing in accordance with IAS 36.80:

Cash-generating unit	Value of goodwill in € '000	Pre-tax interest rate	After-tax interest rate
Level Ex	36,991	14.23%	12.87%resp. 8.22%
Surgery	14,778	10.98%	8.22%
Brainlab Israel	4,581	9.39%	8.22%
Jan Medical	3,416	n.a.	n.a.
VisionTree	3,931	12.61%	10.00%
Radiosurgery	564	n.a.	n.a.
Mint Medical	12,226	11.49%	8.22%
medPhoton	14,812	9.24%	8.22%
Total	**91,299**		

For the impairment tests, a recoverable amount is determined based on cash flow forecasts and compared with the carrying amount. The discount rate used for the cash flow forecasts based on the weighted average cost of capital (WACC after tax) and the corresponding pre-tax interest rates are shown in the table.

Growth rates of 2-3% are used for the extrapolation of the cash flow forecasts outside the budget period (five years) for fiscal year 2022/23 (previous fiscal year: 2-3%). This assumption is based on market trends in the medical technology market. A risk-free interest rate of 2.5% and a country risk of 0% was assumed for WACC. The expected future cash flows were weighted using a binomial method for the cash-generating unit Jan Medical. For this reason no pre-tax interest rate can be calculated for this.

No impairment test was performed for the cash-generating unit Radiosurgery due to immateriality. All other cash-generating units were tested for impairment.

As part of the impairment test for the cash-generating unit Level Ex, which is assigned to the Digital Health segment, an impairment loss of € 5,132 thousand was recognized in profit or loss as of the reporting date on the basis of the available findings and expectations regarding the development of the economic environment.

Level Ex, a cash-generating unit, develops professional medical video games for doctors. The company uses state-of-the-art video game technology and medical know-how to meet the challenges of medical practice and, in rare cases, enable physicians to improve and develop their knowledge skills in new medical devices and drug therapies through the playful application of software applications for the benefit of the patient.

While Level Ex's Pharmaceuticals business managed to achieve strong growth with high margins, Level Ex's Medical Technology business was more closely aligned with Brainlab's core businesses in order to achieve better scalability in the future. Revenue in the 2022/23 fiscal year was below forecast. Accordingly, sales planning in the Medical Technology business unit has been reduced in the coming years and the interest rate has been increased. The parameters relevant for impairment testing are directly or indirectly negatively affected by this.

The impairment charge of € 5,132 thousand reduces the goodwill of Level Ex by the same amount and is recognised in other operating expenses. In addition, the amount of the impairment loss corresponds to the impairment loss in the Digital Health segment.

The recoverable amount of € 50,859 thousand corresponds to the value in use.

For the calculation of the recoverable amount of the cash-generating unit Level Ex for the fiscal year 2022/23, a discount rate of 12.87% (previous year: 8.03%) for external revenues and 8.22% (previous year: 8.03%) for revenues with affiliated companies and a growth rate of 2% (previous year: 2%) were assumed. Due to the different weighting of external sales and sales to affiliates in the plan years, the after-tax discount rate for the first plan year is 10.84%, 11.21% for the second plan year, 11.47% for the third plan year, 11.54% for the fourth plan year and 11.51% for the fifth plan year and 11.51% for the fifth plan year onwards. In addition, the other parameters continue to apply, as described in the performance of the impairment test above.

In the event of an unfavorable development of the valuation parameters, for example due to changes in macroeconomic conditions and industry developments, to the detriment of Brainlab, a further impairment requirement may arise. If, as part of the sensitivity analysis, the discount rate for external revenues is increased to 14.74%, assuming otherwise unchanged parameters for Level Ex, this results in a weighted WACC after tax of 11.89% in the first plan year, 12.41% in the second plan year, 12.78% in the third plan year, 12.87% in the fourth plan year and 12.83% from the fifth plan year onwards, this would result in a further impairment requirement of € 7,930 thousand.

Sensitivity analyses were carried out with regard to input parameters, such as growth rates of 1-2% and cost of capital parameters (risk-free interest rate of 2.75% and country risk of 0.1% and for VisionTree the cost of capital was increased to 11%). For the other cash-generating units, no further impairment requirements were identified, taking into account the sensitivity parameters.

(7) Other assets

Other current and non-current assets consist of financial and non-financial assets.

Other current financial assets

Other current financial assets comprise the following as of September 30, 2023 and September 30, 2022:

€ '000	September 30, 2023	September 30, 2022
Other current financial assets		
Derivative financial instruments (hedging instruments)	2,156	1,068
Other receivables	654	732
Total	**2,810**	**1,800**

Other current non-financial assets

In fiscal year 2022/23, receivables from other taxes were reclassified from tax receivables to current other non-financial assets. The previous year's figures were adjusted accordingly to improve comparability.

The other current non-financial assets in the amount of € 15,550 thousand (previous fiscal year: € 15,250 thousand) mainly consist of prepaid expenses amounting to € 11,296 thousand (previous fiscal year: € 10,810 thousand) and receivables from other taxes in the amount of € 3,759 thousand (previous fiscal year: € 4,074 thousand). Prepaid expenses relate, among other things, to commissions, licenses for IT software and insurances.

Other non-current financial assets

Other non-current financial assets comprise the following as of September 30, 2023 and September 30, 2022:

€ '000	September 30, 2023	September 30, 2022
Other non-current financial assets		
Derivative financial instruments (hedging instruments)	782	646
Strategic investments	4,342	3,062
Other financial assets	4,807	4,327
Total	**9,931**	**8,035**

Strategic investments as of September 30, 2023 mainly consist of a non-controlling interest as well as convertible notes in a U.S.-based company. This was increased in fiscal year 2022/23. Brainlab still has no significant influence.

Other financial assets mainly include investments in funds in connection with long-term remuneration models for employees of Brainlab, Inc, USA, which increased compared with September 30, 2022 due to deposits and their valuation.

Other non-current non-financial assets

Other non-current non-financial assets in the amount of € 1,673 thousand (previous fiscal year: € 986 thousand) mainly consist of prepaid expenses (fiscal year 2022/23: € 1,636 thousand; previous fiscal year: € 949 thousand).

(8) Shares in joint ventures

The newly founded company Beijing Nabrai Medical Technology Co., Ltd., domiciled in Beijing, China, is a joint venture jointly managed by the Group, in which the Group holds a 30% stake. The joint venture was founded in cooperation with another shareholder, who holds a 70% stake, to develop a version of a digital platform in the field of medical technology that is tailored for the Chinese market (Made in China). The joint venture is not listed on the stock exchange.

Beijing Nabrai Medical Technology Co., Ltd. is structured as a standalone vehicle. Brainlab participates in 30% of the profit or loss generated by the joint venture. Accordingly, the partners do not have any rights to the assets or liabilities for the debts of the joint venture.

Supplementary contractual agreements were made for the operative business, including licensing and distribution agreements.

A put option was agreed for Brainlab, which can be exercised if defined sales targets are not met in fixed periods of time (initial put option). In addition, the exercise of the put option was supplemented by the occurrence of certain events or non-achievement of sales targets (subsequent put option).

At the present time, Brainlab has recognized the first tranche of € 386 thousand for its 30% stake. Two further tranches, each in the low-single-digit million range (CNY), are payable by Brainlab at certain dates in the future in the calendar years 2023 and 2024 for capital contributions. The investment shall remain unchanged at 30%.

The earnings accumulated by the joint venture in the income statement as of September 30, 2023, amount to a loss equivalent to € 1,023 thousand. The share attributable to Brainlab amounts to € 307 thousand and was accounted as a reduction of the at-equity carrying amount in accordance with IAS 28.

Up until September 30, 2023, there were no upstream or downstream transactions requiring recognition.

€ '000	**September 30, 2023**
Ownership share	**30%**
Net assets (100%)	**No information**
Carrying amount of the investment in a joint venture	**79**

(9) Business combinations

Business combinations in fiscal year 2022/23

There were no company acquisitions in fiscal year 2022/23.

Business combinations in fiscal year 2021/22

On May 2, 2022, the Group acquired additional voting shares in medPhoton GmbH, thus increasing its holding to 75.01% and consolidating the company within the Group as an affiliated company. There are further agreements effective from January 2026 pertaining to the acquisition of the non-controlling interest of 24.99% by Brainlab, which are carried at amortized cost at a value of € 4,504 thousand (previous fiscal year: € 4,147 thousand).

In addition, 100% of the voting shares were acquired in Dr. Langer Medical GmbH, effective August 9, 2022.

Both purchase price allocations were completed in fiscal year 2022/23. During the one-year measurement period since completion of the initial consolidation, there were no changes for either acquisition in the determination of the consideration given, the fair value of the acquired net assets or the resulting goodwill.

Additional disclosures on past business combinations

Contingent considerations were agreed in connection with past company acquisitions. With regard to the acquisition of Mint Medical GmbH and its wholly owned subsidiary Mint Medical, Inc. in fiscal year 2020/21, the fair value of the components of the contingent considerations amounts to a total of € 8,177 thousand as of September 30, 2023 (previous fiscal year: € 5,355 thousand). As part of the acquisition of Dr. Langer Medical GmbH in fiscal year 2021/22, a contingent consideration with a fair value of € 1,244 thousand was recognized (previous fiscal year: € 1,121 thousand). In addition, in respect of the acquisition of Level Ex, Inc., in fiscal year 2019/20, performance-related contingent considerations were agreed, which are not capped and which may amount to up to a total of € 50,689 thousand in the scenarios modeled by the management. As of September 30, 2023, fulfillment of these contingent considerations continues to be considered unlikely and is not accounted for.

(10) Financial risk management objectives and policies

The Group manages its capital with the aim of maintaining the balance between cash flow volatility and financial flexibility. A high credit rating is therefore pursued as a basis for good access to investors. To achieve these goals it is important, among other things, to optimize the ratio of cash and equity to borrowings. The equity ratio and net debt are used as a performance indicator vis-à-vis the ratio of equity to borrowings. These key ratios are calculated regularly and reported to the Management Board, so that the Management Board can initiate any measures necessary. Currently the Company is within the specified target corridor. The main decisions relating to the financing structure are made by the Management Board.

The table below shows the calculation of net debt:

€ '000	September 30, 2023	September 30, 2022
Interest-bearing loans (non-current and current)	183,852	111,947
Cash and short-term deposits	86,336	66,740
Net debt	**97,516**	**45,207**

This development is mainly attributable to the increase in interest-bearing loans.

The Group's overall strategy with regard to capital management remained the same as the previous fiscal year.

The main financial liabilities employed by the Group are bank loans and promissory note loans. The primary purpose of these financial liabilities is to finance the Group's business activities.

The Group has a variety of current financial assets, for example trade receivables, contract assets, and cash or short-term deposits, which result directly from its business activities. The Group also has derivative financial instruments. The purpose of these derivative financial instruments is to hedge against currency and interest rate risks, which result from the Group's business activities and its sources of finance.

The Company does not hold any derivative financial instruments for speculative purposes.

The main risks to the Group arising from the financial instruments include interest-related cash flow risks, as well as liquidity, currency and credit risks. The Company's management devises strategies and procedures to control specific types of risks. The management of the Group receives advisory support regarding financial risks and is given an appropriate general framework for managing financial risks. It is ensured that the activities of the Group that are associated with financial risks are carried out in compliance with the relevant guidelines and procedures, and that financial risks are identified, assessed and managed in accordance with these guidelines and taking into account the Group's risk appetite.

Interest fluctuation risk

The risk arising from fluctuations in market interest rates, to which Brainlab is exposed, mainly results from the financial liabilities bearing variable interest rates. The interest expense is managed by a combination of fixed-interest and variable-interest borrowings with a term extending to no later than 2036.

The following table shows the sensitivity of Group's consolidated earnings before income tax to a reasonably possible change in interest rates, due to effects on variable-interest loans. All other variables remain constant. Other than the effect on consolidated profit, there is no impact on consolidated equity.

Effect on earnings before income tax **€ '000**	**September 30, 2023**	**September 30, 2022**
Change in interest rate +100 bps	-1,072	-517
Change in interest rate -100 bps	998	8

A large part of the variable-interest debt has a Euribor floor of 0%, resulting in asymmetric interest sensitivity. The interest rate swap entered into in August 2022 for a variable-interest loan has led to this loan no longer being included as a variable-interest loan.

Liquidity risk

Brainlab's objective is to maintain a balance between continuously covering financing needs and ensuring financing flexibility through the use of current account credit lines and medium-term and long-term loans.

Brainlab continuously monitors the risk of a liquidity bottleneck based on a rolling liquidity forecast. This forecast takes into account the projected cash outflows and expected cash inflows from business, investment and financing activities.

The future cash flows from financial liabilities are as follows:

September 30, 2023 **€ '000**	**Due within 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Trade payables	32,688	4	-	32,692
Contingent considerations	4,854	8,534	-	13,388
Other financial liabilities (excluding derivative financial instruments)	8,909	5,243	-	14,152
Derivative financial liabilities	916	360	-	1,276
Interest-bearing loans (non-current and current)	18,916	168,539	25,158	212,613
Lease payment outflows (undiscounted)	11,764	32,666	19,127	63,557
Total	**78,047**	**215,346**	**44,285**	**337,678**

The amounts presented above for interest-bearing loans (non-current and current) represent the contractually agreed (undiscounted) interest and principal payments.

September 30, 2022 **€ '000**	**Due within 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Trade payables	33,261	968	-	34,229
Contingent considerations	939	12,117	-	13,056
Other financial liabilities (excluding derivative financial instruments)	50,182	5,789	-	55,971
Derivative financial liabilities	9,209	918	-	10,127
Interest-bearing loans (non-current and current)	41,427	77,625	1,219	120,271
Lease payment outflows (undiscounted)	12,042	32,893	24,177	69,112
Total	**147,060**	**130,310**	**25,396**	**302,766**

The amounts shown above represent the contractually agreed (undiscounted) interest and redemption payments on financial liabilities. The item lease payment outflows has been adjusted accordingly and represents the undiscounted outflows.

Currency risk

The Company's accounts are prepared in euros. The Company is mainly exposed to a foreign exchange risk arising from fluctuations in the U.S. Dollar, the Australian dollar, the Hong Kong dollar and the Japanese yen. To a much lesser extent, exchange rate risks also arise from other currencies of the Group subsidiaries (e.g. the pound sterling, Brazilian real, Chinese yuan, Israeli shekel, Indian rupee).

The table below illustrates the sensitivity of the Group's consolidated earnings due to the changes in the fair values of monetary assets and liabilities compared with a simulated change in the exchange rate for the four aforementioned currencies. The translation risk arising from exchange rate fluctuation is not taken into consideration in determining sensitivity in accordance with IFRS 7. The range of 24 to 36 percentage points has been derived from statistical evaluations of the annual fluctuations of the respective currencies in the past ten years. The underlying earnings and equity ratios are kept constant for the negative and positive scenario.

In addition, the following table presents the sensitivity of the Group's equity to a simulated change in the exchange rate for the four main currencies:

September 30	Currency	Price performance %	Effect on earnings and equity € '000
2023	**USD**	**18%**	**15,548**
		-18%	**-15,548**
2022	USD	18%	13,122
		-18%	-13,122
2023	**JPY**	**16%**	**171**
		-16%	**-171**
2022	JPY	17%	-274
		-17%	274
2023	**AUD**	**12%**	**1,050**
		-12%	**-1,050**
2022	AUD	13%	993
		-13%	-993
2023	**HKD**	**18%**	**-20**
		-18%	**20**
2022	HKD	18%	119
		-18%	-119

The fluctuations in consolidated net income and equity due to currency fluctuations are primarily attributable to the business of the Group subsidiaries in North America, Hongkong, Japan and Australia.

The different signs in JPY compared with the previous fiscal year are due to the change from a surplus of liabilities to a surplus of assets.

To protect its cash flows, the Company therefore concludes transactions to limit the exchange rate risk. To do this the Company uses currency forward contracts and options.

Credit risk

Credit risk refers to the risk of a business partner failing to meet its obligations within the scope of a financial instrument or customer agreement, and this resulting in financial losses. Brainlab manages its credit risk based on guidelines on how to minimize risk concentrations and thus the credit risk.

Within the Brainlab Group trade receivables arise from the sale of hardware and software products and services directly to hospitals, university hospitals, universities, research and development centers or distributors, as well as from development services. A potential concentration of risks in relation to trade receivables is considered to be limited, due to the large number of customers and their geographical distribution. The maximum default risk is limited to the carrying amount reported in Note (2).

The distribution companies perform credit checks on their customers and limit order volumes, if necessary, or demand payments in advance. Guarantees or collateral, such as letters of credit, are requested, particularly in the case of sales in less-developed countries. The Company creates valuation allowances for doubtful receivables, based on the expected collectibility of the receivable.

The Company is unable to make any forecast concerning the financial performance of its customers. Significant changes in the solvency of one or more of its customers could result in a considerable deterioration of Brainlab's operating result and financial position.

Counterparty risk

Counterparty risk encompasses the settlement risk relating to derivative instruments and money market instruments, and the credit risk relating to cash and term deposits. In order to control the risk concentration in financial assets and thus keep losses due to potential default of a business partner to an absolute minimum, the Group has a diversified financial portfolio in terms of maturities, ratings, sectors and industries. In the case of the Group's financial assets, such as cash and short-term deposits and certain derivative financial instruments, the maximum risk, in the event of default on the part of the contracting party, corresponds to the carrying amount of these instruments, less collateral provided. In fiscal years 2022/23 and 2021/22 no collateral was provided.

The other financial assets existing in this context at the end of the reporting period are not impaired.

The issuer risk is minimized by only buying from issuers with an investment grade rating. The settlement risk and credit risk are limited by the fact that the banks and financial institutions selected as counterparties for transactions generally have an investment grade rating or a credit guarantee system similar to the German deposit guarantee fund. The counterparty risk is generally assessed annually and up until termination of the business relationship.

(11) Financial instruments

The following tables show the financial instruments categorized according to IFRS 9 as of September 30, 2023 and 2022:

September 30, 2023

				measured at fair value			
€ '000	**Measurement category acc. to IFRS 9**	**Carrying amount**	**Measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets							
Cash and short-term deposits	AC	86,336	86,336	-	-	-	86,336
Trade receivables	AC	73,519	73,519	-	-	-	73,519
Derivative financial instruments (hedging instruments)	FVtPL	2,938	-	-	2,938	-	2,938
Other current financial assets (excluding derivative financial instruments)	AC	654	654	-	-	-	654
Other non-current financial assets (excluding derivative financial instruments)		9,149	-	-	-	-	9,149
of which	AC	942	942	-	-	-	942
	FVtPL	6,611	-	3,865	2,623	123	6,611
	FVtOCI	1,596	-	-	1,596	-	1,596
Total financial assets		**172,596**	**161,451**	**3,865**	**7,157**	**123**	**172,596**
Financial liabilities							
Trade payables	AC	32,692	32,692	-	-	-	32,692
Interest-bearing loans and borrowings	AC	183,852	183,852	-	-	-	189,427
Contingent considerations	FVtPL	13,388	-	-	-	13,388	13,388
Derivative financial instruments (hedging instruments)	FVtPL	1,276	-	-	1,276	-	1,276
Debtors with credit balances	AC	6,784	6,784	-	-	-	6,784
Other financial liabilities	AC	7,368	7,368	-	-	-	7,368
Total financial liabilities		**245,360**	**230,696**	**-**	**1,276**	**13,388**	**250,935**

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

September 30, 2022

€ '000	Measurement category acc. to IFRS 9	Carrying amount	Measured at amortized cost	measured at fair value: Level 1	Level 2	Level 3	Fair value
Financial assets							
Cash and short-term deposits	AC	66,740	66,740	-	-	-	66,740
Trade receivables	AC	61,664	61,664	-	-	-	61,664
Derivative financial instruments (hedging instruments)	FVtPL	1,714	-	-	1,714	-	1,714
Other current financial assets (excluding derivative financial instruments)	AC	732	732	-	-	-	732
Other non-current financial assets (excluding derivative financial instruments)		7,389	-	-	-	-	7,389
of which	AC	1,187	1,187	-	-	-	1,187
	FVtPL	4,928	-	3,141	1,787	-	4,928
	FVtOCI	1,274	-	-	1,274	-	1,274
Total financial assets		**138,239**	**130,323**	**3,141**	**4,775**	**-**	**138,239**
Financial liabilities							
Trade payables	AC	34,229	34,229	-	-	-	34,229
Interest-bearing loans and borrowings	AC	111,947	111,947	-	-	-	118,164
Contingent considerations	FVtPL	13,056	-	-	-	13,056	13,056
Derivative financial instruments (hedging instruments)	FVtPL	10,127	-	-	10,127	-	10,127
Debtors with credit balances	AC	4,618	4,618	-	-	-	4,618
Other financial liabilities	AC	7,565	7,565	-	-	-	7,565
Total financial liabilities		**181,542**	**158,359**	**-**	**10,127**	**13,056**	**187,759**

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

The table above shows the carrying amounts and fair values of financial assets and financial liabilities, including their valuation category acc. to IFRS 9. It does not contain any information on the fair value of financial assets and financial liabilities that were not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

The Group applies the following hierarchy to determine and recognize the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities.

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value, which are not based on observable market data. For assets and liabilities, which are recognized in the financial statements at fair value on a recurring basis, the Group determines whether regroupings between the levels of hierarchy have taken place by reviewing the classification at the end of each reporting period (based on the lowest-level input factor that is significant for the measurement at fair value as a whole).

The development of financial instruments classified in Level 3 of the fair value hierarchy is shown in the following table:

€ '000	Other financial assets	Contingent considera-tions
October 1, 2022	**-**	**13,056**
Fair value changes recognized through profit or loss	123	-454
Compounding	-	833
Currency effects	-	-47
September 30, 2023	**123**	**13,388**

The development of financial instruments classified in Level 3 of the fair value hierarchy for fiscal year 2021/22 is shown in the following table:

€ '000	Other financial assets	Derivative financial instruments (strategic investments)	Contingent considerations
October 1, 2021	**3,890**	**2,711**	**15,260**
Additions	-	-	4,358
Fair value changes recognized through profit or loss	474	-2,711	-7,217
Dividend payment	-4,459	-	-
Currency effects	95	-	655
September 30, 2022	**-**	**-**	**13,056**

During fiscal year 2022/23 there were neither reclassifications between Level 1 and Level 2, nor into or out of Level 3.

The fair values of the derivative financial instruments for currency hedging are equivalent to the market prices and were calculated by the respective bank using standard pricing models as of the end of the reporting period. The foreign currency forward contracts are measured based on current spot exchange rates. The fair value of options is determined based on the market values of similar instruments.

Other Level 1 financial assets include investments in funds in connection with long-term compensation models for employees (see Note (7)). Their fair value was derived from listed market prices on active markets as of September 30, 2023.

Other Level 2 financial assets include non-controlling interests in a U.S.-based company, the fair value of which can be observed directly or indirectly in financing rounds. The shares are considered a strategic investment. Shares acquired in fiscal years 2018/19 and 2019/20 have been irrevocably measured by the management as at fair value through other comprehensive income. The other Level 3 financial assets include a call option whose fair value is determined using the Monte Carlo method.

The Level 3 financial liabilities include contingent considerations. These are remeasured at fair value at the end of each reporting period. The fair value is determined based on the discounted cash flows. The underlying assumptions of the valuation take into account the probability of each performance target being met and the discount factor as unobservable input factors (see also Note (16)).

Hedging instruments

In order to hedge against exchange rate fluctuations on the U.S. dollar (USD), Australian dollar (AUD), Japanese yen (JPY) and pound sterling (GBP), Brainlab has concluded currency forward contracts and options with terms ranging from one to 18 months. As of the end of the reporting period the longest term of open hedges is 18 months.

The Company uses the above instruments to hedge against exchange rate risks and thus to hedge cash flows that are expected for a period of 18 months. The U.S. dollar, Japanese yen and Australian dollar hedging instruments relate only to payments received in foreign currency – the foreign currency is sold and the corresponding value in euros, which is calculated from the forward exchange rate or the exercise price, is purchased.

Over the next 18 months, USD instruments to the value of USD 86.0 million shall become due (previous fiscal year: USD 92.0 million). Instruments denominated in JPY, in the amount of JPY 2,700.0 million (previous fiscal year: JPY 2,450.0 million) shall also become due. Furthermore, as of the end of the reporting period there are AUD instruments in the amount of AUD 8.5 million (previous fiscal year: AUD 7.3 million) and GBP instruments in the amount of GBP 4.5 million (previous fiscal year: GBP 5.7 million).

In addition, the Company uses interest rate swaps as a hedging instrument to hedge against fluctuating market interest rates. In August 2022 an interest rate swap for € 10.0 million with a term until June 2027 was entered into, which turned the variable interest rate into a fixed interest rate.

Derivative financial instruments

The carrying amounts of the derivative financial assets and liabilities correspond to their fair values. These correspond to market prices and are calculated at the end of the reporting period, using valuation techniques, by the banks with which the respective derivatives are concluded.

	September 30, 2023		September 30, 2022	
€ '000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value of foreign currency derivatives	2,316	1,276	1,240	10,127
Fair value of interest derivatives	622	-	474	-

(12) Interest-bearing loans

Liabilities to banks include loans with terms extending to no later than 2036. These loans are repaid on a quarterly or semi-annual basis or in full at the end of the term of the loan. The variable and fixed interest rates as of September 30, 2023 range between 0.75% p.a. and 5.885% p.a.

The interest-bearing loans in the amount of € 183,852 thousand (previous fiscal year: € 111,947 thousand) comprise the following:

Short-term maturities **€ '000**	**September 30, 2023**	**September 30, 2022**
Total	**10,086**	**39,230**
less financing costs	58	191
Total	**10,028**	**39,039**

Long-term maturities **€ '000**	**September 30, 2023**	**September 30, 2022**
Total	**173,900**	**72,996**
less financing costs	76	88
Total	**173,824**	**72,908**

For better reconciliation with the items in the statement of financial position, the financing costs are recognized as a separate item.

During the past fiscal year loan repayments to banks were made in the amount of € 25.2 million (previous fiscal year: € 45.9 million). Drawings made from and returned to the revolving credit facility during the course of the year are not taken into account. As of September 30, 2023, the Group has unutilized lines of credit in the amount of € 14.1 million in various currencies (previous fiscal year: € 10.0 million). In addition, € 24.0 million was undrawn from the revolving credit facility as part of the syndicated loan.

The increase in long-term maturities results from the new loan assumed and the regrouping of the revolving credit facility due to its term until December 2025, as well as the extension of the syndicated loan until December 2025.

The table below shows the schedule of principal repayments for interest-bearing loans:

Fiscal year	Principal repayment
	€ '000
2023/24	10,086
2024/25	7,004
2025/26	94,549
2026/27	41,233
2027/28	8,149
2028/29	8,149
2029/30	8,149
2030/31	6,066
2031/32	136
2032/33	136
2033/34	136
2034/35	136
2035/36	56
Total	**183,986**

The difference between the total principal repayment and total liabilities to banks is calculated from upfront fees, which are deferred over the loan period.

The syndicated loan agreement and other loan agreements require Brainlab to comply with various financial covenants: a certain ratio of net debt to EBITDA as well as a certain equity ratio level (equity in relation to total assets). The following key ratios are determined in accordance with the definition in the loan agreements.

As of September 30, 2023 and September 30, 2022, the ratio of net debt to EBITDA was as follows in accordance with the definition in the syndicated loan:

Calculation EBITDA	For the twelve months ended	
€ '000	September 30, 2023	September 30, 2022
Earnings before income tax	4,097	4,145
+ Interest expense	9,989	5,313
+ Amortization of intangible assets	39,977	24,426
+ Depreciation of property, plant and equipment	9,720	9,024
+ Amortization of rights of use	12,881	12,007
- Interest income	-1,281	-1,323
EBITDA	**75,382**	**53,592**
+ Depreciation of current assets	626	1,569
+ costs, expenses and taxes in connection with permitted acquisitions	4,387	2,623
EBITDA (according to definition in syndicated loan)	**80,395**	**57,784**

Calculation net debt/EBITDA € '000	September 30, 2023	September 30, 2022
Interest-bearing loans (non-current and current)	183,852	111,947
Cash and short-term deposits	86,336	66,740
Net debt	**97,516**	**45,207**
Current lease liabilities	1,1421	11,389
Non-current lease liabilities	50,597	54,860
Net debt including lease liabilities	**159,534**	**111,456**
Other current liabilities to banks	6,778	19,259
Other non-current liabilities to banks	360	918
Net debt (according to syndicated loan)	**166,672**	**131,673**
Net debt/EBITDA	**2.07**	**2.28**

As of September 30, 2023 the equity ratio is 29.3%.

The covenants required in the loan agreements are met as of September 30, 2023.

In addition, as of September 30, 2023 there are loan agreements that were concluded prior to the introduction of IFRS 16 Leases and whose covenant (net debt/EBITDA) is calculated without taking lease liabilities and EBITDA less lease expenses into account. The covenant required in these agreements amounts to 1.55 as of September 30, 2023 and is also met. The basis of calculation is presented in the following table

Calculation of net debt/EBITDA (according to promissory note loan agreement) € '000	September 30, 2023	September 30, 2022
Net debt (excluding lease liabilities)	97,516	45,207
EBITDA	75,382	53,592
- Lease expenses (IAS 17)	13,022	12,169
+ Depreciation of current assets	626	1,569
EBITDA (incl. lease expenses)	**62,986**	**42,992**
Net debt/EBITDA	**1.55**	**1.05**

(13) Leases

Group as lessee

The following table shows the carrying amounts of the recognized rights of use and any changes from the previous fiscal year during the reporting period:

€ '000	Buildings	Vehicles	Other equipment	Total
Balance as of October 1, 2021	**61,467**	**1,865**	**2,641**	**65,973**
Additions	9,731	1,263	664	11,658
Acquisition of subsidiaries	-	180	17	197
Disposals	-16	-47	-	-63
Amortization expense	-9,407	-1,453	-1,147	-12,007
Currency translation	1,073	34	1	1,108
Balance as of September 30, 2022	**62,848**	**1,842**	**2,176**	**66,866**
Balance as of October 1, 2022	**62,848**	**1,842**	**2,176**	**66,866**
Additions	6,439	2,142	636	9,217
Acquisition of subsidiaries	-	-	-	-
Disposals	-117	-55	-10	-182
Amortization expense	-9,924	-1,679	-1,278	-12,881
Currency translation	-638	-24	-	-662
Balance as of September 30, 2023	**58,608**	**2,226**	**1,524**	**62,358**

The additions to buildings are mainly attributable to the index rent adjustment.

The item “Other equipment” mainly includes sale-and-leaseback, office and operating equipment and IT equipment.

The table below shows the carrying amounts of lease liabilities and any changes during the reporting period and the prior-year period:

€ '000	
Balance as of October 1, 2021	**64,345**
Additions	12,077
Acquisition of subsidiaries	197
Disposals	-66
Interest growth	798
Payments	-12,692
Currency translation	1,590
Balance as of September 30, 2022	**66,249**

Balance as of October 1, 2022	**66,249**
Additions	9,745
Disposals	-179
Interest growth	779
Payments	-13,302
Currency translation	-1,274
Balance as of September 30, 2023	**62,018**

The maturity analysis of the lease liabilities is presented in Note (10).

The following amounts were recognized though profit or loss in the reporting period:

For the twelve months ended **€ '000**	**Balance as of September 30, 2023**	**Balance as of September 30, 2022**
Amortization expense for rights of use	-12,880	-12,007
Interest expenses for lease liabilities	-779	-798
Expense for short-term leases	-180	-75
Expense for leases for a low-value asset	-51	-49
Gains and losses on sale-and-lease-back	106	108
Income from the sub-leasing of rights of use	215	534
Total amount recognized through profit or loss	**-13,569**	**-12,287**

The Group's cash outflows for leases in fiscal year 2022/23 amounted to € 13,302 thousand (previous fiscal year: € 12,692 thousand). In addition, the Group recognized non-cash additions to lease liabilities in the amount of € 9,071 thousand in fiscal year 2022/23 (previous fiscal year € 14,596 thousand).

The Group has entered into several lease agreements that contain renewal and cancellation options. These options are negotiated by the management to enable the portfolio of leased assets to be managed flexibly and in compliance with the respective business requirements of the Group. The assessment of whether the exercise of these renewal and cancellation options is reasonably certain requires the management to make key discretionary decisions.

Future cash outflows of € 73,871 thousand (previous fiscal year: € 69,240 thousand) have not been included in lease liabilities, as it is not sufficiently certain that the leases will be renewed.

(14) Provisions for pensions and similar obligations

There are defined benefit pension plans. The pension plans have been funded, since fiscal year 2006, by reinsurance policies. Due to full servicing of the claim there is no service cost for direct commitments. Only the provident funds give rise to a service cost. No pension provisions are to be set up for this portion of pensions. In addition, there are defined contribution plans from direct insurance policies, under which contributions are carried as expenses. Due to around 111% coverage of the pension obligation by the reinsurance amounts, there are no major risks associated with pension obligations.

The actuarial valuation is based on an actuarial interest rate of 4.0% as of September 30, 2023 (previous fiscal year: 3.0%), which is based on maturity-equivalent capital yields of investment-rated corporate bonds.

The net liability or net assets from the pension plans are as follows:

€ '000	**September 30, 2023**	**September 30, 2022**
Present value of the benefit obligation at end of year	-477	-496
Fair value of plan assets	530	515
Net assets/debt	**53**	**19**

The defined benefit costs comprise the following:

For the twelve months ended **€ '000**	**September 30, 2023**	**September 30, 2022**
Interest expense from obligation	-15	-3
Expected interest income from plan assets	15	3
Gains/losses on financial assumptions	34	113
Actuarial gains/losses	**34**	**113**
Total returns on plan assets	-15	-15
Interest income from plan assets	15	3
Net returns on plan assets	**-**	**-12**
Total revaluations	**34**	**125**
Total result from defined benefit plans	**34**	**125**
Pension expenses from defined contribution plans	-69	-69
Contributions to statutory pension funds	-13,814	-12,680

Income is carried under other operating income and expenses are carried under personnel expenses.

For North America, Brainlab recognized expenses for defined contribution plans in the amount of € 1,732 thousand (previous fiscal year: € 1,646thousand).

Brainlab, Inc., USA, recognized long-term benefit obligations in the amount of € 3,548 thousand (previous fiscal year: € 2,948 thousand) as well as a related investment in the amount of € 3,812 thousand (previous fiscal year: € 3,122 thousand). These amounts are reported as gross amounts.

(15) Provisions

The table below shows the development of provisions in fiscal years 2022/23 and 2021/22:

€ '000	Warranty	Litigation	Asset retirement obligations	Provisions for goodwill and other purposes	Total
September 30, 2021	**1,332**	**966**	**955**	**436**	**3,689**
Additions	1,175	259	-	347	1,781
Discounting	-	-38	-20	-	-58
Utilization	-872	-	-	-367	-1,239
Reversals	-347	-	-	-29	-376
Currency translation	-	41	-8	43	76
September 30, 2022	**1,288**	**1,228**	**927**	**430**	**3,873**
Additions	1,178	-	-	415	1,593
Compounding/discounting	-	38	-47	-	-9
Utilization	-710	-750	-	-343	-1,803
Reversals	-163	-	-	-22	-185
Currency translation	-	-42	-10	-28	-80
September 30, 2023	**1,593**	**474**	**870**	**452**	**3,389**

Non-current provisions are provisions for asset retirement obligations in the amount of € 870 thousand (previous fiscal year: € 927 thousand). The non-current provisions for litigation were utilized in fiscal year 2022/23 (previous fiscal year: € 712 thousand).

The warranty period is generally one year. The valuation of the provision for warranties is based on empirical values from previous years (percentage share of costs) and the directly attributable expenses for materials and material and production overheads.

Provisions for litigation are set up for legal fees and damages claims in connection with the proceedings described in Note **Fehler! Verweisquelle konnte nicht gefunden werden.**. For details on the expected cash outflow see Note REF _Ref156300927 \r \h **Fehler! Verweisquelle konnte nicht gefunden werden.**.

The outflow for provisions for asset retirement obligations is generally expected at the end of the respective lease agreement.

To a limited extent Brainlab offers free replacement or repairs if this is deemed necessary to protect the customer relationship. Goodwill provisions are set up for this purpose.

(16) Other financial and non-financial liabilities

In order to increase the informative value, the presentation of the disclosures on other liabilities has been adjusted accordingly in fiscal year 2022/23. In addition, liabilities from other taxes were reclassified from tax liabilities to other liabilities in the 2022/23 fiscal year. The previous year's figures were adjusted accordingly for better comparability. Other liabilities comprise financial and other liabilities.

Other current financial liabilities

Other current financial liabilities comprise the following as of September 30, 2023 and September 30, 2022:

€ '000	September 30, 2023	September 30, 2022
Other current financial liabilities		
Contingent considerations	4,854	939
Debtors with credit balances	6,784	4,618
Other current financial liabilities	2,125	2,434
Derivative financial instruments (hedging instruments)	916	9,209
Total	**14,679**	**17,200**

The high proportion of liabilities from derivative financial instruments as of September 30, 2022 was attributable to exchange rate developments in fiscal year 2021/22. As of September 30, 2023, liabilities from financial instruments have returned to the previous year’s level.

Other current non-financial liabilities

Other current non-financial liabilities comprise the following as of September 30, 2023 and September 30, 2022:

€ '000	September 30, 2023	September 30, 2022
Accruals	**48,018**	**44,783**
of which outstanding invoices	13,639	12,204
of which in respect of employees	30,266	27,859
of which obligations from customer contracts	1,467	1,777
other accruals	2,646	2,943
Other non-financial liabilities	**6,920**	**7,444**
of which liabilities from other taxes	3,722	4,536
of which liabilities in respect of employees	2,671	2,475
other liabilities	527	433
Total	**54,938**	**52,227**

Liabilities and accruals in respect of employees include accruals for unused leave, bonuses, commission and compensation, travel expenses and other liabilities to employees that have been incurred but not yet settled with Brainlab as of September 30, 2023 and September 30, 2022, respectively, as well as pension arrangements (see Note (14)). Bonuses in connection with business combinations are also included, which are subject to the application guidelines of IAS 19.

Accruals for outstanding invoices are set up for goods and services already delivered or rendered but not yet invoiced as of September 30, 2023 or September 30, 2022.

Liabilities from other taxes mainly comprise wage tax and value added tax liabilities.

Other accruals mainly include accruals for auditing and tax consulting services, interest payables to banks and liabilities to social security agencies.

Other liabilities mainly comprise liabilities relating to social security.

Other non-current financial liabilities

Other non-current financial liabilities comprise the following as of September 30, 2023 and September 30, 2022:

€ '000	September 30, 2023	September 30, 2022
Other non-current financial liabilities		
Contingent considerations	8,534	12,117
Other non-current financial liabilities	5,243	5,131
Derivative financial instruments (hedging instruments)	360	918
Total	**14,137**	**18,166**

Trade payables with a remaining term of more than one year are allocated to the item “Other non-current financial liabilities” due to their insignificant amount.

Other non-current financial liabilities mainly include put options of non-controlling interests.

Other non-current non-financial liabilities

Other non-current non-financial liabilities comprise the following as of September 30, 2023 and September 30, 2022:

€ '000	September 30, 2023	September 30, 2022
Accruals	**2,905**	**2,418**
of which in respect of employees	1,765	1,859
of which obligations from customer contracts	959	959
other accruals	181	-400
Total	**2,905**	**2,418**

Accruals in respect of employees are mainly bonuses in connection with business combinations, which are subject to the application guidelines of IAS 19, as well as share-based payments in accordance with IFRS 2.

(17) Equity

As of September 30, 2023 the Company's share capital amounts to € 18,864,457 and is composed of 18,864,457 no-par value registered shares with a theoretical nominal value of € 1 per share. All shares are issued and deposited in full. Each share entitles the registered bearer to one vote and bears dividend rights. There are no voting right restrictions.

The item "Revenue reserve" comprises the accumulated net profit/loss of consolidated companies from previous fiscal years, less any undistributed profits of consolidated companies from previous fiscal years, and the net profit/loss for the fiscal year under review.

The item "Reserve from changes in fair value" includes the revaluation reserve for financial assets measured at fair value through other comprehensive income.

The item "Revaluation reserve (pensions)" recognizes gains and losses on the revaluation of defined benefit pension plans in accordance with IAS 19 Employee Benefits.

The currency translation reserve includes differences arising from foreign currency translation. These differences arise due to the fact that assets and liabilities denominated in foreign currency are translated using the exchange rates prevailing at the end of the reporting period, while expenses and income, on the other hand, are translated at average exchange rates.

Authorized capital

Pursuant to a resolution of the Annual General Meeting on March 3, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital, on one or several occasions up until March 2, 2026, by a total of up to € 9,432,228, by issuing new, no-par value registered shares (ordinary shares) against cash and/or contributions in kind (Authorized Capital 2022/1).

The following shall apply to the Authorized Capital 2022/1:

Each shareholder shall in principle be granted a subscription right. However, the Management Board is authorized, with the consent of the Supervisory Board in each case, to exclude shareholders' statutory subscription rights in order to issue the new shares as part of a capital increase against contributions in kind for the purchase of companies, parts of companies or equity interests in companies, or receivables from the Company or other investable assets. The Management Board is further authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases. Insofar as the Management Board does not make used of the above authorizations to exclude subscription rights, shareholders' subscription rights may only be excluded for fractional amounts. The Management Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the capital increase and its implementation.

Non-controlling interests

Non-controlling interests include shares of third parties in the equity of the consolidated subsidiaries Brainlab Ltd. (Hong Kong), Brainlab Ltda. (Brazil) and medPhoton GmbH (Austria). The holdings of other shareholders in Brainlab Ltd. (Hong Kong) and Brainlab Ltda. (Brazil) are negligible and are therefore not recognized in the financial statements.

Capital reserve

Pursuant to legal requirements, the capital reserve is set up within the scope of capital increases as the difference between the nominal amount of the issued shares and the issue price.

Miscellaneous

The changes in the equity structure in fiscal years 2022/23 and 2021/22 are recognized in the consolidated statement of changes in equity.

Appropriation of profit

Brainlab AG did not distribute a dividend In fiscal year 2022/23 for the fiscal year ended September 30, 2022 (previous fiscal year: € 5,093,403.39). The Management Board proposes not to distribute a dividend for fiscal year 2022/23.

Shareholdings above thresholds

EMH GP I GmbH, EMH Founders GmbH & Co. KG, EMH Partners GmbH, Aragon GmbH and Mr. Maximilian Kuss have informed us of the following in accordance with Section 20 (1) and (3) AktG:

1. EMH GP I GmbH, Dienerstraße 12, 80331 Munich, indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Digital Growth Fund GmbH & Co. KG, domiciled in Munich ("EMH Fund KG"), EMH Invest I GmbH & Co. KG, domiciled in Munich ("EMH Invest I KG"), and EMH Invest II GmbH & Co. KG, domiciled in Munich ("EMH Invest II KG"), are attributable to EMH GP I GmbH.

2. EMH Founders GmbH & Co. KG, c/o EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to EMH Founders GmbH & Co. KG.

3. EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to EMH Partners GmbH via EMH Founders GmbH & Co. KG and EMH GP I GmbH.

4. Aragon GmbH, c/o Eger Färber Aicher Steuerberater Sozietät, Gabelsbergerstraße 1, 83022 Rosenheim indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to Aragon GmbH via EMH Founders GmbH & Co. KG, EMH GP I GmbH and EMH Partners GmbH.

5. Mr. Maximilian Kuss, c/o EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly holds more than one quarter of the shares in Brainlab AG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to Mr. Kuss via EMH Founders GmbH & Co. KG, EMH GP I GmbH, EMH Partners GmbH and Aragon GmbH.

Notes to the consolidated income statement

(18) Revenue from contracts with customers

Group revenue refers to revenue from contracts with customers in accordance with IFRS 15. Revenue increased significantly by 17,8% compared with the previous fiscal year and comprised the following in fiscal years 2022/23 and 2021/22:

For the twelve months ended September 30, 2023	Segment			
€ '000	Surgery	Radiosurgery	Digital Health	Total
Type of goods and services				
Revenue from product sales	185,275	65,171	59,059	**309,505**
Revenue from services	53,667	39,159	23,963	**116,789**
of which service agreements	44,365	31,621	16,047	**92,033**
of which other services	9,302	7,538	7,916	**24,756**
Revenue from development contracts	2,934	-	-	**2,934**
Total	**241,876**	**104,330**	**83,022**	**429,228**
Geographic markets				
Asia/Pacific	29,891	18,709	3,319	**51,919**
Europe and Rest of World	112,199	45,216	37,908	**195,323**
North America	99,786	40,405	41,795	**181,986**
Total	**241,876**	**104,330**	**83,022**	**429,228**
Date of revenue recognition				
Goods and services transferred at a certain date	184,930	70,976	52,427	**308,333**
Goods and services transferred over a certain period of time	56,946	33,354	30,595	**120,895**
Total	**241,876**	**104,330**	**83,022**	**429,228**

For the twelve months ended September 30, 2022	Segment			
€ '000	Surgery	Radiosurgery	Digital Health	Total
Type of goods and services				
Revenue from product sales	148,933	54,028	50,909	**253,870**
Revenue from services	48,677	38,253	18,044	**104,974**
of which service agreements	39,952	30,766	13,978	**84,696**
of which other services	8,725	7,487	4,066	**20,277**
Revenue from development contracts	5,455	-	-	**5,455**
Total	**203,065**	**92,281**	**68,953**	**364,299**
Geographic markets				
Asia/Pacific	29,075	21,322	5,467	**55,864**
Europe and Rest of World	85,003	33,900	30,341	**149,244**
North America	88,987	37,059	33,145	**159,191**
Total	**203,065**	**92,281**	**68,953**	**364,299**
Date of revenue recognition				
Goods and services transferred at a certain date	150,533	60,095	45,170	**255,798**
Goods and services transferred over a certain period of time	52,532	32,186	23,783	**108,501**
Total	**203,065**	**92,281**	**68,953**	**364,299**

Revenue from contracts with customers includes revenue from temporary software licenses in the amount of € 82,379 thousand (previous fiscal year: € 65,749 thousand).

The transaction price allocated to the (unfulfilled or partially unfulfilled) remaining performance obligations (orders on hand) is broken down as of September 30, 2023 and September 30, 2022 as follows:

€ '000	September 30, 2023	September 30, 2022
within one year	214,802	167,392
in more than one year	95,088	124,025
Total	**309,890**	**291,417**

The contract liabilities recognized at the beginning of the reporting period generated revenue of € 36,503 thousand (previous fiscal year: € 34,048 thousand) in fiscal year 2022/23.

Contract initiation costs (in particular sales commission paid to employees in advance) in the amount of € 3,277 thousand (previous fiscal year: € 3,139 thousand), for which no revenue has been recognized yet, are carried as other current assets.

(19) Cost of goods sold

The cost of goods sold amounts to € 161,192 thousand in fiscal year 2022/23. This corresponds to a year-on-year increase of 8.8% (previous fiscal year: € 148,105 thousand).

The cost of goods sold includes personnel expenses and depreciation/amortization:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Included in cost of goods sold		
Personnel expenses	**-56,532**	**-48,582**
of which wages and salaries	-46,416	-39,963
of which social security contributions	-8,526	-7,135
of which expenses for obligations after termination of the employment contract	-607	-544
of which other operating expenses	-983	-940
Depreciation and amortization	**-4,160**	**-3,203**

(20) Operating expenses

Operating expenses in fiscal year 2022/23 and 2021/22 comprise the following:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Selling, general and administrative expenses	-184,212	-165,026
Research and development expenses	-75,032	-61,107
Other operating income	28,800	36,418
Other operating expense	-24,480	-23,554
Total	**-254,924**	**-213,269**

For consistent presentation of the costs of the functional areas, the item "Research and development expenses" also includes amortization of capitalized development costs.

Operating expenses in fiscal years 2022/23 and 2021/22 include personnel expenses and write-downs in the following amounts:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Included in selling, general and administrative expenses		
Personnel expenses	**-106,264**	**-94,683**
of which wages and salaries	-85,718	-76,340
of which social security contributions	-12,199	-10,737
of which expenses for obligations after termination of the employment contract	-2,342	-1,692
of which other operating expenses	-6,005	-5,914
Depreciation and amortization	**-22,144**	**-22,999**
Included in research and development expenses		
Personnel expenses	**-76,737**	**-64,745**
of which wages and salaries	-64,367	-54,058
of which social security contributions	-10,332	-8,886
of which expenses for obligations after termination of the employment contract	-279	-276
of which other operating expenses	-1,759	-1,525
Depreciation and amortization	**-31,141**	**-19,254**

Own work capitalized mainly relates to the research and development area and reduces functional costs, for example in relation to the personnel expenses incurred. Personnel expenses are therefore higher overall (see table above) than research and development expenses. Overall, personnel expenses in the 2022/23 and 2021/22 fiscal years break down as follows:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Personnel expenses	**-239,533**	**-208,010**
of which wages and salaries	-196,501	-170,361
of which social security contributions	-31,057	-26,758
of which expenses for obligations after termination of the employment contract	-3,228	-2,512
of which other operating expenses	-8,747	-8,379

Personnel expenses arose for the following number of employees by region at the end of the fiscal year

	September 30, 2023	September 30, 2022
Operations and Support (cost of goods sold)	775	637
Sales and Marketing	691	779
Research and development	852	763
Total	**2,318**	**2,179**

Brainlab had an average of 2,266 and 2,132 employees, respectively, in fiscal years 2022/23 and 2021/22.

(21) Other operating income and expenses

Other operating income comprises the following:

For the twelve months ended	**September 30, 2023**	**September 30, 2022**
€ '000		
Foreign currency gains	10,294	15,667
Gains on hedges	8,186	3,921
Income from the reversal of provisions/liabilities	3,217	3,758
Gains on financial instruments	1,624	8,605
Income from the reversal of valuation allowances on receivables	1,423	528
Prior-period income	763	765
Government grants	567	258
Miscellaneous other operating income	2,726	2,916
Total	**28,800**	**36,418**

The gains on financial instruments in fiscal year 2022/23 mainly result from the measurement or derecognition of financial instruments in connection with business combinations. In fiscal year 2021/22, this item also included an earnings effect from the measurement of the option in connection with the acquisition of medPhoton GmbH.

The income from the reversal of valuation allowances on receivables is presented separately from fiscal year 2022/23. In the previous fiscal year, this income was carried under miscellaneous other operating income. For better comparability, the previous year's figure has been adjusted accordingly.

Government grants mainly consist of government subsidies for research and development.

Other operating expenses comprise the following:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Foreign currency exchange losses	-15,394	-7,440
Impairment loss	-5,132	-
Losses on currency hedges	-2,619	-14,479
Losses on financial instruments	-1,317	-1,611
Miscellaneous other expenses	-18	-24
Total	**-24,480**	**-23,554**

In fiscal year 2022/23, an impairment of goodwill in the amount of € 5,132 thousand (previous year: € 0) was recognized. This is the result of the impairment test in the 2022/23 fiscal year (see Note (6)).

The losses on financial instruments include measurements or derecognitions of financial instruments relating to business combinations.

After offsetting, the foreign currency gains and losses (including currency hedges) increased from € –2,331 thousand (loss) in fiscal year 2021/22 to € 467 thousand (gain) in fiscal year 2022/23. The development of foreign currency gains and losses is mainly attributable to the performance of the U.S. dollar.

(22) Financial income and expenses

Financial income and financial expenses in the 2022/23 and 2021/22 fiscal years are as follows:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Interest and similar income	557	242
Income from discounting and compounding	724	1,081
Total financial income	**1,281**	**1,323**
Interest and similar expenses	6,368	1,976
Expenses from discounting and compounding	3,621	3,337
thereof from leasing	779	798
Total financial expenses	**9,989**	**5,313**

Financial income comprises interest income on cash and cash equivalents and income from the discounting of non-current contract liabilities and from the compounding of interest on non-current contract assets.

Financial expenses mainly include interest expenses for interest-bearing loans and borrowings and interest expenses from the discounting of non-current trade receivables and contract assets. They also include expenses from the discounting of purchase price retentions and contingent considerations. The increase is mainly due to higher interest-bearing loans and borrowings as well as higher interest rates.

(23) Income taxes

Up until fiscal year 2021/22, the corporation tax rate applicable for Germany of 15% (plus solidarity surcharge) and the trade tax rate of the City of Munich was used to calculate the average domestic tax rate for the Brainlab Group, which thus amounted to 32,98%. For the first time in fiscal year 2022/23 the average tax rate applicable for the Brainlab Group was calculated from the weighted tax rates applicable for the companies included in the consolidated financial statements. The previous fiscal year's reconciliation statement was adjusted accordingly. This change was made in order to increase the significance of the tax effects for the weighted pre-tax results.

There is a profit and loss transfer agreement between Brainlab AG, Brainlab Sales GmbH, Brainlab Corporate Services GmbH, Snke OS GmbH, BrainPulse GmbH, Mint Medical GmbH and Dr. Langer Medical GmbH (from Jan 1, 2023), which means that these companies form a tax group for the purposes of corporation and trade tax.

The actual income tax expense in fiscal year 2022/23 amounted to € 3,301 thousand (previous fiscal year: tax expense of € 6,349 thousand). The total amount recognized for the actual income tax expense includes prior-period tax income of € 1,968 thousand (previous fiscal year: income of € 69 thousand).

The change in the actual income tax expense, taking into account the change in consolidated profit, is mainly attributable to special effects from prior-period taxes. In addition, a deferred tax expense of € 11,431 thousand (previous fiscal year: income € 5,498 thousand) was recognized. The total tax expense thus amounted to € 14,732 thousand (previous fiscal year: € 851 thousand), which includes prior-period tax income for previous fiscal years in the amount of € 2,896 thousand (previous fiscal year: income of € 1,166 thousand). For companies with an insignificant influence on the total tax expense, a simplified procedure is used in some cases to determine the total tax expense. This procedure has been partly retained since fiscal year 2021/22.

In fiscal year 2022/23, tax income resulted from changes in tax rates, in the amount of € 7 thousand (previous fiscal year: expense of € 9 thousand). These result from the increase in the tax rate of Brainlab, Inc. (USA), from 25.7% in the previous fiscal year to 25.9% in the fiscal year under review. The deferred tax expenses offset directly against equity amounted to € 117 thousand (previous fiscal year: expense of € 91 thousand).

The deferred taxes result from differences in the following items:

For the twelve months ended	**September 30, 2023**			
€ '000	**Deferred tax assets**	**Deferred tax liabilities**	**Total change**	**of which recognized in other comprehensive income**
Fixed assets	1,925	44,456	706	-404
Inventories	4,013	506	-1,489	11
Receivables	-	431	542	28
Other assets	238	3,192	-1,180	-23
Liabilities to banks	-	44	-48	-
Prepaid expenses	1,093	-	204	2
Loss carryforwards/tax credits	1,574	-	10,517	1,023
Equity	-	286	117	117
Provisions	759	2,874	-21	69
Liabilities	7,334	42	2,694	40
Deferred revenue and deferred cost of goods sold	2,666	3	268	15
Gross value	**19,602**	**51,834**	**12,309**	**879**
Netting	-8,911	-8,911		
Carrying amount	**10,691**	**42,923**		
Net liability position		**32,232**		

For the twelve months ended	**September 30, 2022**			
€ '000	**Deferred tax assets**	**Deferred tax liabilities**	**Total change**	**of which recognized in other comprehensive income**
Fixed assets	-1,944	39,879	10,576	-15
Inventories	2,474	457	-1,458	-14
Receivables	473	362	-3,198	254
Other assets	-	4,134	2,734	-51
Liabilities to banks	-	92	-43	-
Prepaid expenses	1,297	-	99	-9
Loss carryforwards/tax credits	12,091	-	-4,291	-209
Equity	-	168	90	90
Provisions	1,405	3,542	394	-129
Liabilities	10,220	235	-5,509	-119
Deferred revenue and deferred cost of goods sold	2,974	43	471	-140
Gross value	**28,990**	**48,911**	**-135**	**-342**
Netting	-13,218	-13,218		
Carrying amount	**15,772**	**35,693**		
Net liability position		**19,921**		

Overall, the net liability position for deferred taxes (net liabilities of € 32,232 thousand) increased by € 12,309 thousand compared with € 19,921 thousand in the previous fiscal year (previous fiscal year: decrease of € 135 thousand). An amount of € 879 thousand (previous fiscal year: € -342 thousand) is attributable to effects recognized in other comprehensive income.

Temporary differences relating to investments in subsidiaries, for which no deferred tax liabilities were recognized, amounted to a total of € 7,235 thousand (previous fiscal year: € 7,940 thousand).

Deferred tax assets were only recognized for tax losses brought forward if their realization was sufficiently probable.

Future taxable income is determined on the basis of the reversal of taxable temporary differences. If the amount is not sufficient to fully capitalize deferred tax assets, the future taxable income is determined on the basis of the individual business plans of the subsidiaries, taking into account the reversal of temporary differences. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer likely that the associated tax benefit will be realized. Deferred tax assets on loss carryforwards/tax credits (€ 1,575 thousand, previous fiscal year: € 12,091 thousand) were recognized for the subsidiaries Brainlab Italia s.r.l., (Italy), Brainlab Ltd. (Hongkong) and Brainlab Robotics GmbH (Germany). The existing capitalized losses brought forward as of September 30, 2023 have no time limit.

As of September 30, 2023, the Company had the following tax losses brought forward, for which no deferred taxes have been set up:

€ '000	**September 30, 2023**	**September 30, 2022**
Brainlab Sales GmbH	120	120
Brainlab, Inc., USA (tax group)	49,455	-
Jan Medical, Inc., USA	33,870	35,576
Brainlab SARL, France	278	-
Brainlab Ltda., Brazil	1,388	-
VisionTree Software Inc., USA	8,273	8,654
Total	**93,384**	**44,350**

Of the loss carryforwards existing Group-wide as of September 30, 2023 no deferred tax assets were set up in the amount of € 93,384 thousand (previous year: € 44,350 thousand).

Utilization of € 35,106 thousand (previous fiscal year: € 44,228 thousand) of the non-capitalized losses carried forward is subject to certain time limits.

€ '000	Losses carried forward with time limit
Utilization until 2024	3
Utilization until 2025	18
Utilization until 2026	76
Utilization until 2027	591
Utilization until 2028	432
Utilization until 2029	475
Utilization until 2030	238
Utilization until 2031	370
Utilization until 2032	1,251
Utilization until 2033	1,825
Utilization until 2034	1,682
Utilization until 2035	3,260
Utilization until 2036	6.174
Utilization until 2037	7.004
Utilization until 2038	11.707
Total	**35,106**

This relates to losses carried forward of Brainlab, Inc., USA (incl. its subsidiary Level Ex. Inc., USA), Jan Medical, Inc., USA and VisionTree Software, Inc., USA. Losses from calendar year 2018 may be carried forward indefinitely.

The actual tax expense for fiscal year 2022/23 of € 14,732 thousand (previous fiscal year: tax expense of € 851 thousand) was € 12,853 thousand higher (previous fiscal year: € 1,570 thousand lower) than the expected tax expense of € 1,879 thousand (previous fiscal year: tax expense of € 2,421 thousand) that would have resulted had an expected average tax rate been applied to the Group's pre-tax earnings.

For simplicity, this average tax rate is calculated, as from fiscal year 2022/23 (in previous years, the tax rate of the domestic tax group was used for simplicity), from the weighted applicable tax rates of the companies included in the consolidated financial statements, and amounted to 38.67% in fiscal year 2022/23 (previous fiscal year: 32.98%).

The reasons for the difference between the expected and actual tax expense are shown in the following reconciliation account. They mainly relate to the impairment of deferred tax assets of Brainlab Inc., USA (including its subsidiary Level Ex. Inc., USA) and the amortization of goodwill of Level Ex. Inc. USA:

€ '000	September 30, 2023	September 30, 2022
Earnings before income taxes	4,097	4,145
Expected tax expense	1,879	2,421
Differences to foreign tax rates and currency effects	835	-196
Permanent differences	2,204	-1,186
Tax effects on:		
Prior-period income taxes	-2,896	-1,166
Tax rate adjustment	-7	9
Non-capitalized loss carryforwards and corrections	12,786	998
Utilization and capitalization of deferred taxes on loss carryforwards	78	-28
Other	-145	-1
Actual tax expense	**14,732**	**851**
Effective tax rate	**359.53%**	**20.54%**

(24) Earnings per share

Earnings per share is calculated in accordance with IAS 33 – Earnings per Share, by dividing net profit for the period by the weighted average number of shares.

The table below shows the calculation of basic and diluted earnings per share for fiscal years 2022/23 and 2021/22:

For the twelve months ended		
€	**September 30, 2023**	**September 30, 2022**
Basic earnings per share		
Net profit/loss attributable to the ordinary shareholders of the parent company	-10,721,555	3,196,087
Weighted average number of shares - basic	18,864,457	18,864,457
Basic earnings per share	**-0.57**	**0.17**
Diluted earnings per share		
Net profit/loss attributable to the ordinary shareholders of the parent company	-10,721,555	3,196,087
Weighted average number of shares - diluted	18,864,457	18,864,457
Diluted earnings per share	**-0.57**	**0.17**

(25) Information on the statement of cash flows

The changes in financial liabilities, which will lead to cash flows from financing activities in future, are presented in the table below:

			Non-cash change		
€ '000	**Balance as of October 1, 2022**	**Cash changes**	**Currency effects**	**Other changes**	**Balance as of September 30, 2023**
Interest-bearing loans and borrowings	72,908	53,823	-	47,093	173,824
Lease liabilities	54,860	-	-	-4,263	50,597
Non-current financial liabilities	**12,7768**	**53,823**	**-**	**42,830**	**224,421**
Interest-bearing loans and borrowings	39,039	17,945	-	-46,956	10,028
Lease liabilities	11,389	-13,302	-1,274	14,608	11,421
Current financial liabilities	**50,428**	**4,643**	**-1,274**	**-32,348**	**21,449**
Total	**178,196**	**58,466**	**-1,274**	**10,482**	**245,870**

The changes in financial liabilities from the previous fiscal year, which will lead to cash flows from financing activities in future, are presented in the table below:

				Non-cash change		
€ '000	**Balance as of October 1, 2021**	**Cash changes**	**Changes in the scope of consolidation**	**Currency effects**	**Other changes**	**Balance as of September 30, 2022**
Interest-bearing loans and borrowings	40,377	32,931	3,933	-	-4,333	72,908
Lease liabilities	54,348	-	104	-	408	54,860
Non-current financial liabilities	**94,725**	**32,931**	**4,037**	**-**	**-3,925**	**127,768**
Interest-bearing loans and borrowings	45,609	-11,451	895	-	3,986	39,039
Lease liabilities	9,997	-12,692	93	1,590	12,401	11,389
Current financial liabilities	**55,606**	**-24,143**	**988**	**1,590**	**16,387**	**50,428**
Total	**150,331**	**8,788**	**5,025**	**1,590**	**12,462**	**178,196**

(26) Segment reporting

The following segment information has been prepared in accordance with IFRS 8 – Operating Segments. The accounting and valuation principles applied by the operating segments correspond to those discussed in the notes on "Key accounting and valuation principles".

For management purposes, the Group is organized into business units based on product and service groups. The Company's main customers worldwide are public and private hospitals, surgical centers and university hospitals.

Surgery

Brainlab's image-guided surgery systems deliver high-precision information for surgical procedures in real time. These systems can be expanded from a single system for a single area of application through to the integrated operating room or full digital integration for a hospital.

Radiosurgery

Radiosurgery applications enable high-precision treatment planning and radiation of tumors in the head, spine and lungs.

Digital Health

Digital Health is designed as an open, modular platform to capture, manage, and display the data needed across all setups.

For more information on the business activities of the operating segments please refer to the management report.

The three segments correspond to the management structure, the distribution organization, the internal reporting system and the predominant source of risks and income of the Company. No operating segments have been aggregated to form reportable operating segments.

The management monitors earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT) of the operating segments separately, in order to make decisions on how to allocate resources and to assess the profitability of the operating segments. Segment performance is evaluated based on their respective operating results and is measured in accordance with the operating result reported in the consolidated financial statements.

Gains and losses which cannot be directly allocated to one of the operating segments, Surgery, Radiosurgery and Digital Health, are allocated using apportionment formulas.

The results of the operating segments do not include taxes or any interest income or interest expenses that cannot be directly allocated to the segment assets.

Cash and short-term deposits and tax receivables are managed centrally and are not allocated to the individual business segments. Group financing (including financial expenses and income) and income taxes are managed on a uniform basis within the Group, and are not allocated to the individual operating segments. They are included in the reconciliation to the consolidated financial statements. The liabilities to banks added in the course of the business combinations effected in fiscal year 2021/22 are recognized under “Other”. For better comparability, the previous year’s figures have been adjusted accordingly.

In € '000	For the twelve months ended September 30	Surgery	Radio-surgery	Digital Health	Total operating segments	Others	Total
Net revenue from contracts with customers	**2022/23**	**241,876**	**104,330**	**83,022**	**429,228**	**-**	**429,228**
	2021/22	203,065	92,281	68,953	364,299	-	364,299
Gross profit	**2022/23**	**169,962**	**63,762**	**34,312**	**268,036**	**-**	**268,036**
	2021/22	142,529	53,027	20,638	216,194	-	216,194
Selling, general and administrative expenses	**2022/23**	**-91,558**	**-41,332**	**-51,072**	**-183,962**	**-250**	**-184,212**
	2021/22	-80,240	-36,986	-47,706	-164,932	-94	-165,026
Research and development expenses	**2022/23**	**-18,384**	**-13,878**	**-42,770**	**-75,032**	**-**	**-75,032**
	2021/22	-13,790	-9,651	-37,666	-61,107	-	-61,107
Other operating income/(expenses)	**2022/23**	**4,934**	**2,288**	**-3,474**	**3,748**	**572**	**4,320**
	2021/22	2,178	2,891	7,645	12,714	150	12,864
EBITDA	**2022/23**	**83,212**	**24,346**	**-36,523**	**71,035**	**4,346**	**75,381**
	2021/22	65,042	19,624	-34,516	50,150	3,442	53,592
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	**2022/23**	**-18,258**	**-13,506**	**-26,789**	**-58,553**	**-4,024**	**-62,577**
	2021/22	-14,366	-10,344	-17,361	-42,071	-3,386	-45,457
Thereof impairment loss	**2022/23**	**5,132**	**-**	**-**	**5,132**	**-**	**5,132**
Bad debt allowances & depreciation of current assets	**2022/23**	**-245**	**-101**	**-281**	**-627**	**-**	**-627**
	2021/22	-935	-427	-208	-1,570	-	-1,570
EBIT	**2021/22**	**64,954**	**10,840**	**-63,312**	**12,482**	**323**	**12,805**
	2021/22	50,676	9,280	-51,877	8,079	56	8,135
Interest income/- expenses	**2022/23**	**-527**	**-205**	**-926**	**-1,658**	**-7,050**	**-8,708**
	2021/22	-448	-203	-443	-1,094	-2,896	-3,990
Segment profit/(loss) before tax	**2022/23**	**64,427**	**10,635**	**-64,238**	**10,824**	**-6,727**	**4,097**
	2021/22	50,228	9,077	-52,320	6,985	-2,840	4,145

€ '000	Fiscal year	Surgery	Radio-surgery	Digital Health	Total operating segments	Other	Total
Segment assets	**2022/23**	**255,388**	**125,504**	**203,826**	**584,718**	**131,532**	**716,250**
	2021/22	231,210	124,422	196,236	551,868	115,925	667,793
Segment liabilities	**2022/23**	**107,922**	**62,122**	**67,806**	**237,850**	**268,382**	**506,232**
	2021/22	114,071	64,902	64,297	243,270	193,982	437,252
Investments	**2022/23**	**27,642**	**13,045**	**16,554**	**57,241**	**4,271**	**61,512**
	2021/22	22,518	15,374	9,676	47,568	4,368	51,936
of which in intangible assets	**2022/23**	**24,176**	**12,726**	**15,562**	**52,464**	**733**	**53,197**
	2021/22	18,692	14,799	9,019	42,510	103	42,613
of which in property, plant and equipment	**2022/23**	**3,466**	**319**	**992**	**4,777**	**3,538**	**8,315**
	2021/22	3,826	575	657	5,058	4,265	9,323

Reconciliation of earnings

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Segment profit/(loss) before tax	**10,824**	**6,985**
Selling, general and administrative expenses	-250	-94
Other operating income	573	150
Interest income	756	1,145
Interest expense	-7,806	-4,041
Brainlab Group earnings before tax	**4,097**	**4,145**

Additional information

The Company forms three geographic regions based the location of its subsidiaries. North America, Asia/Pacific (Hong Kong, Japan, Australia, China), Europe and Rest of World. The "Rest of World" region is mainly covered by Brainlab Sales GmbH and its subsidiaries. The revenue of the "Europe and Rest of World" region is predominantly generated in the European Union.

The offsetting within the Group is performed in accordance with the arm's length principle based on the transfer pricing principles of the Organisation for Economic Cooperation and Development (OECD).

The segment information is aligned with the overall consolidated information as follows:

€ '000	Fiscal year	North America	Asia/Pacific	Europe and Rest of World	Others	Total
Net revenue from contracts with customers	**2022/23**	**181,986**	**51,919**	**195,323**	**-**	**429,228**
	2021/22	159,191	55,864	149,244	-	364,299
Non-current assets	**2022/23**	**35,346**	**3,174**	**223,080**	**86,065**	**347,665**
	2021/22	40,297	3,298	207,582	98,006	349,183

The non-current assets reported here comprise property, plant and equipment, intangible assets and rights of use. The "Other" category mainly presents goodwill (€ 91,299 thousand). In fiscal year 2022/23, an impairment of goodwill in the amount of € 5,132 thousand (previous year: € 0) was recognized. This is the result of the impairment test in the 2022/23 fiscal year (see Note (6)). The increase in the Europe and Rest of World region compared with the previous fiscal year is mainly attributable to capitalized development costs. The decline in the North America region is due, among other things, to the development of exchange rates in fiscal year 2022/23.

The companies domiciled in Germany account for net revenue from contracts with customers of € 168,860 thousand (previous fiscal year: € 123,797 thousand) as well as non-current assets in the amount of € 207,459 thousand (previous fiscal year: € 188,293 thousand). The calculation is based on the registered office of the companies generating the revenue. The previous year's figures have been corrected for comparability.

(27) Contingent liabilities

Contingent liabilities and other obligations

As of September 30, 2023 there were the following contingent liabilities and other liabilities:

The purchase commitment for investments as of September 30, 2023 gives rise to financial obligations in the amount of € 0.9 million (previous fiscal year: € 1.1 million). In addition, as of September 30, 2023, there were general agreements with purchase commitments with a remaining term of more than one year in the amount of € 13.2 million (previous fiscal year: € 17.0 million).

(28) Total auditor's fees

The total fees calculated for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft for fiscal years 2022/23 and 2021/22 amount to:

For the twelve months ended **€ '000**	**September 30, 2023**	**September 30, 2022**
KPMG AG Wirtschaftsprüfungsgesellschaft		
Auditing of financial statements	488	463
of which from previous fiscal years	19	-
Other services	46	46
Total	**534**	**509**

(29) Remuneration of the Management Board, Supervisory Board and related party disclosures

The total remuneration of the Management Board and Supervisory Board in accordance with IAS 24.17 is as follows in fiscal years 2022/23 and 2021/2022:

For the twelve months ended € '000	September 30, 2023	September 30, 2022
Expense for short-term payments due	2,491	1,941
Expense for payments due after termination of employment contract	115	104
Expense for long-term payments due	420	930
Expense for total remuneration of the Management Board	**3,026**	**2,975**
Expense for the total remuneration of the Supervisory Board	83	76
Expense for the total remuneration of the executive bodies	**3,109**	**3,051**

The total remuneration of the Management Board and Supervisory Board pursuant to Section 314 (1) No. 6 in conjunction with Section 315e (1) HGB amounts to € 2,606 thousand for the active members of the Management Board in fiscal year 2022/23 (previous fiscal year: € 4,824 thousand). The total remuneration paid to the Supervisory Board in fiscal year 2022/23 amounted to € 83 thousand (previous fiscal year: € 76 thousand).

One member of the Supervisory Board had a business association with the Company as an employee in fiscal years 2022/23 and 2021/22.

Brainlab had a relationship with the associated company up until May 1, 2022. Brainlab acquired a majority stake in this company on May 2, 2022. It has since been included in the consolidated financial statements as a fully consolidated subsidiary in accordance with IFRS 12. Further information on this can be found in Notes (8) and (9).

(30) Litigation

Brainlab is party to various litigation proceedings:

Product liability

On January 13, 2021, an action ("Action") was filed against Brainlab, Inc. ("Brainlab"), NYU Lang one Health System and NYU Lang one Hospitals (collectively, "NYU") and Dimitris G. Placantonakis M.C. ("Dr. Placantonakis") by a patient who underwent a brain biopsy performed by Dr. Placantonakis at NYU on October 10, 2019. Dr. Placantonakis used a Brainlab Navigation system for the procedure. The Action alleges strict product liability and negligence against Brainlab and also contains allegations against NYU and Dr. Placantonakis. Brainlab's insurer has taken over Brainlab's defense. Discovery continues with written interrogatories, requests for information and depositions. Brainlab does not expect the matter to have a material financial effect on Brainlab.

On July 13, 2022, Brainlab, Inc. was served with a complaint filed in the Superior Court of California, County of Los Angeles against Brainlab AG, Brainlab, Inc., Mike Chen, MD, Methodist Hospital of Southern California, City of Hope and Does 1 to 100 alleging wrongful death resulting from a May, 2021 craniotomy and brain biopsy and seeking compensatory damages ("Complaint"). The Complaint alleges strict liability and negligence against Brainlab AG and Brainlab, Inc. Brainlab's insurer has accepted the claim and will be providing defense. Discovery is ongoing. Brainlab does not expect the matter to have a material financial effect on Brainlab.

Intellectual property

One proceeding is pending against a Brainlab group company's trademark. Brainlab does not expect a negative outcome of this litigation to have a material adverse effect on Brainlab's financial situation.

Others

Brainlab is party to four additional lawsuits that are unlikely to have a material adverse effect on Brainlab's financial situation, regardless of their outcome.

(31) Events after the end of the reporting period

No reportable events have occurred since the end of the reporting period that have material effects on Brainlab's net assets, financial position and results of operations.

Brainlab AG
Munich, January 29, 2024

Stefan Vilsmeier	**Rainer Birkenbach**	**Jan Merker**
Chief Executive Officer	Management Board Member	Management Board Member

Disclaimer

The following auditor's report, prepared in accordance with § 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete consolidated financial statements, comprising consolidated statement of financial position as at 30 September 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies, together with the combined management report of Brainlab AG, Munich for the financial year from 1 October 2022 to 30 September 2023. The combined management report is not included in this Prospectus. The following auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

Independent Auditor’s Report

To Brainlab AG, Munich

Opinions

We have audited the consolidated financial statements of Brainlab AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Brainlab AG and the Group (hereinafter ‘combined management report’) for the financial year from 1 October 2022 to 30 September 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the appendix to the independent auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023, and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those

components of the combined management report specified in the appendix to the independent auditor's report.

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

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Other Information

Management is responsible for the other information. The other information comprises the components of the combined management report specified in the appendix to the independent auditor's report, whose content was not audited.

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

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

- is materially inconsistent with the consolidated financial statements, with the information in the combined management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

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

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for

disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, Management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position

and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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

as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by Management and the reasonableness of estimates made by Management and related disclosures.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by Management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 29 January 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Rohrbach
Wirtschaftsprüfer
[German Public Auditor]

Bergler
Wirtschaftsprüfer
[German Public Auditor]

Appendix to the Independent Auditor's Report: combined management report components not audited for content

We have not audited the following components of the combined management report:

- the following information extraneous to management reports. Information extraneous to group management reports is information that is not required pursuant to Sections 315, 315a or Sections 315b to 315d HGB.
  - Section: "Group strategy"
  - Section: "Distribution and cooperation"
  - Section: "Employees and social welfare"
  - Section: "Sustainability: Environmental protection"
  - Section: "Sustainability: Social aspects"
  - Section: "Customer satisfaction"
  - Section: "Notes and forward-looking statements"

Audited Consolidated Financial Statements of the Company as of and for the year ended September 30, 2022, prepared in accordance with IFRS

Consolidated statement of financial position

ASSETS

€'000	Notes	September 30, 2022	September 30, 2021
Current assets			
Cash and short-term deposits	(1)	66,740	85,934
Trade receivables	(2)	58,071	52,357
Contract assets	(2)	48,561	44,032
Tax receivables	(22)	6,470	4,863
Other financial assets	(7)	1,800	3,915
Other non-financial assets	(7)	11,176	8,240
Prepaid expenses		1,518	954
Inventories	(3)	59,742	48,830
Total current assets		**254,078**	**249,125**
Non-current assets			
Goodwill	(5),(6)	101,525	75,706
Capitalized development costs	(5)	106,281	83,996
Other intangible assets	(5)	43,008	21,973
Property, plant and equipment	(4)	31,503	26,539
Rights of use	(13)	66,866	65,974
Investment in associates	(8)	-	2,598
Trade receivables	(2)	3,593	2,237
Contract assets	(2)	36,146	26,527
Other financial assets	(7)	8,035	9,281
Other non-financial assets	(7)	986	842
Deferred taxes	(22)	15,772	8,954
Total non-current assets		**413,715**	**324,627**
Total assets		**667,793**	**573,752**

From fiscal year 2021/22 the item “Intangible assets” is broken down into “Goodwill”, “Capitalized development costs” and “Other intangible assets”. The previous year’s figures have been adjusted accordingly.

LIABILITIES

€ '000	Notes	September 30, 2022	September 30, 2021
Current liabilities			
Trade payables		33,261	25,050
Interest-bearing loans and borrowings	(12)	39,039	45,609
Lease liabilities	(13)	11,389	9,997
Provisions	(15)	2,233	1,984
Other financial and non-financial liabilities	(16)	64,890	51,191
Tax payables		12,839	7,102
Contract liabilities	(2)	69,770	58,956
Total current liabilities		**233,421**	**199,889**
Non-current liabilities			
Interest-bearing loans and borrowings	(12)	72,908	40,377
Lease liabilities	(13)	54,860	54,348
Provisions	(15)	1,640	1,705
Other financial and non-financial liabilities	(16)	20,584	15,718
Contract liabilities	(2)	18,146	14,498
Deferred taxes	(22)	35,693	29,010
Total non-current liabilities		**203,831**	**155,656**
Equity	**(17)**		
Issued capital		18,864	18,864
Capital reserve		32,535	32,535
Revenue reserve		150,113	156,158
Other comprehensive income		25,995	10,650
Equity attributable to shareholders of the parent company		**227,507**	**218,207**
Non-controlling interests		3,034	-
Total equity		**230,541**	**218,207**
Total liabilities		**667,793**	**573,752**

In fiscal year 2021/22, the item “Retained earnings/accumulated losses brought forward” was renamed “Revenue reserve”.

The following notes are an integral part of this consolidated statement of financial position.

Consolidated income statement

For the twelve months ended €'000	Notes	September 30, 2022	September 30, 2021
Revenue	(18)	364,299	358,514
Cost of goods sold	(19)	-148,105	-143,643
Gross profit		**216,194**	**214,871**
Selling, general and administrative expenses	(20)	-165,026	-145,985
Research and development expenses	(20)	-61,107	-53,683
Other operating income	(21)	36,418	30,747
Other operating expense	(21)	-23,554	-8,306
Share of profit of associates	(8)	5,210	160
Operating result		**8,135**	**37,804**
Financial income		1,323	96
Financial expense		-5,313	-3,674
Earnings before income tax		**4,145**	**34,226**
Tax expense	(22)	-851	-11,877
Net profit for the period		**3,294**	**22,349**
of which attributable to:			
Shareholders of the parent company		3,196	22,349
Non-controlling interests		98	-
Basic earnings per share	**(23)**	**0.17**	**1.18**
Diluted earnings per share	**(23)**	**0.17**	**1.18**

The following notes are an integral part of this consolidated income statement.

Consolidated statement of comprehensive income

For the twelve months ended €'000	Notes	September 30, 2022	September 30, 2021
Net profit for the period		3,294	22,349
Other comprehensive income to be reclassified or reclassified to the income statement in subsequent periods			
Currency translation adjustment for foreign operations		15,160	1,620
Total		**15,160**	**1,620**
Other comprehensive income to be reclassified or reclassified to the income statement in subsequent periods		**15,160**	**1,620**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			
Gains/(losses) on the revaluation of defined benefit pension plans	(14)	125	12
Income tax effect		-41	-4
Total		**84**	**8**
Gains/losses on equity instruments measured at fair value through other comprehensive income	(11)	150	483
Income tax effect		-49	-159
Total		**101**	**324**
Other comprehensive income not to be reclassified to the income statement in subsequent periods		**185**	**332**
Other comprehensive income after taxes		**15,345**	**1,952**
Total comprehensive income after taxes		**18,639**	**24,301**
of which attributable to:			
Shareholders of the parent company		18,541	24,301
Non-controlling interests		98	-

The following notes are an integral part of this consolidated statement of comprehensive income.

Consolidated statement of cash flows

For the twelve months ended €'000	Notes	September 30, 2022	September 30, 2021
Cash flows from operating activities			
Net profit for the period		3,294	22,349
adjusted for:			
Income tax expenses	(22)	851	11,877
Financial income/financial expense		3,990	3,578
Share of profit of associates	(8)	-5,210	-160
Depreciation/amortization of property, plant and equipment, rights of use and intangible assets	(4),(5),(13)	45,456	40,438
Profit/loss from the disposal of assets		18	200
Other gains/losses		-12,689	-7,206
Increase/(decrease) in operating assets and liabilities			
Inventories	(3)	-3,636	-11,074
Trade receivables (net)	(2)	-5,929	6,440
Contract assets	(2)	-9,955	-16,661
Other assets and tax receivables	(7),(22)	1,275	12,373
Prepaid expenses		-299	1,595
Contract liabilities	(2)	9,772	-387
Trade payables		4,244	4,353
Other liabilities and tax payables	(16),(22)	4,589	-10,641
Deferred taxes	(22)	5,462	97
Provisions	(15)	-347	-99
Interest paid		-2,455	-2,377
Interest received		349	289
Income taxes paid		-8,029	-18,606
Income taxes received		5,221	851
Cash flows from operating activities		**35,972**	**37,229**

For the twelve months ended €'000	Notes	September 30, 2022	September 30, 2021
Cash flows from investing activities			
Expenses from investment in property, plant and equipment	(4)	-8,272	-9,647
Receipts from the disposal of property, plant and equipment	(4)	175	95
Expenses from investment in intangible assets	(5)	-42,613	-33,995
Receipts from the disposal of intangible assets	(5)	-	33
Expenses from investment in financial assets (non-current assets)	(7)	-1,198	-260
Receipts from the disposal/repayment of financial assets (current assets)	(7)	4,459	3,877
Acquisition of subsidiaries net of acquired cash and cash equivalents	(9)	-16,889	-12,268
Cash flows from investing activities		**-64,338**	**-52,165**
Cash flows from financing activities			
Repayments of principal portion of lease liabilities	(13)	-11,894	-9,623
Repayment of interest-bearing loans	(12)	-79,757	-8,563
Proceeds from interest-bearing loans and borrowings	(12)	101,237	30,000
Dividend payments to shareholders of parent company	(17)	-5,093	-4,150
Cash flows from financing activities		**4,493**	**7,664**
Group and exchange rate-related changes in cash and short-term deposits		**4,679**	**330**
Increase/(decrease) in cash and short-term deposits		**-23,873**	**-7,272**
Cash and short-term deposits at the beginning of the reporting period	**(1)**	**85,934**	**92,876**
Cash and short-term deposits at the end of the reporting period	**(1)**	**66,740**	**85,934**

The following notes are an integral part of the consolidated statement of cash flows.

Consolidated statement of changes in equity

€'000	Notes	Issued capital	Capital reserves	Revenue reserve	Reserve from changes in fair value	Reval-uation reserve (pensions)	Currency translation reserve	Total
October 1, 2020		**18,864**	**32,535**	**137,959**	**-25**	**-150**	**8,873**	**198,056**
Net profit for the period		-	-	22,349	-	-	-	22,349
Other comprehensive income		-	-	-	324	8	1,620	1,952
Total comprehensive income		**-**	**-**	**22,349**	**324**	**8**	**1,620**	**24,301**
Dividend payments	(17)	-	-	-4,150	-	-	-	-4,150
September 30, 2021		**18,864**	**32,535**	**156,158**	**299**	**-142**	**10,493**	**218,207**
October 1, 2021		**18,864**	**32,535**	**156,158**	**299**	**-142**	**10,493**	**218,207**
Net profit for the period		-	-	3,196	-	-	-	3,196
Other comprehensive income		-	-	-	101	84	15,160	15,345
Total comprehensive income		**-**	**-**	**3,196**	**101**	**84**	**15,160**	**18,541**
Dividend payments	(17)	-	-	-5,093	-	-	-	-5,093
Other changes	(9)	-	-	-4,148	-	-	-	-4,148
Transactions with non-controlling interests	(9)	-	-	-	-	-	-	-
September 30, 2022		**18,864**	**32,535**	**150,113**	**400**	**-58**	**25,653**	**227,507**

€'000	Total	Non-controlling interests	Total equity
October 1, 2020	**198,056**	**-**	**198,056**
Net profit for the period	22,349	-	22,349
Other comprehensive income	1,952	-	1,952
Total comprehensive income	**24,301**	**-**	**24,301**
Dividend payments	-4,150	-	-4,150
September 30, 2021	**218,207**	**-**	**218,207**
October 1, 2021	**218,207**	**-**	**218,207**
Net profit for the period	3,196	98	3,294
Other comprehensive income	15,345	-	15,345
Total comprehensive income	**18,541**	**98**	**18,639**
Dividend payments	-5,093	-	-5,093
Other changes	-4,148	-	-4,148
Transactions with non-controlling interests	-	2,936	2,936
September 30, 2022	**227,507**	**3,034**	**230,541**

It should be noted that the structure of the statement of changes in equity has been amended with respect to heading names and the line-by-line breakdown into “Net profit for the period”, “Other comprehensive income” and “Overall result”.

The following notes are an integral part of this consolidated statement of changes in equity.

Notes to the consolidated financial statements

General information

Brainlab AG and its subsidiaries (hereinafter “Brainlab”, the “Company” or the "Group”) develop, manufacture and distribute hardware and software technology for computer-assisted medical procedures and their digitization. The Group's product range is split into three segments: Surgery, Radiosurgery and Digital Health. Brainlab's image-guided surgery systems deliver high-precision information for surgical procedures in real time. These systems can be expanded from a single system for a single area of application through to the integrated operating room or full digital integration for a hospital. Radiosurgery applications enable high-precision treatment planning and radiation of tumors in the head, spine and lungs. Digital Health applications, developed as an open, modular platform, record, manage and display patient data in the operating room.

The Company's main customers worldwide are public and private hospitals, surgical centers and university hospitals.

The first company of the Brainlab Group was founded on August 24, 1989. The headquarters of the present Brainlab AG, entered in the commercial register of Munich under HRB 135401 on January 24, 2001, are located on Olof-Palme-Straße 9, 81829 Munich, Germany.

Brainlab markets its products worldwide in over 124 countries via subsidiaries in Australia, Brazil, China, Germany, the United Kingdom, Hong Kong, India, Israel, Italy, Japan, Austria and the United States.

The consolidated financial statements of Brainlab AG for the fiscal year ending September 30, 2022 were approved by the Management Board for submission to the Supervisory Board on December 20, 2022.

The consolidated financial statements contain comparative information relating to the previous reporting period.

Changes in accounting policies and disclosures

New and amended standards and interpretations

The following standards and interpretations were to be applied for the first time from the beginning of the fiscal year:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2; Board's Response to uncertainties related to potential impact of the so-called IBOR reform on financial reporting; relief regarding hedge accounting provisions; they are mandatory for all hedging relationships affected by the IBOR reform;
- Amendments to IFRS 4: Extension of the temporary exemption from application of IFRS 9;
- Amendments to IFRS 16: Simplification of the assessment of a lease modification with respect to rent concessions relating to the COVID-19 pandemic (extended).

For all standards and interpretations applied for the first time there were no significant changes to the accounting and valuation methods, nor are any changes expected.

The following accounting policies have already been enacted in European law, but are not yet mandatory for Brainlab. Brainlab has not opted to voluntarily apply these policies early. These accounting policies relate in particular to the following standards:

Standard/Interpretation	Subject/Amendment	Mandatory first-time application for fiscal years beginning on or after
IFRS 3 Business Combinations	Update to IFRS 3 to the effect that the standard now refers to the 2018 Conceptual Framework and no longer to the 1989 Conceptual Framework; addenda in relation to the identification of acquired debt and contingent liabilities.	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Determination of the cost of performance of the contract in connection with onerous contracts.	January 1, 2022
IFRS 16 Property, Plant and Equipment	Changes in relation to revenue generated before an asset is in its operating condition.	January 1, 2022
Annual Improvements to IFRSs - 2018 to 2020 cycle	Improvements to IFRS 1, IFRS 9, IFRS 16, IAS 41.	January 1, 2022
IFRS 17 Insurance contracts	Endorsement of IFRS 17.	January 1, 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	Amendment of IAS 1 with respect to the disclosure of key accounting and valuation principles.	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Update to IAS 8 regarding the definition of accounting estimates.	January 1, 2023
IAS 12 Income Taxes	Update to IAS 12 with regard to deferred taxes relating to assets and liabilities arising from a business transaction.	January 1, 2023
IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts	Update to IFRS 17: First-time application of IFRS 17 and IFRS 9 – Comparative Information.	January 1, 2023

According to current knowledge, Brainlab does not expect this to have any material effects on the accounting and valuation.

Key accounting and valuation principles

Statement of compliance with IFRSs

The consolidated financial statements of Brainlab have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations promulgated by the IASB, as adopted by the EU, and the provisions of the German Commercial Code also to be applied according to Section 315e (1) HGB.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, with the exception of derivative financial instruments, plan assets and certain financial assets and liabilities, which have been measured at fair value.

The consolidated financial statements are presented in euros and figures are rounded to the nearest thousand (€ '000), except where otherwise indicated.

The accounting and valuation policies have been consistently applied by the Group for the fiscal year just ended and the previous reporting period, except as disclosed in these Notes.

Assets and liabilities are classified as either current or non-current, depending on their maturity or useful life. Current assets and liabilities have a maturity or useful life of less than one year; non-current assets and liabilities have a maturity or useful life of more than one year.

Fiscal year

The fiscal year is the twelve-month period ending on September 30. Fiscal year 2021/22 ended on September 30, 2022, and fiscal year 2020/21 ended on September 30, 2021.

Basis of consolidation

The consolidated financial statements comprise the annual financial statements of Brainlab AG and its direct and indirect subsidiaries as of September 30, 2022.

The following companies are included in the consolidated financial statements of Brainlab AG and are fully consolidated:

	Share of capital (in %)
Germany	
Brainlab Sales GmbH, Munich, Germany*	100,00
Brainlab Corporate Services GmbH, Munich, Germany*	100,00
10 Grad Event GmbH, Munich, Germany*	100,00
Brainlab Robotics GmbH, Munich, Germany*	100,00
Snke OS GmbH, Munich, Germany*	100,00
Mint Medical GmbH, Heidelberg, Germany*	100,00
Brain-Pulse GmbH, Munich, Germany*	100,00
Dr. Langer Medical GmbH, Waldkirch, Germany	100,00
Other countries	
Brainlab, Inc., Westchester, Illinois, USA	100,00
Jan Medical, Inc., Mountain View, California, USA	100,00
Level Ex, Inc., Chicago, Illinois, USA	100,00
VisionTree Software, Inc., San Diego, California, USA	100,00
Mint Medical, Inc., Hamilton, New Jersey, USA	100,00
Brainlab Ltd., Hong Kong, China	99,99
Brainlab Beijing Medical Equipment Trading Co., Peking, China	100,00
Brainlab K.K., Tokyo, Japan	100,00
Brainlab Australia Pty. Ltd., Sydney, Australia	100,00
Brainlab India Pvt. Ltd., New Delhi, India	100,00
Brainlab Ltd., Petach-Tikva, Israel	100,00
Brainlab France SARL., Paris, France	100,00
Brainlab Italia s.r.l., Milan, Italy	100,00
Brainlab Ltd., Cambridge, United Kingdom	100,00
Brainlab Ltda., Sao Paulo, Brazil	99,99
Brainlab Médica, S.L., Madrid, Spain	100,00
medPhoton GmbH, Salzburg, Austria	75,01

*These companies meet the criteria of Section 264 (3) HGB and make use of the option of exemption from certain regulations on the preparation, audit and disclosure of the annual financial statements and management report.

Subsidiaries are fully consolidated from the acquisition date on which the Group obtains control. Control exists if the Group is able to directly or indirectly exercise power of disposition over the investee company, is exposed to fluctuating returns from its investment and can influence the amount of the returns due to its power of disposition. Full consolidation ends as soon as control is lost by the parent company.

The following subsidiaries were included in the consolidated financial statements as fully consolidated entities for the first time (see Note (9)):

- medPhoton GmbH, Salzburg, Austria; from May 2, 2022 (consolidated as an associated company in accordance with the equity method until April 30, 2022);
- Dr. Langer Medical GmbH, Waldkirch, Germany, from August 9, 2022.

All companies apply uniform accounting and valuation principles. If necessary, adjustments are made in line with the standard accounting policies applied within the Group.

All intragroup assets and liabilities, equity, income and expenses, as well as cash flows from business transactions executed between Group companies, are fully eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of a company acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date. The identifiable assets acquired and the liabilities assumed in a company acquisition are measured upon first-time recognition at their fair value at the acquisition date. The acquisition costs of the acquired interests are offset against the Group's share in the subsidiary's equity measured at fair value. Acquisition costs are recorded as an expense as they are incurred. Insofar as an asset-side difference remains after this offsetting, this is reported as goodwill. A negative difference is recognized immediately through profit or loss.

If the Group acquires a company it assesses the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual conditions, economic conditions and conditions prevailing at the acquisition date. In this process it is evaluated whether arrangements for contingent payments to employees or selling shareholders qualify as a contingent consideration or are considered a separate transaction.

The agreed contingent consideration is recognized at fair value at the acquisition date. A contingent consideration classified as equity is not remeasured and the subsequent settlement is recognized in equity. A contingent consideration classified as an asset or liability in the form of a financial instrument within the scope of IFRS 9 *Financial Instruments* is measured in accordance with IFRS 9 at fair value through profit or loss. All other contingent considerations that do not fall within the scope of IFRS 9 are measured at each reporting date at fair value through profit or loss.

The fair value of the contingent consideration is determined based on discounted cash flows. The basic assumptions take into account the probability of fulfillment of each performance target and the discount factor (see Notes (9), (11) and (16)).

In the event of a company acquisition, the purchase price allocation may have a material effect on the measurement of intangible assets, goodwill and the future operating result. As part of the purchase price allocation, estimates and assumptions are made about future cash flows expected from the acquired assets and about the appropriate discount factor for these cash flows. Should the future conditions differ from the expectations and assumptions of the management, significant write-downs of goodwill may be required.

The result of the acquired subsidiary is incorporated in the consolidated income statement according to its affiliation to the Group, i.e., from the effective date of acquisition (acquisition of control).

Non-controlling interests

Non-controlling interests are initially measured at their proportionate share of the acquired entity's identifiable net assets as of the acquisition date. In subsequent periods, non-controlling interests are adjusted by the proportionate change in the subsidiary's equity.

Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item "Non-controlling interests".

Changes in the Group's stake in a subsidiary that do not result in a loss of control are recognized as equity transactions.

In the event of put options for remaining non-controlling interests being agreed within the scope of a business combination, these shall be accounted for using the present access method. The liability arising from the put option is measured upon initial recognition at the fair value of the future exercise price and is carried under non-current financial liabilities. The first-time posting and its subsequent measurement is recognized at amortized cost in equity. Insofar as the agreements give rise to claims against selling shareholders as employees that are forfeited upon termination of the employment relationship, these are accounted for separately as cash-settled share-based payments and are deducted from the liability from put options.

Discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires the management to make certain discretionary decisions, estimates and assumptions that have an effect on the reported amounts of assets and liabilities, as well as on the disclosure of contingent assets and contingent liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period.

Estimates form the basis of the Company's assessment of the carrying amounts of assets and liabilities, which are not apparent from other sources. The Company bases its estimates and assessments on past experience and on other assumptions that it believes are reasonable under the circumstances. Changes in these assumptions could have material adverse effects on the financial position, the results of operations and the carrying amounts of the affected assets or liabilities of the Company in the future. Actual future results may differ from current assumptions.

The discretionary decisions, assumptions and estimates mainly relate to the following matters:

- Determination of the valuation parameters of the impairment test for the recognized goodwill (see Note (6), (9));
- Timing and fulfillment of the criteria for the initial capitalization of product development projects (see Note (5));
- Feasibility of future tax charges and tax relief (see Note (22));
- Litigation (see Note (29));
- Objective and methods of risk management of financial instruments (see Note (10));
- Measurement of the fair value of financial instruments whose valuation parameters are not based on observable market data (see Note (11));
- Measurement of contingent considerations in connection with business combinations (see Note (9), (11));
- Determination of the expected probabilities of default in connection with the measurement of trade receivables and contract assets (see Note (2)),
- Determination of parameters for inventory valuation (see Note (3) and
- Estimation of the incremental borrowing rate and determination of the term of leases containing renewal and cancellation options (see Note (13)).

Other areas are also affected by estimates, such as the useful lives of non-current assets and provisions.

Foreign currency translation

Foreign currency transactions

The consolidated financial statements are prepared in euros, the functional currency and presentation currency of the Company. Transactions of the Company executed in a foreign currency are translated at the applicable exchange rate at the time of addition. Monetary items denominated in foreign currency are translated at the closing rate on the respective reporting date. Any currency translation differences that result are recognized through profit or loss and are shown under other operating income or other operating expenses.

Foreign operations

The functional currency of each of the Company's subsidiaries is the respective local currency. The recognized assets and liabilities are translated to the Group's functional currency at the prevailing exchange rates at the end of the reporting period. Income and expenses are translated according to IAS 21.39, at the exchange rate on the transaction date. In terms of practical implementation, IAS 21.40 permits simplified translation at monthly average exchange rates. Brainlab applies this simplification. Differences arising from currency translation are taken directly to the separate item "Other comprehensive income" within equity and do not affect the income statement (see Consolidated statement of changes in equity).

Cash and short-term deposits

The item “Cash and short-term deposits” in the statement of financial position includes cash in hand, bank balances and short-term highly liquid deposits with a maximum term of three months that can be converted into fixed cash amounts at any time and are only exposed to a negligible risk of fluctuations in value.

The item "Cash and short-term deposits" in the consolidated statement of cash flows corresponds to the above components.

Trade receivables

A receivable is the unconditional entitlement of the Group to consideration (i.e., payment falls due automatically due to the passage of time). The accounting methods for financial assets are explained in the section “Financial instruments – initial recognition and subsequent measurement”.

Inventories

Inventories comprise raw materials, consumables and supplies, work in progress, merchandise and finished goods. They are carried at the lower of cost or net realizable value. Inventories are measured using the standard cost method. Standard costs are regularly analyzed and adjusted to current conditions, if necessary. The standard costs for raw materials, consumables and supplies and merchandise consist of directly attributable expenses. The standard costs for finished products also include material and production overheads, as well as the direct manufacturing costs.

The net realizable value corresponds to the selling price in the normal course of business, less estimated costs of completion and the estimated selling expenses. Inventories include high-tech parts and components, which can be very specialized or can rapidly become technically obsolete. The Company has a process to optimize the necessary inventory level, and regularly checks the available inventory for surplus or outdated stock. This is based mainly on empirical values and estimates of demand for the Company's products and thus production and spare parts requirements. Actual demand may differ from these estimates. In this case it is possible that the Company may have overestimated or underestimated the devaluation for obsolescence. This would affect the operating result.

Intangible assets

Intangible assets include patents, rights, licenses, trademarks, acquired customer relationships, capitalized development costs and software, and goodwill.

Intangible assets acquired separately and not in connection with business combinations are initially measured at cost. The cost of intangible assets acquired as part of a business combination corresponds to their fair value at the acquisition date.

A distinction is made for intangible assets between assets with a limited useful life and assets with an indefinite useful life. Intangible assets with a limited useful life are written down over their useful economic life and tested for possible impairment if there are indications of impairment. An impairment test is carried out at least once a year for intangible assets with an indefinite useful life, either for the individual asset or at the level of the cash-generating unit. These intangible assets are not amortized on a scheduled basis.

The future amortization of intangible assets shall affect the future operating result.

With the exception of goodwill, a test is carried out for intangible assets at the end of each reporting period to assess whether there are indications that a previously recognized impairment loss no longer exists or has decreased. If such indicators exist, the Group makes an estimate of the recoverable amount of the asset or the cash-generating unit. Any previously recognized impairment loss is then reversed if there has been a change in the assumptions used to determine the recoverable amount since recognition of the last impairment loss. The reversal of impairment losses is limited to the extent that the carrying amount of an asset may not exceed either its recoverable amount or the carrying amount that would have resulted after taking scheduled write-downs into consideration, if no impairment loss had been recognized for the asset in previous years. A reversal of an impairment loss is recognized through profit or loss.

Goodwill

Goodwill is initially measured at cost, which is the excess of the aggregate of the consideration transferred, the amount of the non-controlling interest and previously held equity interest over the Group's identifiable assets acquired and liabilities assumed. If the fair value of the acquired net assets exceeds the total consideration transferred, the Group shall reassess whether it has identified all acquired assets and all assumed liabilities correctly, and shall review the methods used to calculate the amounts which have to be reported at the date of acquisition. If the fair value of the acquired net assets still exceeds the total consideration transferred after this reassessment, the difference shall be recognized in the income statement.

After first-time recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired within the scope of a business combination is allocated, from the acquisition date, to the Group's cash-generating units that are expected to benefit from the business combination (see Note (6)). This applies, regardless of whether other assets or liabilities of the acquired company are assigned to these cash-generating units. In cases where goodwill has been allocated to a cash-generating unit and part of the operation is disposed of, then the goodwill associated with the operation that has been disposed of shall be included in the carrying amount of the operation when determining the gain or loss on the disposal of this operation. The value of the disposed of goodwill is determined based on the relative values of the disposed of operation and the residual portion of the cash-generating unit.

Due to its indefinite useful life, goodwill is not subject to any ongoing amortization. The Company tests goodwill for signs of impairment at least once a year. A review is also carried out if circumstances indicate that goodwill might be impaired. If there are indications of impairment, any impairment of goodwill will have an effect on the future operating result. Potential impairment is determined by calculating the recoverable amount of the cash-generating unit, to which the goodwill was allocated. If the recoverable amount is less than the carrying amount of this unit, then an impairment loss will be recognized. The recoverable amount is determined based on the calculation of a value in use, using cash flow projections based on budgets prepared by the management for a period of five years. The assumptions used to calculate the value in use are subject to planning uncertainties regarding the result from ordinary business activities and estimation uncertainties of discount rates and the growth rate, which are used for extrapolation of cash flow forecasts outside the budget period. Forecasts of the result from ordinary business activities are subject to the general risks, as reflected in a business plan based on empirical data and containing forward-looking statements. The discount rates are based on the weighted average capital costs (WACC).

The weighted average capital costs take account of both borrowings and equity of the peer group. Equity costs are derived from the expected return on investment of the Group's investors. Borrowing costs are based on market yield curves for which debt service is to be paid. The sector-specific risk is incorporated by applying appropriate beta factors. The beta factors are determined annually based on publicly accessible market data. To calculate a discount rate before taxes, the discount rate is adjusted by the relevant amount and timing of future cash flows from taxes.

Any impairment of goodwill is not reversible.

Research and development

Research costs are recognized as an expense in the period in which they are incurred.

Development expenses are capitalized based on individual projects, if the Company meets the capitalization criteria for each project in accordance with IAS 38.57 - Intangible Assets. The assessment is based on the management's estimation that technical and economic feasibility has been demonstrated. This is generally the case when a product development project has reached a certain milestone in an existing project management model. For the purposes of determining the amounts to be capitalized, the management makes assumptions about the expected future cash flows from the project, the applicable discount rates and the period over which the anticipated future benefit will flow to the Company.

Following the capitalization period, the asset is carried at cost less accumulated amortization and any accumulated extraordinary write-downs. Amortization of the individual projects begins in the month of completion in each case. An impairment test is carried out at least once a year during the development phase.

Amortization of intangible assets

With the exception of goodwill and current developments, intangible assets have a limited useful life and are amortized either depending on the sales volume or on a straight-line basis over the following periods:

	Useful life in years
Computer software	2
Capitalized development projects	3-10
Trading rights and brand names	2, 10 and 15
Licenses, patents, customer relationships	2-5 and 12-15 and 18

Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful life. Cost comprises the amount paid to acquire or manufacture an item of property, plant and equipment, and costs directly attributable to readying the asset for operation, as well as the costs initially estimated for dismantling and removing the asset. Leasehold improvements are depreciated on a straight-line basis over the term of the lease or the estimated useful life, whichever is shorter.

	Useful life in years
Buildings	45
Leasehold improvements	3-15 and 20
Machinery	4
Technical equipment	2 and 5
Vehicles	5
Office equipment	4, 5 and 8
Furniture	6-10
Tools	5
EDP hardware	3 and 4
Demo systems	3-8
Loaner systems	2
Operating lease systems	4-8
Prototypes	3

An impairment test is carried out for the carrying amount of property, plant and equipment, if there are indications that the carrying amount is no longer in line with the market.

If assets have to be sold or disposed of, their historical costs will be derecognized from the statement of financial position, after deduction of accumulated depreciation and any impairment. The resulting gain or loss from the disposal of non-current assets (except for demo, loaner and lease systems) is recognized in the income statement under "Other income" and "Other expenses". Expenses for maintenance and repairs are expensed in the reporting period in which they are incurred.

Revenue from the sale of demo, loaner and lease systems is recorded as revenue; its carrying amount is recorded under cost of materials.

Borrowing costs are expensed.

Impairment of intangible assets and property, plant and equipment

The Company reviews the recoverable amount of the carrying amounts of its non-current intangible assets and property, plant and equipment for impairment. During the development phase, an impairment test is carried out once a year. If the loss of value is greater than the reduction reflected in the write-down, an impairment loss will be recognized. Pursuant to IAS 36 – Impairment of Assets, an impairment loss should be recognized when the carrying amount of an asset exceeds the higher of its net realizable value or value in use. The net realizable value is the amount that can be obtained in an arm's length transaction, after deduction of selling costs. The value in use is the present value of the estimated future cash flows which can be expected from the continued use of an asset and its disposal at the end of its useful life. An impairment loss is recognized in the income statement under “Research and development expenses” or “Selling, general and administrative expenses”. If the reasons for the impairment cease to apply, the reversal of the impairment shall be recognized in income.

Leases

The Group assesses at the inception of the contract whether a contract constitutes or contains a lease. This is the case if the contract authorizes control of the use of an identified asset against payment of a fee for a certain period.

Lessee

The Group recognizes and measures all leases (with the exception of short-term leases and leases in which the underlying asset is of low value) according to a single model. It recognizes liabilities to make lease payments and rights of use for the right to use the underlying asset.

Rights of use

The Group recognizes rights of use at the commitment date (i.e., the date on which the underlying leased asset is provided for use). Rights of use are measured at cost less any cumulative write-downs and any cumulative impairment losses and adjusted for any remeasurement of the lease liabilities. The costs of rights of use include the recognized lease liabilities, the initial direct costs incurred and the lease payments made upon or prior to provision, less any lease incentives received. Rights of use are amortized on a straight-line basis over the shorter of the term and the expected useful life of the leases as follows.

The Group has lease agreements for buildings, vehicles and operating and office equipment that it uses for its business. Lease agreements for buildings have terms between two and nineteen years. The terms of leases for motor vehicles and operating and office equipment is between two and nine years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. If the title to the leased asset passes to the Group at the end of the term of the lease or the costs take the exercise of a call option into account, the write-downs are determined based on the expected useful life of the leased asset.

The Group determines the term of the lease based on the non-cancelable basic lease term and including periods arising from an option to extend the lease, insofar are is it sufficiently certain that the Group will exercise this option, or periods that arise from an option to cancel the lease, insofar as it is sufficiently certain that the Group will not exercise this option.

The Group has entered into several lease agreements that contain extension options. When assessing whether it is sufficiently certain that the option to extend the lease will or will not be exercised, the Group makes discretionary decisions. In so doing, the Group considers all relevant factors that constitute an economic incentive for it to exercise the lease extension option. After the commitment date, the Group reassesses the term of the lease if a significant event or a change in circumstances occurs that is within its control and affects whether or not it will exercise the option to extend the lease (e.g. major leasehold improvements carried out or material adjustment of the underlying asset). The Group has taken the extension option into account in the term of leases for a building (i.e., extension of three years).

The extension periods in leases for other buildings are not taken into account in the lease terms, as it is not sufficiently certain whether the extension options will be exercised. Negotiations take place at the end of the term.

For details on the potential future lease payments for periods after the exercise date of the extension options, please refer to Note (13).

Lease liabilities

On the commitment date the Group recognizes the lease liabilities at the present value of the lease payments to be made over the term of the lease. The lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments that are tied to an index or (interest) rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a call option, if it is sufficiently certain that the Group will actually make use of this option, and penalties for canceling the lease, where the lease term accounts for the Group exercising the cancellation option.

The Group does not have any leases with variable lease payments that depend on the use of the leased asset. The Group does not have any cancellation options. Several lease agreements contain extension options (see Note (13)).

When calculating the present value of the lease payments the Group applies its incremental borrowing rate as of the commitment date, as the interest rate underlying the lease cannot be readily determined.

The incremental borrowing rate is the interest rate that the Group would have to pay if it borrowed the funds for a comparable term with comparable security that it would require in a comparable economic environment for an asset with a comparable value to the right of use. The incremental borrowing rate thus reflects the interest that the Group "would have to pay". If no observable interest rates are available (e.g. for subsidiaries that do not conclude any financing transactions) or if the interest rate has to be adjusted to reflect the conditions of the lease (e.g. if the lease was not concluded in the functional currency of the subsidiary), the incremental borrowing rate must be estimated. The Group estimates the incremental borrowing rate based on observable input factors (e.g. market interest rates), if these are available and must make certain company-specific estimates (e.g. individual credit assessment of the subsidiary). In such cases, the Group uses a risk-free interest rate for the German market. Accordingly, it calculates a region-specific premium. The Group calculates the rates for the various maturity bands on a region-specific basis.

After the commitment date the amount of the lease liabilities is increased to account for the higher interest expense and decreased to account for the lease payments made. In addition, the carrying amount of the lease liabilities is recalculated in the event of changes to the lease, changes to the term of the lease, changes to the lease payments (e.g. changes to future lease payments due to a change in the index or interest rate used to calculate these payments) or a change in the measurement of a call option for the underlying asset.

Short-term leases and leases based on a low-value asset

The Group applies the short-term lease exemption for its short-term leases for machinery and equipment (i.e., leases with a maximum term of twelve months from the commitment date that do not contain a call option). The Group also applies the exemption rule for leases for items of office equipment classified as having a low value. This pertains to assets with a value of up to € 5 thousand. Lease payments for short-term leases and leases based on a low-value asset are recognized as an expense on a straight-line basis over the term of the lease.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is a contract that leads to a financial asset at one company and to a financial liability or an equity instrument at another.

Financial assets

Initial recognition and measurement

When recognized for the first time financial assets are classified for subsequent measurement either as “at amortized cost”, “at fair value through other comprehensive income” or as “at fair value through profit or loss”.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Group’s cash model for managing its financial assets. With the exception of trade receivables, which do not contain any significant financing components, the Group measures a financial asset at its fair value and in the case of a financial asset that is not measured at fair value through profit or loss, plus transaction costs. Trade receivables that do not contain any significant financing components are measured at their transaction price calculated in accordance with IFRS 15. For more details on this please refer to the accounting principles under Revenue from contracts with customers.

Insofar as the fair value of financial assets recognized in the statement of financial position cannot be determined based on data from an active market, the fair value is determined using valuation techniques. The model input parameters are based as far as possible on observable market data. If this is not possible, the calculation of fair values is based on discretionary judgments. Changes in the assumptions about these factors could affect the reported fair value of the financial instruments. For further information see Notes (7) and (11).

In order for a financial asset to be classified and measured “at amortized cost” or “measured at fair value through other comprehensive income”, the cash flows for a given business model must be solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is carried out at the level of the individual financial instrument.

The Group’s business model for managing its financial assets reflects how a company manages its financial assets in order to generate cash flows. Depending on the business model, the cash flows are generated through the collection of contractual cash flows, the sale of financial assets or both. Financial assets classified and measured at amortized cost are held within the framework of a business model, whose objective is to hold financial assets to collect the contractual cash flows. Conversely, financial assets classified and measured at fair value through other comprehensive income are held within the framework of a business model whose objective is both to collect contractual cash flows and to sell financial assets.

Purchases or sales of financial assets that provide for the delivery of the assets within a timeframe stipulated by regulations or conventions in the respective market (regular way purchases), are recognized on the day of trading, i.e., on the date on which the Group enters into the obligation to purchase or sell the asset concerned.

The Group assigns its debt and equity instruments to one of the following measurement categories:

- financial assets measured at amortized cost (debt instruments)
- financial assets measured at fair value through other comprehensive income without reclassification of cumulative gains and losses upon derecognition (equity instruments)
- financial assets measured at fair value through other comprehensive income with reclassification of cumulative gains and losses (debt instruments)
- financial assets measured at fair value through profit or loss

Subsequent measurement

Financial assets measured at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets to collect contractual cash flows, and
- the contractual conditions of the financial asset result in cash flows at specified times that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognized through profit or loss, if the asset is derecognized, modified or impaired.

The Group's financial assets measured at amortized cost include trade receivables and other receivables.

Financial assets measured at fair value through other comprehensive income (equity instruments)

On first-time recognition the Group may irrevocably elect to classify its equity instruments as equity instruments measured at fair value through other comprehensive income, if they meet the definition of equity pursuant to IAS 32 Financial Instruments: Presentation and are not held for trading purposes. Each instrument is classified individually. Gains and losses on these financial assets are never classified to the income statement. Dividends are recognized in the income statement as other operating income if the legal entitlement to payment exists, unless the dividends recover part of the cost of the financial asset. In this case the gains will be recognized in other comprehensive income.

The Group recognizes an unlisted equity instrument in this category.

Financial assets recognized at fair value through profit or loss

The group of financial assets measured at fair value through profit or loss includes

- financial assets held-for-trading,
- financial assets classified on first-time recognition as measured at fair value through profit or loss, or
- financial assets that are required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near term. Derivatives, including embedded derivatives recognized separately, are also classified as held for trading, with the exception of derivatives designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified, regardless of the business model, as at fair value through profit or loss, and are measured accordingly. Irrespective of the criteria explained above for the classification of debt instruments to the categories “measured at amortized cost”, or “measured at fair value through other comprehensive income”, debt instruments may be classified upon first-time recognition as measured at fair value through profit or loss if this would eliminate or significantly reduce an accounting anomaly.

Financial assets measured at fair value through profit or loss are recognized in the statement of financial position at fair value, with changes in fair value recognized on a net basis in the income statement.

This category includes derivative financial instruments which the Group has not irrevocably elected to classify as measured at fair value through other comprehensive income and debt instruments whose cash flows are not solely payments of principal and interest (SPPI) on the principal amount outstanding.

A derivative embedded in a hybrid contract that contains a financial asset as the underlying contract is not accounted for separately. The financial asset serving as the underlying contract and the embedded derivative are to be classified in their entirety as financial assets measured at fair value through profit or loss.

Recognition and derecognition

A regular way purchase or sale of financial assets is recognized on the day of trading, i.e., on the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognized if the rights to receive payment flows from the financial assets expire or have been transferred and the Group has essentially transferred all risks and rewards of ownership.

Impairment of financial assets

The Group uses a simplified method for calculating the expected credit losses on trade receivables and contract assets. It therefore does not track changes in the credit risk, but, instead, recognizes a provision for loan losses at each reporting date based on the expected credit losses over the entire term. The Group has created an allowance matrix, which is based on its previous experience with credit losses and has been adjusted for forward-looking factors specific to the borrowers and the economic environment.

The allowance ratios are determined based on the days past due for various customer segments grouped together with similar default patterns (according to criteria such as geographical region, product type, customer type and credit rating, as well as coverage by a letter of credit or other form of credit insurance). The table of allowances is initially based on the historical default rates of the Group. The Group then calibrates the table to adjust its historical credit losses to forward-looking information. If, for example, it is assumed that forecast economic conditions (such as gross domestic product) will deteriorate in the course of the coming year, which may lead to an increase in credit defaults in the manufacturing industry, then the historical default rates will be adjusted. The historical default rates are updated at the end of each reporting period and changes in forward-looking estimates are analyzed. The assessment of the relationship between historical default rates, forecast economic conditions and expected credit losses constitutes a significant estimate. The amount of the expected credit losses depends on changes in circumstances and the forecast economic conditions. The historical credit losses of the Group and the forecast economic conditions may not be representative of the actual losses of customers in the future.

For further details on the impairment of financial assets see Note (2).

Financial liabilities

Financial liabilities are classified upon first-time recognition as financial liabilities measured at fair value through profit or loss, as loans, as liabilities or as derivatives that have been designated as effective hedging instruments.

All financial liabilities are measured at fair value upon first-time recognition; in the case of loans and liabilities, at fair value less directly attributable transaction costs.

The financial liabilities of the Group include trade payables, other liabilities, interest-bearing loans and borrowings, lease liabilities, derivative financial instruments and contingent considerations arising from company acquisitions.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and other financial liabilities classified as measured at fair value through profit or loss upon first-time recognition. Financial liabilities are classified as “held for trading” if they are entered into for the purpose of buyback in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by IFRS 9. Embedded derivatives recognized separately are also classified as “held for trading”, with the exception of derivatives designated as effective hedging instruments. Gains or losses on financial liabilities held for trading are recognized through profit or loss.

The classification of financial liabilities as “measured at fair value through profit or loss” occurs upon initial recognition, provided that the criteria of IFRS 9 are met. The Group has classified the contingent considerations from business combinations as financial liabilities in the category “measured at fair value through profit or loss” (see Notes (9) and (11)).

Financial liabilities measured at amortized cost

After first-time recognition, interest bearing loans are measured at amortized cost using the effective interest rate method. Gains and losses are recognized through profit or loss if the liabilities are derecognized and, within the scope of the amortization process, using the effective interest method. Lease liabilities are also measured at amortized cost (see Note (13)).

Derecognition

A financial liability is derecognized if the underlying obligation is fulfilled, terminated or expired. If an existing financial liability is exchanged with another financial liability from the same creditor with substantially different contractual conditions, or if the conditions of an existing liability are amended significantly, such an exchange or amendment will be treated in the accounts as a derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized through profit or loss.

Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps, foreign currency forward contracts and options to hedge against changes in the interest rate and exchange rate fluctuations. These derivative financial instruments are classified as measured at fair value through profit or loss and are measured at fair value. Derivative financial instruments are carried as financial assets, if their fair value is positive, and as financial liabilities, if their fair value is negative.

The fair value of foreign currency forward contracts and interest rate swaps is calculated based on current forward exchange rates and interest rates for contracts with similar maturity profiles. The fair value of options is determined based on the market values of similar instruments.

The Company does not apply hedge accounting. Any unrealized gains and losses on hedges are recognized directly in the income statement under the items "Other operating expenses" and "Other operating income".

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts against each other and it is intended to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provisions for pensions and similar obligations

Pursuant to IAS 19R – Employee Benefits, there are defined benefit plans, which are effected in the form of direct commitments and provident funds. In order to determine the value of the pension plan obligation, an expert report is prepared annually by independent actuaries using the projected unit credit method.

The net obligation is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine the present value. The fair value of the plan assets is offset against the corresponding obligation. At the end of the reporting period Brainlab had a defined benefit asset.

The contributions for pension plans are included in personnel expenses. Revaluations, mainly the actuarial gains and losses are recognized in full in the statement of financial position in the reporting period in which they occur, and are carried under other comprehensive income. The interest rate applied to discount post-employment benefit obligations and to pay interest on the plan assets shall be determined on the basis of the returns generated in the market at the end of the reporting period on first-class, fixed-interest corporate bonds.

Net interest is determined by applying this interest rate to the balance of defined benefit obligations and plan assets, and is then recognized in the financial result.
Pension commitments are determined on the basis of the biometric assumptions according to the mortality tables (Richttafeln 2018 G) by Prof. Dr. Klaus Heubeck.
In addition, defined contribution plans exist via direct insurance, which are recognized directly as expenses in the income statement.

There is a long-term tax-advantaged plan (409 A) for employees. Liabilities and receivables are entered at their equivalent fair value. The bonus plan does not give rise to any liabilities that differ from the fair value of the plan assets.

Government grants

Government grants are recognized in accordance with IAS 20.7 if there is adequate assurance that the grants will be awarded and that the Company meets the associated requirements. Grants are recognized as other operating income over the period that is necessary to offset the grant against the costs it is intended to compensate.

Revenue from contracts with customers

The application of IFRS 15 requires a five-stage approach:

- Identification of the contract
- Identification of the performance obligations
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue upon fulfillment of the performance obligation

The Company's business transactions include the sale of products (hardware and software), services (consulting, training and maintenance) and multiple-element arrangements, which may consist of the supply of several individual products and/or services (construction contracts). In addition, revenue from license agreements (rights of use/access to hardware and/or software components) and software-as-a-service agreements and revenue from development contracts are recognized in revenue. This results in several definable performance obligations, each of which should be considered separately under IFRS 15.

Contracts pertaining to the sale of products and services as a bundle consist of (at least) two performance obligations, as the commitments to transfer systems and provide services are independently definable and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative individual selling prices of the system and the service.

In addition, a distinction must be made for the various performance obligations between revenue recognition at a specific point in time or over a period of time:

Revenue recognition at a specific point in time

Brainlab recognizes revenue from the sale of hardware as soon as control over the asset has been transferred to the customer. Revenue from licensing rights to use software components are recognized at the point of contract fulfillment. In the case of sales via certified distributors control is transferred upon delivery. Where installation at the customer is agreed as an integral part of the sale of a product, the proceeds and cost of sales will be recognized upon completion of the installation.

Revenue recognition over a period of time - Provision of services

The Group provides services which are sold to customers either individually or as a bundle together with the sale of products.

Revenue from services is recognized upon rendering of the service. Income from service agreements is recognized on a straight-line basis over the term of the agreement. Revenue from licensing for access rights to software components and a 24-hour hotline as well as software-as-a-service services are recognized on a straight-line basis over the period of the agreement, taking the contractually agreed term into consideration.

Revenue recognition over a period of time – Product developments according to degree of completion

Revenue from contracts with customers pertaining to the development of products in the ordinary course of business is recognized in accordance with the determination of the percentage of completion compared with complete fulfillment of a performance obligation, insofar as the Company can adequately measure progress. The Company uses the input-based method as a progress measurement method (e.g. hours worked compared with planned total working hours).

When determining performance progress the aim is to present the performance of the Company in transferring control over the goods or services promised to a customer.

At the end of each reporting period, the Company has to measure again what progress it has made in fulfilling a performance obligation to be met in full over a specific period of time.

Contract balances

Contract assets

A contract asset is the entitlement to receive a consideration in exchange for goods or services that have been transferred to a customer. If the Group meets its contractual obligations by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the contingent claim to consideration.

The contract assets classified as non-current are discounted.

Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer, from whom the Group has received or is to receive a consideration. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when payment is made or falls due (whichever occurs first). Contract liabilities are recognized as revenue as soon as the Group has fulfilled its contractual obligations.

The contract liabilities classified as non-current are discounted.

Contract initiation costs

The Group pays its employees sales commission for each contract they win for the bundled sale of equipment and installation services. This sales commission is recognized as an expense at the point of revenue recognition. In cases where sales commission has already been paid before the revenue from the underlying customer contract has been recognized through profit or loss, the sales commission paid is carried under prepaid expenses, which are included in other non-financial assets.

Sales commission for the conclusion of maintenance service contracts is recognized immediately as an expense for practicality reasons.

Provisions

General

A provision is recognized in the statement of financial position if the Company has a legal or de facto obligation, due to a past event, if it is probable that fulfillment of the obligation will lead to an outflow of financial resources and if the amount of the obligation can be reliably determined. To the extent that the Group expects at least a partial reimbursement for a provision carried as a liability, the reimbursement shall only be recorded as a separate asset if the reimbursement is as good as certain.

The expense arising from the formation of the provision, taking the discounting of non-current provisions into consideration, is recognized in the income statement less any deductions of reimbursements.

Provisions for warranty obligations

The Company sets up provisions for the costs of product warranties upon recognition of the revenue. The product warranty costs are determined based on the Company's past experiences and the specific product specifications.

Taxes on income

All taxes on income paid or owed in the individual countries, and deferred taxes, are recognized as income taxes.

Tax receivables and tax liabilities include income tax receivables and liabilities and other taxes (including sales tax and wage tax).

Actual income taxes

The actual tax receivables and tax payables for the current and previous periods are measured in the amount expected to be received from or paid to the tax authorities, based on tax rates and tax laws prevailing at the end of the reporting period.

Current income taxes are calculated based on the respective national tax results and regulations for the year. In addition, the actual taxes reported in the financial year also include adjustment amounts for any tax payments or refunds due for years not yet finally assessed, but excluding interest payments or refunds and penalties on tax arrears. Tax liabilities are recognized in the event that amounts recognized in the tax returns are unlikely to be realized (uncertain tax positions). The amount is determined from the best estimate of the expected tax payment (expected value or most probable value of tax uncertainty). Tax assets arising from uncertain tax positions are recognized if it is probable that they can be realized. Only if a tax loss carryforward or unused tax credit exists is no tax liability or tax asset recognized for these uncertain tax positions, but instead the deferred tax asset is adjusted for the unused tax loss carryforwards and tax credits.

Deferred taxes

Deferred taxes result from temporary differences at the end of the reporting period that arise between the tax base of assets or liabilities and their carrying amounts in the statement of financial position.

Deferred tax assets are recognized for all deductible temporary differences and unutilized tax losses brought forward to the extent that it is probable that the taxable profit will be available for use, and thus the deductible temporary differences and tax losses brought forward can be utilized. Tax receivables or tax liabilities arising in connection with investments in subsidiaries or associates are recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and a taxable profit will be available to offset them.

Deferred tax assets or liabilities calculated based on the prevailing tax rates of the subsidiaries are carried in the statement of financial position as non-current assets or non-current liabilities. Any changes are recognized in the income statement.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable profit will be available, against which the deferred tax assets can be at least partially utilized. Unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent that it has become probable that a future taxable profit will enable the deferred tax asset to be realized. Deferred tax assets are only recognized for tax losses brought forward if their realization is sufficiently probable.

Deferred taxes relating to items recognized directly in equity are not recognized in the income statement, but likewise in equity.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which the asset is realized, or a liability is settled, based on tax rates (and tax laws) that apply at the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset against each other if the Group has an enforceable entitlement to offset the actual tax refund claims against actual tax liabilities, and the latter relate to taxes on income of the same taxable entity and are levied by the same tax authority.

Deferred tax assets acquired as a part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized in subsequent periods only if new information about facts and circumstances that existed at the acquisition date are obtained. The adjustment is treated either as a reduction of goodwill (not to exceed goodwill), if this is incurred during the measurement period, or through profit or loss.

Notes to the consolidated statement of financial position

(1) Cash and short-term deposits

Cash and cash equivalents comprise the following:

€'000	September 30, 2022	September 30, 2021
Cash-in-hand	15	5
Bank balances	66,725	85,929
Total	**66,740**	**85,934**

(2) Contract balances

The asset-side contract balances are composed of the following items in the statement of financial position:

€'000	September 30, 2022	September 30, 2021
Current receivables and contract assets	**106,632**	**96,389**
Trade receivables	58,071	52,357
Contract assets	48,561	44,032
Non-current receivables and contract assets	**39,739**	**28,764**
Trade receivables	3,593	2,237
Contract assets	36,146	26,527
Total	**146,371**	**125,153**

Due to the acquisition of the subsidiaries, trade receivables increased by € 1,390 thousand and contract assets by € 0 thousand. In fiscal year 2021/22 a valuation allowance was recognized for expected credit losses on trade receivables in the amount of € 270 thousand (previous fiscal year: € 112 thousand) and on contract assets in the amount of € 235 thousand (previous fiscal year: € 94 thousand).

As of September 30, 2022 and 2021 the age structure of the trade receivables which are past due but not impaired is as follows:

€'000	September 30, 2022	September 30, 2021
Neither past due nor impaired	**115,277**	**98,332**
Past due but not impaired	**31,094**	**26,821**
<=90 days	24,304	17,922
91 - 365 days	6,367	6,002
>365 days	423	2,897
Total	**146,371**	**125,153**

If there are objective indications of impairment, the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows, with the exception of expected future credit losses that have not yet occurred. The carrying amount of the asset is reduced using an adjustment account and the impairment loss is recognized through profit or loss.

Receivables are derecognized, including the associated valuation allowance, if they are classed as uncollectible, and all collateral pledged has been called and liquidated.

If the estimated impairment loss increases or decreases in a subsequent reporting period, due to an event that occurred after recognition of the impairment, then the earlier impairment loss recognized will be increased or decreased through profit or loss by amending the adjustment account.

There is a factoring agreement between Brainlab, Inc., Brainlab Sales GmbH, Brainlab AG and a bank with a scope of € 7.0 million, which was made use of in the amount of € 5.8 million on September 30, 2022. Brainlab AG acts as agent and is the intermediary for the factoring of these subsidiaries. It maintains a default reserve and is liable for their payment obligations.

The adjustment account developed as follows:

€'000	
Additions through profit or loss	-1,587
Utilization	-455
Reversals through profit or loss	518
September 30, 2021	**-1,524**
Additions through profit or loss	-966
Utilization	-603
Reversals through profit or loss	529
September 30, 2022	**-1,040**

The development of valuation allowances has been determined since fiscal year 2021/22 based on the relevant expense and revenue accounts. The previous year's figures have been adjusted for comparison purposes.

The liabilities-side contract balances are composed of the following items in the statement of financial position:

€'000	**September 30, 2022**	**September 30, 2021**
Current contract liabilities	69,770	58,956
Non-current contract liabilities	18,146	14,498
Total	**87,916**	**73,454**

(3) Inventories

€'000	September 30, 2022	September 30, 2021
Raw materials, consumables and supplies	6,715	5,665
Work in progress	1,435	-
Finished goods and merchandise	51,592	43,165
Total	**59,742**	**48,830**

The flat-rate individual valuation allowance on inventories with respect to usability and storage period amounts to € 9,505 thousand for fiscal year 2021/22 (previous fiscal year: € 8,733 thousand),

The increase in inventories is mainly due to the company acquisitions in fiscal year 2021/22 and to stockpiling to avoid supply shortages.

Raw materials, consumables and supplies and work in progress may include parts that are released for direct, unmodified delivery to customers. Finished goods and merchandise also include parts which, in addition to direct delivery to customers, are also used in the assembly of end products.

(4) Property, plant and equipment

€'000	Land, buildings and leasehold improve-ments	Office equipment	Demo/loaner systems	Other equipment and assets under construction	Total
Acquisition and production costs					
Balance as of September 30, 2020	**15,686**	**21,487**	**11,334**	**17,758**	**66,265**
Additions	2,020	3,616	2,154	1,582	9,372
Acquisition of a subsidiary	9	20	-	-	29
Disposals	-767	-1,636	-529	-985	-3,917
Reclassification	-	-1	15	-14	-
Currency translation	35	56	203	37	331
Balance as of September 30, 2021	**16,983**	**23,542**	**13,177**	**18,378**	**72,080**
Additions	337	3,138	2,220	3,628	9,323
Acquisition of subsidiaries	3,389	173	75	288	3,925
Disposals	-3	-1,217	-338	-248	-1,806
Reclassification	-	20	1	-21	-
Currency translation	437	767	1,930	452	3,586
Balance as of September 30, 2022	**21,143**	**26,423**	**17,065**	**22,477**	**87,108**
Cumulative depreciation and impairment					
Balance as of September 30, 2020	**5,901**	**14,526**	**8,777**	**12,209**	**41,413**
Additions	1,180	2,661	1,338	2,357	7,536
Disposals	-756	-1,518	-443	-906	-3,623
Reclassification	-15	-	4	-4	-15
Currency translation	27	44	126	33	230
Balance as of September 30, 2021	**6,337**	**15,713**	**9,802**	**13,689**	**45,541**
Additions	1,562	3,175	1,726	2,561	9,024
Disposals	-3	-1,205	-288	-117	-1,613
Reclassification	-	-	1	-1	-
Currency translation	281	597	1,356	419	2,653
Balance as of September 30, 2022	**8,177**	**18,280**	**12,597**	**16,551**	**55,605**
Carrying amount as of					
September 30, 2021	10,646	7,829	3,375	4,689	26,539
September 30, 2022	**12,966**	**8,143**	**4,468**	**5,926**	**31,503**

Other equipment is mainly technical equipment and technical installations in the amount of € 5,132 thousand (previous fiscal year: € 4,077 thousand). The historical costs and accumulated depreciation and impairment increased compared with the previous fiscal year mainly as a result of the increase in the respective items land, buildings and leasehold improvements, technical equipment and assets under constructions, and currency translation. The increase is largely attributable to a company acquisition in the fiscal year under review and the associated acquisition of a building, as well as the performance of the US dollar against the euro. As of September 30, 2020 (EUR/USD 1.17) the US dollar to euro exchange rate was on a par with September 30, 2021 (EUR/USD 1.16): however, the rate had risen sharply as of September 30, 2022 (EUR/USD 0.97).

(5) Intangible assets

€'000	Goodwill	Capitalized development costs	Rights / licenses / patents	Software	Total
Acquisition and production costs					
Balance as of September 30, 2020	**67,890**	**166,068**	**21,732**	**21,183**	**276,873**
Additions	-	32,544	856	595	33,995
Acquisition of subsidiaries	12,431	2,114	10,122	-	24,667
Disposals	-	-33	-	-	-33
Reclassification	-	2,434	439	-2,873	-
Currency translation	1,207	377	343	127	2,054
Balance as of September 30, 2021	**81,528**	**203,504**	**33,492**	**19,032**	**337,556**
Additions	-	40,255	2,098	260	42,613
Acquisition of subsidiaries	16,937	-	20,400	114	37,451
Reclassification	65	23	-	-23	65
Currency translation	9,987	4,746	2,301	204	17,238
Balance as of September 30, 2022	**108,517**	**248,528**	**58,291**	**19,587**	**434,923**
Cumulative depreciation and impairment					
Balance as of September 30, 2020	**5,822**	**100,572**	**9,523**	**17,139**	**133,056**
Additions	-	18,846	3,107	314	22,267
Reclassification	-	-21	54	-18	15
Currency translation	-	111	260	172	543
Balance as of September 30, 2021	**5,822**	**119,508**	**12,944**	**17,607**	**155,881**
Additions	-	20,914	3,158	354	24,426
Reclassification	65	-	-	-	65
Currency translation	1,105	1,825	618	189	3,737
Balance as of September 30, 2022	**6,992**	**142,247**	**16,720**	**18,150**	**184,109**
Carrying amount as of					
September 30, 2021	75,706	83,996	20,548	1,425	181,675
September 30, 2022	**101,525**	**106,281**	**41,571**	**1,437**	**250,814**

Goodwill of € 16,937 thousand (previous fiscal year: € 12,431 thousand) was capitalized within the scope of company acquisitions. This also includes an adjustment in the course of finalizing a purchase price allocation (see Note (9).

The additions to capitalized development costs result, among other things, from the development of ExacTrac Dynamic®[1], developments in the area of spinal surgery and Brainlab® Elements. The higher year-on-year increase in capitalized development costs is also due to development services in the area of digital surgery and operating systems, and robotic arms.

The capitalized development costs relate to internal Company developments. The amortization expense is mainly carried under "Research and development expenses" in the income statement. Trademarks and acquired customer relationships are recognized under the item "Patents, rights and licenses".

The increase in intangible assets is mainly due to the company acquisitions in fiscal year 2021/22 and capitalized development costs.

[1] ExacTrc Dynamic is a registered trademark of Brainlab AG or of an associated company. For an overview of registerd trademarks refer to https://www.brainlab.com/trademarks/.

(6) Goodwill

The goodwill of € 101,525 thousand acquired within the scope of business combinations was allocated to cash-generating units for the purpose of impairment testing in accordance with IAS 36.80:

Cash-generating unit	Value of goodwill in €'000	Pre-tax interest rate
Level Ex	45,824	9.67%
Surgery	14,780	9.06%
Brainlab Israel	5,335	11.05%
Jan Medical	3,712	n.a.
VisionTree	4,272	9.34%
Radiosurgery	564	n.a.
Mint Medical	12,226	10.27%
medPhoton	14,812	9.57%
Total	**101,525**	

A recoverable amount was determined for the impairment tests based on cash flow forecasts and compared with the carrying amount. The discount rate used for the cash flow forecasts based on the weighted average capital costs (WACC) is 8.03% in fiscal year 2021/22 (previous fiscal year: 6.19%) after taxes. The corresponding pre-tax interest rates are shown in the table above. Growth rates of 2-3% are used for the extrapolation of the cash flow forecasts outside the budget period for fiscal year 2021/22 (previous fiscal year: 2%). This assumption is based on market trends in the medical technology market. A risk-free interest rate of 1.5% and a country risk of 0% was assumed for WACC. The expected future cash flows were weighted using a binomial method for the cash-generating unit Jan Medical. For this reason no pre-tax interest rate can be calculated for this. Overall, there was no need for impairment of goodwill in fiscal year 2021/22. Sensitivity analyses were carried out regarding the input parameters, such as growth rates of 1-2% and capital cost parameters (risk-free interest rate of 1.65% and country risk of 0.1%). There is no need for impairment of Level Ex goodwill if capital costs parameters increased to 8.71% and growth rates decreased to 1.0%. Overall, taking into account the sensitivity parameters, no need for impairment was identified.

No impairment test was performed for the cash-generating unit Radiosurgery due to immateriality. All other cash-generating units were tested for impairment.

(7) Other assets

Other current and non-current assets consist of financial and non-financial assets.

Other current financial assets

Other current financial assets comprise the following as of September 30, 2022 and September 30, 2021:

€'000	September 30, 2022	September 30, 2021
Other current financial assets		
Derivative financial instruments (hedging instruments)	1,068	379
Other receivables	732	356
Strategic investments	-	3,180
Total	**1,800**	**3,915**

As of September 30, 2021 strategic investments mainly consist of two options to an associate acquired in fiscal year 2021/22 (see Note (9), (8)).

Other current non-financial assets

Other current non-financial assets in the amount of € 11,176 thousand (previous fiscal year: € 8,240 thousand), primarily consist of prepaid expenses in the amount of € 10,810 thousand (previous fiscal year: € 7,989 thousand). Prepaid expenses relate, among other things, to commissions and licenses for IT software.

Other non-current financial assets

Other non-current financial assets comprise the following as of September 30, 2022 and September 30, 2021:

€'000	September 30, 2022	September 30, 2021
Other non-current financial assets		
Derivative financial instruments (hedging instruments)	646	20
Strategic investments (non-controlling interest)	3,062	1,384
Other financial assets	4,327	7,877
Total	**8,035**	**9,281**

Strategic investments as of September 30, 2022 also include a non-controlling interest in a U.S.-based company. This stake was increased in fiscal year 2021/22. Brainlab still has no significant influence. Other financial assets decreased significantly through cash and cash equivalents.

Investments in funds in connection with long-term remuneration models for employees of Brainlab, Inc, USA are also included, the valuation of which has increased compared to September 30, 2021 due to deposits and their measurement.

Other non-current non-financial assets

Other non-current non-financial assets in the amount of € 986 thousand (previous fiscal year: € 842 thousand) primarily consist of prepaid expenses (fiscal year 2021/22: € 949 thousand (previous fiscal year: € 808 thousand).

(8) Investment in associates

The Group's shares without potential voting rights in medPhoton GmbH, Salzburg, Austria, remained unchanged compared with the previous fiscal year as of May 1, 2022, at 24.9%. The transfer of control by way of the acquisition of additional shares was successfully completed on May 2, 2022. This led to a change in the consolidation method from at-equity to full consolidation.

The following table shows the proportionate statement of financial position items as of May 1, 2022 and September 30, 2021:

€'000	May 1, 2022	September 30, 2021
Current assets	**1,832**	**1,298**
thereof cash	122	106
Non-current assets	**223**	**272**
Current liabilities	**1,303**	**1,312**
thereof financial liabilities	451	523
Non-current liabilities	**-**	**-**
thereof financial liabilities	-	-
Equity	**752**	**258**
Net profit for the period	**494**	**197**
Share of profit/loss	**300**	**160**
Carrying amount of the investment	**2,898**	**2,598**

The following table shows the proportionate values in the income statement of the associated company for the period October 1, 2021 to May 1, 2022 and October 1 2020 to September 30, 2021:

€'000	For the seven months ended May 1, 2022	For the twelve months ended September 30, 2021
Revenue	2,038	2,196
Cost of goods sold	981	1,080
Operating expenses	473	798
Depreciation and amortization	40	107
Interest income	7	-
Interest expense	3	13
Taxes	55	1
Net profit for the period	**493**	**197**

The effects on earnings arising from the consolidation at equity of investments in associates amount to a total of € 5,210 thousand for the first seven months of the fiscal year (previous fiscal year: € 160 thousand), of which € 4,910 thousand is attributable to the revaluation of old shares within the scope of the change in consolidation method from at-equity to full consolidation.

There have therefore been no further effects on earnings from the relationship as an associate since May 2, 2002, as the associate has been included in the consolidated financial statements as a fully consolidated subsidiary since this date (see Note (9)).

As of September 30, 2022 there were no relationships with associated companies.

(9) Business combinations

Business combinations in fiscal fiscal year 2021/22

On May 2, 2022, the Group acquired further voting shares in medPhoton GmbH, which is domiciled in Salzburg, Austria (hereinafter: medPhoton), thus increasing its stake to 75.01%. Due to the acquisition of control, there is a change in the consolidation method from the equity method applied up until and including April 2022 to full consolidation. From May 2022 onwards, medPhoton shall be included in the Group as an associated company. medPhoton develops and produces medical devices for imaging procedures in radiotherapy, with a strong focus on particle therapy. The mobile intraoperative imaging robot Loop-X® was developed ready for series production in close cooperation with Brainlab. Due to the central importance of the Loop-X® within Brainlab's product portfolio, the acquisition of this company is intended to further expand Brainlab's commercial success in this area and establish the product as the leading intraoperative 3D imaging device in surgery.

On August 9, 2022, the Group acquired 100% of the voting shares in Dr. Langer Medical GmbH (hereinafter: Dr. Langer), which is domiciled in Waldkirch. Dr. Langer is active in the field of intraoperative neuromonitoring. Distribution is mainly in Germany and Europe. The main reasons for this acquisition include the development of the neurosurgical and the technical integration with Brainlab's navigation systems.

The fair values of the assets and liabilities identified in the course of the acquisitions are preliminary values as follows as of the acquisition date:

€'000	medPhoton	Dr. Langer
Assets		
Cash and short-term deposits	487	1,163
Inventories	4,741	2,199
Other current assets	1,251	646
Intangible assets	11,805	8,709
Property, plant and equipment and rights of use	730	3,393
Other non-current assets	-	59
Total assets	**19,013**	**16,169**
Liabilities		
Current liabilities	2,265	1,725
Non-current liabilities	5,001	5,003
Total liabilities	**7,266**	**6,728**
Total identifiable net assets at fair value	**11,747**	**9,441**
Non-controlling interests (24.9% of net assets)	**2,936**	**-**
Goodwill from company acquisition	**14,812**	**2,331**
Consideration transferred	**23,624**	**11,772**

The purchase price allocation resulted in total effects on the identifiable intangible assets, property, plant and equipment and inventories acquired at the market price, net of deferred taxes, amounting to € 14,516 thousand.

Consideration

The consideration for the acquisition of 50.01% of the shares in medPhoton amounted to € 15,816 thousand, The revaluation of the shares held in medPhoton prior to the business combination resulted in a profit of € 4,910 thousand, which is carried under profit or loss of associates (see Note (8)). The fair value of these shares at the acquisition date was € 7,808 thousand. The total consideration transferred for the acquisition of 75.01% of the shares amounted to € 23.624 thousand. There are further agreements effective from January 2026 pertaining to the acquisition of the non-controlling interest of 24.99% by Brainlab, which are carried at amortized cost with a value of € 4,147 thousand.

The purchase price for the acquisition of the shares in Dr. Langer amounted to a total of € 10.805 thousand. In addition, there is a contingent consideration, linked to development goals, which is carried at its fair value of € 1,121 thousand as of the acquisition date. The transaction costs were posted as an expense and reported as administrative expenses.

The company acquisitions in the fiscal year resulted in total goodwill of € 17,143 thousand. This is primarily attributable to the expertise of the workforce, access to new markets and anticipated synergies from the inclusion and further development of new products. It is assumed that the recorded goodwill is not tax-deductible.

Based on the adjustment period granted under the IFRSs of up to twelve months from completion of the initial consolidation, there may be changes in future to the determination of the consideration given and the fair value of the acquired net assets and the resulting goodwill.

In the five months to September 30, 2022, medPhoton contributed an amount in the low single-digit millions (€) to the Group's revenue. The contribution to consolidated earnings before income tax for this period was slightly positive. Had the business combination taken place at the start of the fiscal year, the increase in consolidated revenue would, in the management's estimation, have been in the mid-single-digit million range (€) and the increase in consolidated earnings before income tax would have been in the low single-digit million range (€).

Since its acquisition date, Dr. Langer Medical GmbH has contributed an amount in the low single-digit millions (€) to the Group's revenue and negatively in an insignificant amount to consolidated earnings before income tax. Had the business combination taken place at the start of the fiscal year, the Group's revenue would have increased in the mid-single-digit million range (€). The contribution to consolidated earnings before income tax for this period would have been slightly negative.

Business combinations in previous fiscal years

In fiscal year 2020/21, the Group acquired 100% of the voting shares in Mint Medical GmbH, which is domiciled in Heidelberg, as well as its wholly owned subsidiary Mint Medical Inc., domiciled in Hamilton, New Jersey, USA. Due to the acquisition of control, both companies (hereinafter referred to as the Mint Group) have been included in the Group as associates.

Mint Medical GmbH develops and markets software solutions for structured, computer-assisted reporting in radiology and for the management of clinical studies and data analyses.

The purchase price allocation was completed in fiscal year 2021/22. During the one-year measurement period since completion of the initial consolidation, there were no changes in the fair values of the assets and liabilities identified at the acquisition date. The purchase price was finalized, thus reducing the consideration transferred for the acquisition of the shares by a total of € 205 thousand, to € 21.205 thousand. The acquisition of the Mint Group resulted in goodwill totaling € 12,226 thousand (previous fiscal year: € 12,431 thousand), which is not expected to be tax deductible.

The fair value from the components of the contingent considerations amounts to a total of € 5,355 thousand as of September 30, 2022.

In connection with the acquisition of Level Ex, Inc., in fiscal year 2019/20 performance-related contingent considerations were agreed, which are not capped and which may amount to up to a total of € 52,347 thousand in the scenarios modeled by the management. With respect to the contingent considerations from revenue, earnings and development targets, the fair value was estimated at € 5,416 thousand as of September 30, 2021. In fiscal year 2021/22, the liability for contingent considerations was derecognized through profit or loss.

In connection with the acquisition of VisionTree in fiscal year 2019/20, the liability for contingent considerations of € 1,590 thousand was derecognized through profit or loss.

(10) Financial risk management objectives and policies

The Group manages its capital with the aim of maintaining the balance between cash flow volatility and financial flexibility. A high credit rating is therefore pursued as a basis for good access to investors. To achieve these goals it is important, among other things, to optimize the ratio of cash and equity to borrowings. The equity ratio and net debt are used as a performance indicator vis-à-vis the ratio of equity to borrowings. These key ratios are calculated regularly and reported to the Management Board, so that the Management Board can initiate any measures necessary. Currently the Company is within the specified target corridor. The main decisions relating to the financing structure are made by the Management Board.

The table below shows the calculation of net debt:

	September 30, 2022	September 30, 2021
Interest-bearing loans (non-current and current)	111,947	85,986
Cash and short-term deposits	66,740	85,934
Net debt	**45,207**	**52**

This development is mainly due to the increase in interest-bearing loans and a decrease in cash and short-term deposits.

The Group's overall strategy with regard to capital management remained the same as the previous fiscal year.

The main financial liabilities employed by the Group are bank loans and promissory note loans. The primary purpose of these financial liabilities is to finance the Group's business activities.

The Group has a variety of financial assets and current assets, for example trade receivables, cash or short-term deposits, which result directly from its business activities. The Group also has derivative financial instruments. The purpose of these derivative financial instruments is to hedge against currency risks, which result from the Group's business activities and its sources of finance.

The Company does not hold any derivative financial instruments for speculative purposes.

The main risks to the Group arising from the financial instruments include interest-related cash flow risks, as well as liquidity, currency and credit risks. The Company's management devises strategies and procedures to control specific types of risks. The management of the Group receives advisory support regarding financial risks and is given an appropriate general framework for managing financial risks. It is ensured that the activities of the Group that are associated with financial risks are carried out in compliance with the relevant guidelines and procedures, and that financial risks are identified, assessed and managed in accordance with these guidelines and taking into account the Group's risk appetite.

Interest fluctuation risk

The risk arising from fluctuations in market interest rates, to which Brainlab is exposed, mainly results from the financial liabilities bearing variable interest rates. The interest expense is managed by a combination of fixed-interest and variable-interest borrowings with a term extending to no later than 2036 as well as through interest rate swaps.

The following table shows the sensitivity of Group's consolidated earnings before income tax to a reasonably possible change in interest rates, due to effects on variable-interest loans. All other variables remain constant. Other than the effect on consolidated profit, there is no impact on consolidated equity.

Effect on earnings before income tax **€'000**	**September 30, 2022**	**September 30, 2021**
Change in interest rate +100 bps	-517	-256
Change in interest rate -100 bps	8	43

Interest rate sensitivity was determined temporarily based on a negative 3-month-Libor and 6-month Euribor. A large part of the variable-interest debt has a Euribor floor of 0%, resulting in asymmetric interest sensitivity at the beginning of fiscal year 2022/2021. The interest rate swap entered into in August 2022 for a variable-interest loan has led to this loan no longer being included as a variable-interest loan.

Liquidity risk

Brainlab's objective is to maintain a balance between continuously covering financing needs and ensuring financing flexibility through the use of current account credit lines and medium-term and long-term loans.

Brainlab continuously monitors the risk of a liquidity bottleneck based on a rolling liquidity forecast. This forecast takes into account the projected cash outflows and expected cash inflows from business, investment and financing activities.

The future cash flows from financial liabilities are as follows:

September 30, 2022 **€'000**	**Due within 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Trade payables	33,261	968	-	34,229
Contingent considerations	939	12,117		13,056
Other current financial liabilities (excluding derivative financial instruments)	50,182	5.789	-	55,971
Derivative financial liabilities	9,209	918	-	10,127
Interest-bearing loans (non-current and current)	41,427	77,625	1,219	120,271
Lease payment outflows (undiscounted)	12,042	32,893	24,177	69,112
Total	**147,060**	**130,310**	**25,396**	**302,766**

The amounts presented above for interest-bearing loans (non-current and current) represent the contractually agreed (undiscounted) interest and principal payments.

September 30, 2021 **€'000**	**Due within 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Trade payables	25,050	221	-	25,271
Contingent considerations	816	14,444	-	15,260
Other current financial liabilities (excluding derivative financial instruments)	43,161	1,210	-	44,371
Derivative financial liabilities	1,466	455	-	1,921
Interest-bearing loans (non-current and current)	46,818	41,425	84	88,327
Lease payment outflows (undiscounted)	10,712	30,989	25,924	67,625
Total	**128,023**	**88,744**	**26,008**	**242,775**

The amounts shown above represent the contractually agreed (undiscounted) interest and redemption payments on financial liabilities. The item lease payment outflows has been adjusted accordingly and represents the undiscounted outflows.

Currency risk

The Company's accounts are prepared in euros. The Company is mainly exposed to a foreign exchange risk arising from fluctuations in the U.S. Dollar, the Australian dollar, the Hong Kong dollar and the Japanese yen. To a much lesser extent, exchange rate risks also arise from other currencies of the Group subsidiaries (e.g. the pound sterling, Brazilian real, Chinese yuan, Israeli schekel, Indian rupee).

The table below illustrates the sensitivity of the Group's consolidated earnings due to the changes in the fair values of monetary assets and liabilities compared with a simulated change in the exchange rate for the four aforementioned currencies. The translation risk arising from exchange rate fluctuation is not taken into consideration in determining sensitivity in accordance with IFRS 7. The range of 26 to 36 percentage points was derived from statistical evaluations of the annual fluctuations of the respective

currencies in the past 10 years. The underlying earnings and equity ratios are kept constant for the negative and positive scenario.

In addition, the following table presents the sensitivity of the Group's equity to a simulated change in the exchange rate for the four main currencies:

September 30,	Currency	Price performance %	Effect on earnings and equity €'000
2022	**USD**	**18%**	**13,122**
		-18%	**-13,122**
2021	USD	+17%	6,227
		-17%	-6,227
2022	**JPY**	**17%**	**-274**
		-17%	**274**
2021	JPY	+20%	150
		-20%	-150
2022	**AUD**	**13%**	**993**
		-13%	**-993**
2021	AUD	+14%	934
		-14%	-934
2022	**HKD**	**18%**	**119**
		-18%	**-119**
2021	HKD	+17%	1,190
		-17%	-1,190

The fluctuations in consolidated net income and equity due to currency fluctuations are primarily attributable to the business of the Group subsidiaries in North America, Hong Kong, Japan and Australia.

The different signs in JPY compared with the previous fiscal year are due to the change from a surplus of assets to a surplus of liabilities.

To protect its cash flows, the Company therefore concludes transactions to limit the exchange rate risk. To do this the Company uses currency forward contracts and options.

Credit risk

Credit risk refers to the risk of a business partner failing to meet its obligations within the scope of a financial instrument or customer agreement, and this resulting in financial losses. Brainlab manages its credit risk based on guidelines on how to minimize risk concentrations and thus the credit risk.

Within the Brainlab Group trade receivables arise from the sale of hardware and software products and services directly to hospitals, university hospitals, universities, research and development centers or distributors, as well as from development services. A potential concentration of risks in relation to trade receivables is considered to be limited, due to the large number of customers and their geographical distribution. The maximum default risk is limited to the carrying amount reported in Note (2).

The distribution companies perform credit checks on their customers and limit order volumes, if necessary, or demand payments in advance. Guarantees or collateral, such as letters of credit, are requested, particularly in the case of sales in less-developed countries. The Company creates valuation allowances for doubtful receivables, based on the expected collectibility of the receivable.

The Company is unable to make any forecast concerning the financial performance of its customers. Significant changes in the solvency of one or more of its customers could result in a considerable deterioration of Brainlab's operating result and financial position.

Counterparty risk

Counterparty risk encompasses the settlement risk relating to derivative instruments and money market instruments, and the credit risk relating to cash and term deposits. In order to control the risk concentration in financial assets and thus keep losses due to potential default of a business partner to an absolute minimum, the Group has a diversified financial portfolio in terms of maturities, ratings, sectors and industries. In the case of the Group's financial assets, such as cash and short-term deposits and certain derivative financial instruments, the maximum risk, in the event of default on the part of the contracting party, corresponds to the carrying amount of these instruments, less collateral provided. No collateral was provided in fiscal years 2021/22 and 2020/21.

The other financial assets existing in this context at the end of the reporting period are of value.

The issuer risk is minimized by only buying from issuers with an investment grade rating. The settlement risk and credit risk are limited by the fact that the banks and financial institutions selected as counterparties for transactions generally have an investment grade rating or a credit guarantee system similar to the German deposit guarantee fund. The counterparty risk is generally assessed annually and up until termination of the business relationship.

(11) Financial instruments

The following table shows the financial instruments categorized according to IFRS 9 as of September 30, 2022 and September 30, 2021:

		September 30, 2022		September 30, 2021	
€'000	Valuation category according to IFRS 9	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and short-term deposits	AC	66,740		85,934	
Trade receivables	AC	61,664		54,594	
Derivative financial instruments (hedging instruments)	FVtPL	1,714	1,714	399	399
Derivative financial instruments (strategic investments)	FVtPL	-	-	3,180	3,180
Other current financial assets (excluding derivative financial instruments)	AC	732		356	
Other non-current financial assets (excluding derivative financial instruments)		7,389		9,261	
of which	AC	1,187		1,159	
	FVtPL	4,928	4,928	6,978	6,978
	FVtOCI	1,274	1,274	1,124	1,124
Financial liabilities					
Trade payables	AC	34,229		25,271	
Interest-bearing loans and borrowings	AC	111,947	118,164	85,986	85,986
Lease liabilities	AC	66,249		64,345	
Liabilities to employees	AC	28,108		23,880	
Accruals for outstanding invoices	AC	12,355		12,674	
Contingent considerations	FVtPL	13,056	13,056	15,260	15,260
Derivative financial instruments (hedging instruments)	FVtPL	10,127	10,127	1,921	1,921
Debtors with credit balances	AC	4,618		3,074	
Other financial liabilities	AC	10,890		4,743	

AC = Amortized cost
FVtPL = Fair value through profit and loss
FVtOCI = Fair value through other comprehensive income

The table above shows the carrying amounts and fair values of financial assets and financial liabilities, including their valuation category acc. to IFRS 9. It does not contain any information on the fair value of financial assets and financial liabilities that were not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Hedging instruments

In order to hedge against exchange rate fluctuations on the U.S. dollar (USD), Australian dollar (AUD), Japanese yen (JPY) and pound sterling (GBP), Brainlab has concluded currency forward contracts and options with terms ranging from one to 18 months. At the end of the reporting period the longest term of open hedges was 18 months.

The Company uses the above instruments to hedge against exchange rate risks and thus to hedge cash flows that are expected for a period of 18 months. The U.S. dollar, Japanese yen and Australian dollar hedging instruments relate only to payments received in foreign currency – the foreign currency is sold and the corresponding value in euros, which is calculated from the forward exchange rate or the strike price, is purchased.

Over the next 18 months USD instruments to the value of USD 92.0 million shall become due (previous fiscal year: USD 83.6 million). Instruments denominated in JPY of JPY 2,450.0 million (previous year: JPY 2.075,0 million) shall also become due. Furthermore, at the end of the reporting period there are instruments denominated in AUD in the amount of AUD 7.3 million (previous fiscal year: AUD 6. 8 million) and GBP instruments of GBP 5.7 million (previous fiscal year: GBP 3.9 million).

In addition, the Company uses interest rate swaps as a hedging instrument to hedge against fluctuating market interest rates. In August 2022 an interest rate swap for € 10.0 million with a term until June 2027 was entered into, which turned the variable interest rate into a fixed interest rate.

Derivative financial instruments

The carrying amounts of the derivative financial assets and liabilities correspond to their fair values. These correspond to market prices and are calculated at the end of the reporting period, using valuation techniques, by the banks with which the respective derivatives are concluded.

	September 30, 2022		September 30, 2021	
€'000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value of foreign currency derivatives	1,240	10,127	399	1,921
Fair value of interest derivatives	474	-	-	-

Fair value hierarchy

The Group applies the following hierarchy to determine and recognize the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities.

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value, which are not based on observable market data.

For assets and liabilities, which are recognized in the financial statements at fair value on a recurring basis, the Group determines whether regroupings between the levels of hierarchy have taken place by reviewing the classification at the end of each reporting period (based on the lowest-level input factor that is significant for the measurement at fair value as a whole).

The Group classifies its assets and liabilities measured at fair value as follows:

September 30, 2022 €'000	Fair value	Level 1	Level 2	Level 3
Financial assets				
Derivative financial instruments (currency hedge)	1,240	-	1,240	-
Derivative financial instruments (interest rate hedge)	474	-	474	-
Other financial assets	6,202	3,141	3,061	-
Financial liabilities				
Derivative financial instruments (currency hedge)	10,127	-	10,127	-
Contingent considerations	13,056	-	-	13,056

September 30, 2021 €'000	Fair value	Level 1	Level 2	Level 3
Financial assets				
Derivative financial instruments (currency hedge)	399	-	399	-
Derivative financial instruments (strategic investments)	3,180	-	469	2,711
Other financial assets	8,102	2,828	1,384	3,890
Financial liabilities				
Derivative financial instruments (currency hedge)	1,921	-	1,921	-
Contingent considerations	15,260	-	-	15,260

The development of financial instruments classified in Level 3 of the fair value hierarchy is shown in the following table:

€'000	Other financial assets	Derivative financial instruments (strategic investments)	Contingent considerations
October 1, 2021	**3,890**	**2,711**	**15,260**
Additions	-	-	4,358
Fair value changes recognized through profit or loss	474	-2,711	-7,217
Dividend payment	-4,459	-	-
Currency effects	95	-	655
September 30, 2022	**-**	**-**	**13,056**

The development of financial instruments classified in Level 3 of the fair value hierarchy for fiscal year 2020/21 is shown in the following table:

€'000	Other financial assets	Derivative financial instruments (strategic investments)	Contingent considerations
October 1, 2020	**2,934**	**2,744**	**9,532**
Additions	-	-	7,385
Fair value changes recognized through profit or loss	5,198	-33	-1,754
Dividend payment	-3,980	-	-
Currency effects	-262	-	97
September 30, 2021	**3,890**	**2,711**	**15,260**

During fiscal year 2021/22 there were neither reclassifications between level 1 and level 2, nor into or out of level 3.

The fair values of the derivative financial instruments for currency hedging are equivalent to the market prices and were calculated by the respective bank using standard pricing models at the end of the reporting period. The foreign currency forward contracts are measured based on current spot exchange rates. The fair value of options is determined based on the market values of similar instruments.

The fair values of Level 2 derivative financial instruments (strategic investments) comprise two call options whose fair values are determined using the Black-Scholes model and a binomial tree model, respectively. In accordance with this, parameters such as current fair value, exercise price, contractual term, volatility and risk-free interest rate or probabilities of occurrence and the contractually fixed liquidity preferences, respectively, were taken into account. The fair value of Level 3 in fiscal year 2020/21 included a call option whose fair value was determined using the Black-Scholes model. Non-observable, valuation-related parameters were used for this. All three call options were exercised in fiscal year 2021/22.

Other Level 1 financial assets include investments in funds in connection with long-term compensation models for employees (see Note (7)). Their fair value was derived from listed market prices on active markets as of September 30, 2022.

Other Level 2 financial assets include non-controlling interests in a U.S.-based company, the fair value of which can be observed directly or indirectly in financing rounds. The shares are considered a strategic investment. Shares acquired in fiscal years 2018/19 and 2019/20 have been irrevocably measured by the management as at fair value through other comprehensive income. Due to the exercise of a call option, the shareholding in this U.S.-based company increased in fiscal year 2021/22 under review.

Other Level 3 financial assets include shares in a company that the Group received in fiscal year 2019/20 in connection with the disposal of shares in Mobius LLC and GYS Tech LLC (DBA Cardan Robotics). Its fair value is determined using the discounted cash flow method based on unobservable input factors. The expected purchase price payments are discounted using a discount factor. In fiscal year 2021/2022, purchase price payments from security deposits were distributed in full. As of September 30, 2022, the management does not expect any further distributions in connection with contingent purchase price payments.

The Level 3 financial liabilities include contingent considerations. These are remeasured at fair value at the end of each reporting period. The fair value is determined based on the discounted cash flows. The underlying assumptions of the valuation take into account the probability of each performance target being met and the discount factor as unobservable input factors (see Note (16)).

(12) Interest-bearing loans

Liabilities to banks include loans with terms extending to no later than 2036. These loans are repaid on a quarterly or semi-annual basis or in full at the end of the term of the loan. The variable and fixed interest rates range between 0.75% p.a. and 2.183% p.a. as of September 30, 2022.

Interest bearing loans in the amount of € 111,947 thousand (previous fiscal year: € 85,986 thousand) comprise the following:

Short-term maturities	**September 30, 2022**	**September 30, 2021**
€'000		
Total	**39,230**	**45,625**
less financing costs	191	16
Total	**39,039**	**45,609**

Long-term maturities	**September 30, 2022**	**September 30, 2021**
€'000		
Total	**72,996**	**40,770**
less financing costs	88	393
Total	**72,908**	**40,377**

For better reconciliation with the items in the statement of financial position, the financing costs are recognized as a separate item and the figures for the prior-year period are adjusted for comparability.

During the past fiscal year loan repayments to banks were made in the amount of € 45.9 million (previous fiscal year: € 8.6 million). Drawings made from and returned to the revolving credit facility during the course of the year are not taken into account. As of September 30, 2022, the Group has unutilized lines of credit in the amount of € 10.0 million in various currencies (previous fiscal year: € 10.2 million). In addition, € 51.0 million was undrawn from the revolving credit facility as part of the syndicated loan.

The table below shows the schedule of principal repayments for interest-bearing loans:

Fiscal year	Principal repayment €'000
2022/23	39,230
2023/24	34,711
2024/25	2,998
2025/26	911
2026/27	33,230
2027/28	136
2028/29	136
2029/30	136
2030/31	136
2031/32	136
2032/33	136
2033/34	136
2034/35	136
2035/36	56
Total	**112,224**

The difference between the total principal repayment and total liabilities to banks is calculated from up-front fees, which are deferred over the loan period. The repayments amounting to € 39.2 million in fiscal year 2022/23 include € 34.0 million, which can be extended at any time.

The syndicated loan agreement and other loan agreements require Brainlab to comply with various financial covenants: a certain ratio of net debt to EBITDA as well as a certain equity ratio level (equity in relation to total assets). The following key ratios are determined in accordance with the definition in the loan agreements.

As of September 30, 2022 and September 30, 2021 the ratio of net debt to EBITDA was as follows in accordance with the definition in the syndicated loan:

Calculation EBITDA	**For the twelve months ended**	
€'000	**September 30, 2022**	**September 30, 2021**
Earnings before income tax	4,145	34,226
+ Interest expense	5,313	3,674
+ Amortization of intangible assets	24,426	22,267
+ Depreciation of property, plant and equipment	9,024	7,536
+ Amortization of rights of use	12,007	10,635
- Interest income	-1,323	-96
EBITDA	**53,592**	**78,242**
+ Depreciation of current assets[2]	1,569	2,041
+ costs, expenses and taxes in connection with permitted acquisitions[3]	2,623	1,317
EBITDA (according to definition in syndicated loan)	**57,784**	**81,600**

Calculation net debt/EBITDA		
€'000	**September 30, 2022**	**September 30, 2021**
Interest-bearing loans (non-current and current)	111,947	85,986
Cash and short-term deposits	66,740	85,934
Net debt	**45,207**	**52**
Current lease liabilities	11,389	9,997
Non-current lease liabilities	54,860	54,348
Net debt including lease liabilities	**111,456**	**64,397**
Other current liabilities to banks[4]	19,259	11,850
Other non-current liabilities to banks[4]	918	455
Net debt (according to syndicated loan)	**131,673**	**76,703**
Net debt/EBITDA	**02.28**	**0.94**

As of September 30, 2022 the equity ratio is 34.5%.

The covenants required in the loan agreements are met as of September 30, 2022.

2 Corresponds to additions to and utilizations of valuation allowances on trade receivables (see Note (2)).
3 Includes incidental acquisition costs in connection with business combinations that cannot be capitalized under IFRS, expenses for contingent considerations agreed in this context and valuation expenses.
4 Includes bank guarantees that are off balance sheet as well as negative fair values of foreign currency derivatives (see Note (10)(11)(16)).

In addition, as of September 30, 2022 there are loan agreements that were concluded prior to the introduction of IFRS 16 Leases and whose covenant (net debt/EBITDA) is calculated without taking lease liabilities and EBITDA less lease expenses into account. The covenant required in these agreements amounts to 1.05 as of September 30, 2022 and is also met. The basis of calculation is presented in the following table:

Calculation of net debt/EBITDA (according to promissory note loan agreement):		
€'000	**September 30, 2022**	**September 30, 2021**
Net debt (excluding lease liabilities)	45,207	52
EBITDA	53,592	78,242
- Lease expenses (IAS 17)	12,169	10,637
+ Depreciation of current assets[2]	1,569	2,041
EBITDA (incl. lease expenses)	**42,992**	**69,646**
Net debt/EBITDA	**1.05**	**0.00**

(13) Leases

Group as lessee

The following table shows the carrying amounts of the recognized rights of use and any changes from the previous fiscal year during the reporting period:

€'000	**Buildings**	**Vehicles**	**Other equipment**	**Total**
Balance as of October 1, 2020	**64,057**	**1,805**	**2,853**	**68,715**
Additions	7,028	1,448	812	9,288
Acquisition of subsidiaries	285	9	-	294
Disposals	-1,677	-73	-	-1,750
Amortization expense	-8,268	-1,343	-1,024	-10,635
Currency translation	42	19	-	61
Balance as of September 30, 2021	**61,467**	**1,865**	**2,641**	**65,973**
Balance as of October 1, 2021	**61,467**	**1,865**	**2,641**	**65,973**
Additions	9,731	1,263	664	11,658
Acquisition of subsidiaries	-	180	17	197
Disposals	-16	-47	-	-63
Amortization expense	-9,407	-1,453	-1,147	-12,007
Currency translation	1,073	34	1	1,108
Balance as of September 30, 2022	**62,848**	**1,842**	**2,176**	**66,866**

The additions to the buildings are mainly attributable to the expansions at the Company headquarters at Olof-Palme-Straße, the index rent adjustment and the lease extension of the headquarters in Chicago.

The item “Other equipment” mainly includes sale-and-leaseback, office and operating equipment and IT equipment.

The table below shows the carrying amounts of lease liabilities and any changes during the reporting period and the prior-year period:

€'000	
Balance as of October 1, 2020	**66,034**
Additions	8,356
Acquisition of subsidiaries	294
Disposals	-966
Interest growth	794
Payments	-10,416
Currency translation	249
Balance as of September 30, 2021	**64,345**

Balance as of October 1, 2021	**64,345**
Additions	12,077
Acquisition of subsidiaries	197
Disposals	-66
Interest growth	798
Payments	-12,692
Currency translation	1,590
Balance as of September 30, 2022	**66,249**

The maturity analysis of the lease liabilities is presented in Note (10).

The following amounts were recognized though profit or loss in the reporting period:

For the twelve months ended		
€'000	**September 30, 2022**	**September 30, 2021**
Amortization expense for rights of use	-12,007	-10,635
Interest expenses for lease liabilities	-798	-794
Expense for short-term leases	-75	-428
Expense for leases for a low-value asset	-49	-52
Gains and losses on sale-and-lease-back	108	172
Income from the sub-leasing of rights of use	534	162
Total amount recognized through profit or loss	**-12,287**	**-11,575**

The Group's cash outflows for leases in fiscal year 2021/22 amounted to € 12,692 thousand (previous fiscal year: € 10,416 thousand). In addition, the Group recognized non-cash additions to lease liabilities in the amount of € 14,596 thousand in fiscal year 2021/22 (previous fiscal year: € 8,727 thousand). Effective from fiscal year 2021/22, the calculation of non-cash changes shall take currency translation effects into account. For better comparability, the previous year's figures have been adjusted accordingly.

The Group has entered into several lease agreements that contain extension options. These options are negotiated by the management to enable the portfolio of leased assets to be managed flexibly and in compliance with the respective business requirements of the Group. The assessment of whether the exercise of these extension and cancellation options is reasonably certain requires the management to make key discretionary decisions.

Future cash outflows of € 69,240 thousand (previous fiscal year: € 60,468 thousand) have not been included in lease liabilities as it is not sufficiently certain that the leases will be extended or not canceled.

(14) Provisions for pensions and similar obligations

There are defined benefit pension plans. The pension plans have been funded, since fiscal year 2006, by reinsurance policies. Due to full servicing of the claim there is no service cost for direct commitments. Only the provident funds give rise to a service cost. No pension provisions are to be set up for this portion of pensions. In addition, there are defined contribution plans from direct insurance policies, under which contributions are carried as expenses. Due to around 104% coverage of the pension obligation by the reinsurance amounts, there are no major risks associated with pension obligations.

The actuarial valuation is based on an actuarial interest rate of 3.0% as of September 30, 2022 (previous fiscal year: 0.5%), which is based on maturity-equivalent capital yields of investment-rated corporate bonds.

The net liability or net assets from the pension plans are as follows:

€'000	September 30, 2022	September 30, 2021
Present value of the benefit obligation at end of year	-496	-606
Fair value of plan assets	515	501
Net assets/debt	**19**	**-105**

The defined benefit costs comprise the following:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Interest expense from obligation	-3	-3
Expected interest income from plan assets	3	3
Gains/losses on financial assumptions	113	-
Actuarial gains/losses	**113**	**-**
Total returns on plan assets	-15	-14
Interest income from plan assets	3	2
Net returns on plan assets	**-12**	**-12**
Total revaluations	**125**	**12**
Total result from defined benefit plans	**125**	**12**
Pension expenses from defined contribution plans	-69	-69
Contributions to statutory pension funds	-12,680	-11,085

Income is carried under other operating income and expenses are carried under personnel expenses.

Brainlab, Inc., USA, recognized long-term benefit obligations in the amount of € 2,948 thousand (previous fiscal year: € 2,283 thousand) as well as a related investment in the amount of € 3,122 thousand (previous fiscal year: € 2,828 thousand). These amounts are reported as gross amounts.

(15) Provisions

The table below shows the development of provisions in fiscal years 2021/22 and 2020/21:

€'000	Warranty	Litigation	Asset retirement obligations	Provisions for goodwill	Total
September 30, 2020	**1,507**	**214**	**876**	**448**	**3,045**
Additions	936	966	90	345	2,337
Discounting	-	-	14	-	14
Utilization	-1,048	-216	-	-351	-1,615
Reversals	-63	-	-20	-6	-89
Currency translation	-	2	-5	-	-3
September 30, 2021	**1,332**	**966**	**955**	**436**	**3,689**
Additions	1,175	259	-	347	1,781
Discounting	-	-38	-20	-	-58
Utilization	-872	-	-	-367	-1,239
Reversals	-347	-	-	-29	-376
Currency translation	-	41	-8	43	76
September 30, 2022	**1,288**	**1,228**	**927**	**430**	**3,873**

The non-current provisions are provisions for asset retirement obligations in the amount of € 927 thousand (previous fiscal year: € 956 thousand) and provisions for litigation in the amount of € 712 thousand (previous fiscal year: € 750 thousand).

The warranty period is generally one year. The valuation of the provision for warranties is based on empirical values from previous years (percentage share of costs) and the directly attributable expenses for materials and material and production overheads.

Provisions for litigation are set up for legal fees and damages claims in connection with the proceedings described in Note (29). For details on the expected cash outflow see Note (29).

The outflow for provisions for asset retirement obligations is generally expected at the end of the respective lease agreement.

To a limited extent Brainlab offers free replacement or repairs if this is deemed necessary to protect the customer relationship. Goodwill provisions are set up for this purpose.

(16) Other financial and non-financial liabilities

The following table shows the composition of other financial and non-financial liabilities as of September 30, 2022 and September 30, 2021:

€'000	September 30, 2022	September 30, 2021
Financial liabilities		
Liabilities to employees	28,108	23,880
Accruals for outstanding invoices	12,355	12,674
Contingent considerations	13,056	15,260
Debtors with credit balances	4,618	3,074
Other financial liabilities	10,890	4,743
of which trade payables	968	221
of which other liabilities in connection with business combinations	5,296	1,297
Derivative financial instruments (hedging instruments)	10,127	1,921
Other liabilities		
Liabilities to employees	4.064	2,857
Obligations from customer contracts	2,228	2,095
Other liabilities	28	405
Total	**85,474**	**66,909**

€'000	September 30, 2022	September 30, 2021
of which		
Current	64,890	51,191
Non-current	20,584	15,718
Total	**85,474**	**66,909**

Liabilities to employees include accruals for unused leave, bonuses, commission and compensation, travel expenses (previous year's figures were adjusted accordingly in this respect) and other liabilities to employees incurred but not yet settled with Brainlab as of September 30, 2022 or September 30, 2021, respectively. Bonuses in connection with business combinations are also included, which are subject to the application guidelines of IAS 19, as well as share-based payments in accordance with IFRS 2. Pension arrangements (see Note (14)) are included under other liabilities to employees.

The decline in contingent considerations is attributable to the reversal through profit or loss in connection with past company acquisitions (see Note (9)). In addition, contingent considerations were added in relation to the business combinations effected during fiscal year 2021/22.

Accruals for outstanding invoices are recognized for goods and services already delivered or rendered but not yet invoiced as of September 30, 2022 or September 30, 2021, respectively.

Other financial liabilities mainly include purchase price liabilities in connection with business combinations, rights to tender of non-controlling shareholders, accruals for auditing and tax consulting services, interest payables to banks and liabilities to social security agencies. The increase is mainly due to the liabilities recognized therein in connection with business combinations.

The increase in derivative financial instruments is due to the development of exchange rates in fiscal year 2021/22.

Non-current liabilities as of September 30, 2022 and September 30, 2021 mainly consist of contingent considerations (see Note (9)).

(17) Equity

As of September 30, 2022, the Company's share capital amounts to € 18,864,457 and is composed of 18,864,457 no-par value registered shares with a theoretical nominal value of € 1 per share. All shares are issued and deposited in full. Each share entitles the registered bearer to one vote and bears dividend rights. There are no voting right restrictions.

The item "Revenue reserve" comprises the accumulated net profit/loss of consolidated companies from previous fiscal years, less any undistributed profits of consolidated companies from previous fiscal years, and the Net profit for the fiscal year under review.

The item "Reserve from changes in fair value" includes the revaluation reserve for financial assets measured at fair value through other comprehensive income.

The item "Revaluation reserve (pensions)" recognizes gains and losses on the revaluation of defined benefit pension plans in accordance with IAS 19 Employee Benefits.

The currency translation reserve includes differences arising from foreign currency translation. These differences arise due to the fact that assets and liabilities denominated in foreign currency are translated using the exchange rates prevailing at the end of the reporting period, while expenses and income, on the other hand, are translated at average exchange rates.

Authorized capital

Pursuant to a resolution of the Annual General Meeting on March 3, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital, on one or several occasions up until March 2, 2026, by a total of up to € 9,432,228 by issuing new, no-par value registered shares (ordinary shares) against cash and/or contributions in kind (Authorized Capital 2022/1).

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital, on one or several occasions up until March 2, 2026, by a total of up to € 9,432,228 by issuing new, no-par value registered shares (ordinary shares) against cash and/or contributions in kind (Authorized Capital 2022/2).

The following applies, respectively, for Authorized Capital 2022/1 and Authorized Capital 2022/2:

Each shareholder shall in principle be granted a subscription right. However, the Management Board is authorized, with the consent of the Supervisory Board in each case, to exclude shareholders' statutory subscription rights in order to issue the new shares as part of a capital increase against contributions in kind for the purchase of companies, parts of companies or equity interests in companies, or receivables from the Company or other investable assets. The Management Board is further authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases. Insofar as the Management Board does not make used of the above authorizations to exclude subscription rights, shareholders' subscription rights may only be excluded for fractional amounts. The Management Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the capital increase and its implementation.

Non-controlling interests

Non-controlling interests include shares of third parties in the equity of the consolidated subsidiaries Brainlab Ltd. (Hong Kong), Brainlab Ltda. (Brazil) and medPhoton GmbH (Austria). The holdings of other shareholders in Brainlab Ltd. (Hong Kong) and Brainlab Ltda. (Brazil) are negligible and are therefore not recognized in the financial statements.

Capital reserve

Pursuant to legal requirements, the capital reserve is set up within the scope of capital increases as the difference between the nominal amount of the issued shares and the issue price.

Miscellaneous

The changes in the equity structure in fiscal years 2021/22 and 2020/21 are recognized in the consolidated statement of changes in equity.

Appropriation of profit

In fiscal year 2021/22 Brainlab AG distributed a dividend of € 5.093.403,39 (previous fiscal year: € 4,150,180.54) from the net retained profits in its separate financial statements as of September 30, 2021 and September 30, 2020, respectively. The dividend per share amounted to € 0.27. The Management Board proposes a dividend of € 0.27 per share for the fiscal year to September 30, 2022.

Notes to the consolidated income statement

(18) Revenue from contracts with customers

Group revenue refers to revenue from contracts with customers in accordance with IFRS 15. Revenue increased slightly year-on-year by 1.6% and is composed of the following in fiscal years 2021/22 and 2020/21:

For the twelve months ended September 30, 2022	Segment			
€'000	Surgery	Radiosurgery	Digital Health	Total
Type of goods and services				
Revenue from product sales	148,933	54,028	50,909	**253,870**
Revenue from services	48,677	38,253	18,044	**104,974**
of which service agreements	39,952	30,766	13,978	**84,696**
of which other services	8,725	7,487	4,066	**20,277**
Revenue from development contracts	5,455	-	-	**5,455**
Total	**203,065**	**92,281**	**68,953**	**364,299**
Geographic markets				
Asia/Pacific	29,075	21,322	5,467	**55,864**
Europe and Rest of World	85,003	33,900	30,341	**149,244**
North America	88,987	37,059	33,145	**159,191**
Total	**203,065**	**92,281**	**68,953**	**364,299**
Date of revenue recognition				
Goods and services transferred at a certain date	150,533	60,095	45,170	**255,798**
Goods and services transferred over a certain period of time	52,532	32,186	23,783	**108,501**
Total	**203,065**	**92,281**	**68,953**	**364,299**

For the twelve months ended September 30, 2021	Segment			
€'000	Surgery	Radiosurgery	Digital Health	Total
Type of goods and services				
Revenue from product sales	145,347	49,159	49,849	**244,355**
Revenue from services	47,024	39,363	15,048	**101,435**
of which service agreements	36,836	33,258	13,584	**83,678**
of which other services	10,188	6,105	1,464	**17,757**
Revenue from development contracts	12,724	-		**12,724**
Total	**205,095**	**88,522**	**64,897**	**358,514**
Geographic markets				
Asia/Pacific	26,711	17,987	3,549	**48,247**
Europe and Rest of World	97,426	39,528	27,485	**164,439**
North America	80,958	31,007	33,863	**145,828**
Total	**205,095**	**88,522**	**64,897**	**358,514**
Date of revenue recognition				
Goods and services transferred at a certain date	151,254	53,528	46,587	**251,369**
Goods and services transferred over a certain period of time	53,841	34,994	18,310	**107,145**
Total	**205,095**	**88,522**	**64,897**	**358,514**

Revenue from contracts with customers includes revenue from temporary software licenses in the amount of € 65,749 thousand (previous fiscal year: € 58,902 thousand). Revenue from leases amounts to € 526 thousand (previous fiscal year: € 741 thousand) and is carried under revenue from product sales and under income from service agreements.

The transaction price allocated to the (unfulfilled or partially unfulfilled) remaining performance obligations (orders on hand) is broken down as of September 30, 2022 and September 30, 2021 as follows:

€'000	September 30, 2022	September 30, 2021
within one year	167,392	169,132
in more than one year	124,025	81,168
Total	**291,417**	**250,300**

The contract liabilities recognized at the beginning of the reporting period generated revenue of € 34,048 thousand in fiscal year 2021/22.

Contract initiation costs (in particular sales commission paid to employees in advance) in the amount of € 3,139 thousand (previous fiscal year: € 2,682 thousand), for which no revenue has been recognized yet, are carried as other current assets.

(19) Cost of goods sold

The cost of goods sold amounts to € 148,105 thousand in fiscal year 2021/22, which corresponds to a year-on-year increase of 3.1% (previous fiscal year: € 143,643 thousand).

The cost of goods sold includes personnel expenses and depreciation/amortization:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Included in cost of goods sold		
Personnel expenses	**-48,582**	**-42,054**
of which wages and salaries	-39,963	-34,736
of which social security contributions	-7,135	-6,058
of which expenses for obligations after termination of the employment contract	-544	-514
of which other operating expenses	-940	-746
Depreciation and amortization	**-3,203**	**-2,580**

(20) Operating expenses

Other operating expenses in fiscal years 2021/22 and 2020/21 are composed of the following:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Selling, general and administrative expenses	-165,026	-145,985
Research and development expenses	-61,107	-53,683
Other operating income	36,418	30,747
Other operating expense	-23,554	-8,306
Total	**-213,269**	**-177,227**

As from fiscal year 2021/22, the share of profit or loss of associates is presented separately in the consolidated income statement and is therefore not included in net other operating income or expenses. The previous year's figures have been adjusted accordingly.

For consistent presentation of the costs of the functional areas, the item "Research and development expenses" also includes amortization of capitalized development costs.

Operating expenses in fiscal years 2021/22 and 2020/21 include personnel expenses and write-downs in the following amounts:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Included in selling, general and administrative expenses		
Personnel expenses	**-94,683**	**-87,591**
of which wages and salaries	-76,340	-71,315
of which social security contributions	-10,737	-9,806
of which expenses for obligations after termination of the employment contract	-1,692	-1,955
of which other operating expenses	-5,914	-4,515
Depreciation and amortization	**-22,999**	**-19,064**
Included in research and development expenses		
Personnel expenses	**-64,745**	**-55,728**
of which wages and salaries	-54,058	-46,715
of which social security contributions	-8,886	-7,669
of which expenses for obligations after termination of the employment contract	-276	-231
of which other operating expenses	-1,525	-1,113
Depreciation and amortization	**-19,254**	**-18,793**

Capitalized self-constructed assets mainly relate to the Research and Development area and reduce functional costs, for example with regard to the personnel expenses incurred, among other things. Personnel expenses are therefore higher overall (see table above) than research and development expenses.

Personnel expenses arose for the following number of employees by region at the end of the fiscal year

	September 30, 2022	September 30, 2021
Operations and Support (cost of goods sold)	637	562
Sales and Administration	779	733
Research and development	763	699
Total	**2,179**	**1,994**

In fiscal years 2021/22 and 2020/21 Brainlab employed an average of 2,132 and 1,919 employees, respectively. The companies acquired in fiscal year 2021/22 account for 112 employees on average.

(21) Other operating income and expenses

Other operating income comprises the following:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Miscellaneous other operating income	3,444	9,331
Gains on financial instruments	8,605	3,000
Gains on currency hedges	3,921	2,935
Foreign currency gains	15,667	5,088
Income from the reversal of provisions/liabilities	3,758	4,405
Prior-period income	765	800
Government grants	258	5,188
Total	**36,418**	**30,747**

The share of profit or loss of associates is presented separately in the consolidated income statement and is therefore no longer included under other operating income. The previous year's figures have been adjusted accordingly.

The decline in other operating income is mainly attributable to the income included in fiscal year 2020/21 associated with the sale of the shares in Mobius Imaging LLC and GYS Tech, LLC (DBA Cardan Robotics).

The gains on financial instruments mainly result from valuations of contingent considerations and an effect on earnings arising from the option valuation in connection with the acquisition of medPhoton GmbH.

The income from the reversal of provisions/liabilities decreased compared with fiscal year 2020/21 mainly as a result of the lower reversals of contingent considerations according to IAS 19 in connection with the business combinations.

Income from the waiver of repayability of a loan is included in connection with the COVID-19 pandemic in fiscal year 2020/21. In addition, government grants for personnel expenses were awarded in two countries in fiscal years 2021/22 and 2020/21. Government subsidies for research and development amounting to € 235 thousand (previous fiscal year: € 306 thousand) are also included in fiscal year 2021/22.

Other operating expenses comprise the following:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Foreign currency exchange losses	-7,440	-4,393
Losses on financial instruments	-1,611	-405
Losses on currency hedges	-14,479	-3,508
Miscellaneous other expenses	-24	-
Total	**-23,554**	**-8,306**

The losses on financial instruments include a loss arising from the derecognition of the unexercised portion of the call option of medPhoton GmbH.

(22) Income taxes

The corporation tax rate of 15.8% (including solidarity surcharge) was applied for Germany. Taking trade tax into account, this resulted in an average domestic tax rate for the Brainlab Group of 32.98% (previous fiscal year: 32.98%). There is a profit and loss transfer agreement between Brainlab AG, Brainlab Sales GmbH, Brainlab Corporate Service GmbH, Brain-Pulse GmbH, Snke OS GmbH and Mint Medical GmbH, which means that these companies form a tax group for the purposes of corporation and trade tax.

The actual income tax expense in fiscal year 2021/22 amounted to € 6,349 thousand (previous fiscal year: expense of € 11,627 thousand). The total actual tax expense recognized includes income of € 69 thousand (previous fiscal year: expense of € 82 thousand) for prior-period taxes. The significant decline in the actual income tax expense is mainly attributable to the decline in consolidated profit. There was also deferred tax income of € 5,498 thousand (previous fiscal year: expense of € 250 thousand). The total tax expense thus amounted to € 851 thousand (previous fiscal year: expense of € 11,877 thousand), which includes income for previous years of € 1,166 thousand (previous fiscal year: expense of € 64 thousand). A simplified procedure for calculating the total tax expense was partly applied for companies with an immaterial influence on the total tax expense.

In fiscal year 2021/22 there were tax expenses as a result of changed tax rates, in the amount of € 9 thousand (previous fiscal year income of € 9 thousand). The difference is mainly due to a reduction in the tax rate of Brainlab, Inc. (USA) to 25.7% (previous fiscal year: 25.8%). The deferred tax expense offset directly against equity amounted to € 91 thousand (previous fiscal year: expense of € 163 thousand).

The deferred taxes result from differences in the following items:

For the twelve months ended	**September 30, 2022**			
€'000	**Deferred tax assets**	**Deferred tax liabilities**	**Total change**	**of which recognized in other comprehend-sive income**
Fixed assets	-1,944	39,879	10,576	-15
Inventories	2,474	457	-1,458	-14
Receivables	473	362	-3,198	254
Other assets	-	4,134	2,734	-51
Liabilities to banks	-	92	-43	-
Prepaid expenses	1,297	-	99	-9
Loss carryforwards/tax credits	12,091	-	-4,291	-209
Equity	-	168	90	90
Provisions	1,405	3,542	394	-129
Liabilities	10,220	235	-5,509	-119
Deferred revenue and deferred cost of goods sold	2,974	43	471	-140
Gross value	**28,990**	**48,911**	**-135**	**-342**
Netting	-13,218	-13,218		
Carrying amount	**15,772**	**35,693**		
Net liability position		**19,921**		

For the twelve months ended	September 30, 2021			
€'000	Deferred tax assets	Deferred tax liabilities	Total change	of which recognized in other comprehend-sive income
Fixed assets	20,060	51,307	5,583	-75
Inventories	959	399	106	1
Receivables	177	3,264	-3,446	-26
Other assets	219	1,619	-695	3
Liabilities to banks	-	135	120	-
Prepaid expenses	1,396	-	-113	6
Loss carryforwards/tax credits	7,800	-	798	-88
Equity	-	78	163	-
Provisions	1,287	3,030	2,270	-2
Liabilities	4,831	355	-1,293	8
Deferred revenue and deferred cost of goods sold	3,418	16	333	13
Gross value	**40,147**	**60,203**	**3,826**	**-160**
Netting	-31,193	-31,193		
Carrying amount	**8,954**	**29,010**		
Net liability position		**20,056**		

Overall, the net liability position for deferred taxes (net liabilities of € 19,921 thousand) decreased compared with the previous fiscal year (€ 20,056 thousand) by € 135 thousand (previous fiscal year: increased of € 3,826 thousand). An amount of € 342 thousand (previous fiscal year: € -160 thousand) is attributable to effects recognized in other comprehensive income.

medPhoton GmbH and Dr. Langer Medical GmbH have been included in the Group by way of full consolidation since 2022. Within the scope of the first-time consolidation, deferred tax liabilities totaling € 5,705 thousand were recognized in other comprehensive income, resulting mainly from intangible assets.

No deferred taxes were set up for the remaining revenue reserves as of September 30, 2022 of the subsidiaries medPhoton GmbH (Austria), Snke OS GmbH (Germany), Dr. Langer Medical GmbH (Germany), Brainlab France SARL (France), Brainlab Ltd. (UK), Brainlab, Inc., (USA), Mint Medical, Inc., (USA), Brainlab Australia Pty. (Australia), Beijing Medical Equipment Trading Co. Ltd. (People's Republic of China) and Brainlab K.K. (Japan), as it is not planned to distribute these profits. Temporary differences relating to investments in subsidiaries, for which no deferred tax liabilities were recognized, amounted to a total of € 8 million.

Deferred tax assets were only recognized for tax losses brought forward if their realization was sufficiently probable.

Deferred tax assets were recognized on loss carryforwards/tax credits (€ 12,091 thousand, previous fiscal year: € 7,800 thousand) for the Group companies Brainlab Italia s.r.l., (Italy), Brainlab Ltd. (Hong Kong), Brainlab K.K. (Japan), Brainlab, Inc. (USA), Brainlab Robotics GmbH (Germany), 10 Grad Event GmbH (Germany), Brainlab Ltd. (Israel) and Jan Medical, Inc., (USA). The existing capitalized losses brought forward as of September 30, 2022 have no time limit, with the exception of the capitalized losses brought forward for the USA.

As of September 30, 2022 the Company had the following tax losses brought forward, for which no deferred taxes have been set up:

€'000	September 30, 2022	September 30, 2021
Brainlab Sales GmbH, Germany (incl. plant in France)	120	120
Jan Medical, Inc., USA	35,576	33,491
Brainlab Robotics GmbH, Germany	-	2,243
VisionTree Software, Inc., USA	8,654	4,170
Total	**44,350**	**40,024**

Of the loss carryforwards existing Group-wide as of September 30, 2022, no deferred tax assets were set up in the amount of € 44,350 thousand (previous fiscal year: € 40,024 thousand).

Utilization of € 44,228 thousand (previous fiscal year: € 37,661 thousand) of the non-capitalized losses carried forward is subject to certain time limits.

€'000	Losses carried forward with time limit
Utilization until 2024	3
Utilization until 2025	19
Utilization until 2026	83
Utilization until 2027	642
Utilization until 2028	470
Utilization until 2029	516
Utilization until 2030	259
Utilization until 2031	402
Utilization until 2032	1,359
Utilization until 2033	1,983
Utilization until 2034	1,828
Utilization until 2035	3,543
Utilization until 2036	6,557
Utilization until 2037	5,912
Utilization until 2038	4,818
Utilization until 2039	2,690
Utilization until 2040	2,327
Utilization until 2041	3,303
Utilization until 2042	3,623
Utilization until 2043	3,891
Total	**44,228**

The change compared with the previous fiscal year is due to the loss carryforwards of Jan Medical, Inc., USA and VisionTree Software, Inc., USA.

The actual tax expense of € 851 thousand (previous fiscal year: tax expense of € 11,877 thousand) in fiscal year 2021/22 was € 516 thousand lower (previous fiscal year: higher€ 589 thousand) than the expected tax expense of € 1,367 thousand (previous fiscal year: tax expense of € 11,288 thousand), which would have resulted had an expected average tax rate been applied to the Group's pre-tax earnings.

For simplicity, this average tax rate is determined from the expected tax rates for Brainlab AG, and amounted to 32.98% in fiscal year 2021/22 (previous fiscal year: 32.98%).

The reasons for the difference between the expected and actual tax expense are shown in the following reconciliation account:

€'000	September 30, 2022	September 30, 2021
Earnings before income taxes	4,145	34,225
Expected tax expense	1,367	11,288
Differences to foreign tax rates and currency effects	858	-80
Permanent differences	-1,186	-581
Tax effects on:		
Prior-period income taxes	-1,166	-64
Tax rate adjustment	9	-9
Non-capitalized loss carryforwards and corrections	998	1,439
Utilization and capitalization of deferred taxes on loss carryforwards	-28	-115
Others	-1	-1
Actual tax expense	**851**	**11,877**
Effective tax rate	**20.54%**	**34.70%**

(23) Earnings per share

Earnings per share is calculated in accordance with IAS 33 – Earnings per Share, by dividing net profit for the period by the weighted average number of shares.

The table below shows the calculation of basic and diluted earnings per share for fiscal years 2021/22 and 2020/21:

For the twelve months ended		
€	**September 30, 2022**	**September 30, 2021**
Basic earnings per share		
Net profit/loss attributable to the ordinary shareholders of the parent company	3,196,087	22,348,678
Weighted average number of shares - basic	18,864,457	18,864,457
Basic earnings per share	**0.17**	**1.18**
Diluted earnings per share		
Net profit/loss attributable to the ordinary shareholders of the parent company	3,196,087	22,348,678
Weighted average number of shares - diluted	18,864,457	18,864,457
Diluted earnings per share	**0.17**	**1.18**

(24) Information on the statement of cash flows

The changes in financial liabilities, which will lead to cash flows from financing activities in future, are presented in the table below:

				Non-cash change		
€'000	Balance as of October 1, 2021	Cash changes	Changes in the scope of consolidation	Currency effects	Other changes	Balance as of September 30, 2022
Interest-bearing loans and borrowings	40,377	32,931	3,933	-	-4,333	72,908
Lease liabilities	54,348	-	104	-	408	54,860
Non-current financial liabilities	**94,725**	**32,931**	**4,037**	**-**	**-3,925**	**127,768**
Interest-bearing loans and borrowings	45,609	-11,451	895	-	3,986	39,039
Lease liabilities	9,997	-12,692	93	1,590	12,401	11,389
Current financial liabilities	**55,606**	**-24,143**	**988**	**1,590**	**16,387**	**50,428**
Total	**150,331**	**8,788**	**5,025**	**1,590**	**12,462**	**178,196**

The changes in financial liabilities from the previous fiscal year, which will lead to cash flows from financing activities in future, are presented in the table below:

				Non-cash change		
€'000	Balance as of October 1, 2020	Cash changes	Changes in the scope of consolidation	Currency effects	Other changes	Balance as of September 30, 2021
Interest-bearing loans and borrowings	55,643	30,000	678	-	-45,944	40,377
Lease liabilities	57,386	-	198	-	-3,236	54,348
Non-current financial liabilities	**113,029**	**30,000**	**876**	**-**	**-49,180**	**94,725**
Interest-bearing loans and borrowings	13,484	-8,563	125	263	40,300	45,609
Lease liabilities	8,648	-10,416	97	250	11,418	9,997
Current financial liabilities	**22,132**	**-18,979**	**222**	**513**	**51,718**	**55,606**
Total	**135,161**	**11,021**	**1,098**	**513**	**2,538**	**150,331**

The additional column “Changes in the scope of consolidation” was added to the previous year’s table.

(25) Segment reporting

The following segment information has been prepared in accordance with IFRS 8 – Operating Segments. The accounting and valuation principles applied by the operating segments correspond to those discussed in the notes on "Key accounting and valuation principles".

For management purposes, the Group is organized into business units based on product and service groups. The Company's main customers worldwide are public and private hospitals, surgical centers and university hospitals. Starting in fiscal year 2021/22, segment reporting will be expanded to include the Digital Health segment in addition to the existing Surgery and Radiosurgery segments.

Surgery

Brainlab's image-guided surgery systems deliver high-precision information for surgical procedures in real time. These systems can be expanded from a single system for a single area of application through to the integrated operating room or full digital integration for a hospital.

Radiosurgery

Radiosurgery applications enable high-precision treatment planning and radiation of tumors in the head, spine and lungs.

Digital Health

Digital Health is designed as an open, modular platform to capture, manage, and display the data needed across all setups.

For more information on the business activities of the operating segments please refer to the management report.

The three segments correspond to the management structure, the distribution organization, the internal reporting system and the predominant source of risks and income of the Company. No operating segments have been aggregated to form reportable operating segments.

The management monitors earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT) of the operating segments separately, in order to make decisions on how to allocate resources and to assess the profitability of the operating segments. Segment performance is evaluated based on their respective operating results and is measured in accordance with the operating result reported in the consolidated financial statements.

Gains and losses which cannot be directly allocated to one of the operating segments, Surgery, Radiosurgery and Digital Health, are allocated using apportionment formulas.

The results of the operating segments do not include taxes or any interest income or interest expenses that cannot be directly allocated to the segment assets.

Segment assets do not include cash and short-term deposits, tax receivables, or other current and non-current financial assets (except for strategic investments), as these assets are managed centrally. Group financing (including financial expenses and income) and income taxes are managed on a uniform basis within the Group, and are not allocated to the individual operating segments. They are included in the reconciliation to the consolidated financial statements. medPhoton GmbH, which was fully consolidated in fiscal year 2021/22, is allocated to the Digital Health operating segment, and Dr. Langer GmbH is allocated to the Surgery operating segment. (See Note (9)).

€'000	Fiscal year	Surgery	Radio-surgery	Digital Health	Total operating segments	Others	Total
Net revenue from contracts with customers	**2021/22**	**203,065**	**92,281**	**68,953**	**364,299**	**-**	**364,299**
	2020/21	205,095	88,522	64,897	358,514	-	358,514
Gross profit	**2021/22**	**142,529**	**53,027**	**20,638**	**216,194**	**-**	**216,194**
	2020/21	141,421	48,806	24,644	214,871	-	214,871
Selling, general and administrative expenses	**2021/22**	**-80,240**	**-36,986**	**-47,706**	**-164,932**	**-94**	**-165,026**
	2020/21	-70,183	-33,147	-42,621	-145,951	-34	-145,985
Research and development expenses	**2021/22**	**-13,790**	**-9,651**	**-37,666**	**-61,107**	**-**	**-61,107**
	2020/21	-17,406	-11,841	-24,436	-53,683	-	-53,683
Other operating income/(expenses)	**2021/22**	**2,178**	**2,891**	**7,645**	**12,714**	**150**	**12,864**
	2020/21	12,880	5,115	4,363	22,358	83	22,441
EBITDA	**2021/22**	**65,042**	**19,624**	**-34,516**	**50,150**	**3,442**	**53,592**
	2020/21	81,990	19,940	-23,574	78,356	-114	78,242
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	**2021/22**	**-14,366**	**-10,344**	**-17,361**	**-42,071**	**-3,386**	**-45,457**
	2020/21	-15,279	-11,009	-14,315	-40,603	165	-40,438
Bad debt allowances & depreciation of current assets	**2021/22**	**-935**	**-427**	**-208**	**-1,570**	**-**	**-1,570**
	2020/21	-1,645	-265	-131	-2,041	-	-2,041
EBIT	**2021/22**	**50,676**	**9,280**	**-51,877**	**8,079**	**56**	**8,135**
	2020/21	66,712	8,933	-37,889	37,756	48	37,804
Interest income/(expenses)	**2021/22**	**-448**	**-203**	**-443**	**-1,094**	**-2,896**	**-3,990**
	2020/21	-33	-172	-361	-566	-3,012	-3,578
Segment profit/(loss) before tax	**2021/22**	**50,228**	**9,077**	**-52,320**	**6,985**	**-2,840**	**4,145**
	2020/21	66,678	8,761	-38,250	37,189	-2,963	34,226

€ '000	Fiscal year	Surgery	Radio-surgery	Digital Health	Total operating segments	Other	Total
Segment assets	**2021/22**	**231,210**	**124,422**	**196,236**	**551,868**	**115,925**	**667,793**
	2020/21	180,455	110,296	159,909	450,660	123,092	573,752
Segment liabilities	**2021/22**	**116,071**	**64,902**	**67,336**	**248,309**	**188,943**	**437,252**
	2020/21	96,205	54,606	56,086	206,897	148,648	355,545
Investments	**2021/22**	**22,518**	**15,374**	**9,676**	**47,568**	**4,368**	**51,936**
	2020/21	17,706	12,506	10,267	40,479	2,888	43,367
of which in intangible assets	**2021/22**	**18,692**	**14,799**	**9,019**	**42,510**	**103**	**42,613**
	2020/21	14,536	12,106	7,233	33,875	120	33,995
of which in property, plant and equipment	**2021/22**	**3,826**	**575**	**657**	**5,058**	**4,265**	**9,323**
	2020/21	3,170	400	3,034	6,604	2,768	9,372

Segment assets in the Digital Health segment increased significantly in connection with the company acquisitions made.

Reconciliation of earnings

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Segment profit/(loss) before tax	**6,985**	**37,189**
Selling, general and administrative expenses	-94	-34
Other operating income	150	83
Interest income	1,145	54
Interest expense	-4,041	-3,066
Brainlab Group earnings before tax	**4,145**	**34,226**

Additional information

The Company forms three geographic regions based the location of its subsidiaries. North America, Asia/Pacific (Hong Kong, Japan, Australia, China), Europe and Rest of World. The "Rest of World" region is mainly covered by Brainlab Sales GmbH and its subsidiaries. The revenue of the "Europe and Rest of World" region is predominantly generated in the European Union.

The offsetting within the Group is performed in accordance with the arm's length principle based on the transfer pricing principles of the Organisation for Economic Cooperation and Development (OECD).

The segment information is aligned with the overall consolidated information as follows:

€'000	Fiscal year	North America	Asia/Pacific	Europe and Rest of World	Others	Total
Net revenue from contracts with customers	**2021/22**	**159,191**	**55,864**	**149,244**	**-**	**364,299**
	2020/21	145,828	48,247	164,439	-	358,514
Non-current assets	**2021/22**	**40,297**	**3,298**	**207,582**	**98,006**	**349,183**
	2020/21	34,781	2,611	163,887	72,909	274,188

The non-current assets reported here comprise property, plant and equipment, intangible assets and rights of use. The "Other" category represents the assets that cannot be allocated to the individual regions, such as goodwill (€ 101,525 thousand) and a global margin elimination in property, plant and equipment (€ -2,731 thousand). The increase in the Europe and Rest of World region compared with the previous fiscal year is mainly attributable to the business combinations in fiscal year 2021/22 (see Note (9)) and to capitalized development costs. The increase in the North America region is mainly due to the development of exchange rates in fiscal year 2021/22.

The companies domiciled in Germany account for net revenue from contracts with customers of € 123,797 thousand (previous fiscal year: € 139,916 thousand) as well as non-current assets in the amount of € 192,543 thousand (previous fiscal year: € 162,257 thousand). The calculation is based on the registered office of the companies generating the revenue.

(26) Contingent liabilities

Contingent liabilities and other obligations

As of September 30, 2022 there are the following contingent liabilities and other liabilities:

The purchase commitment for investments as of September 30, 2022 gives rise to financial obligations in the amount of € 1.1 million (previous fiscal year: € 0.7 million). In addition, as of September 30, 2022, there are general agreements with purchase commitments with a remaining term of more than one year in the amount of € 17.0 million (previous fiscal year: € 13.9 million).

(27) Total auditor's fees

The total fees calculated for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft for fiscal years 2021/22 and 2020/21 amount to:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
KPMG (previous fiscal year: EY Germany)		
Auditing of financial statements	463	414
of which from previous fiscal years	-	25
Other services	46	32
Total	**509**	**446**

(28) Remuneration of the Management Board, Supervisory Board and related party disclosures

The total remuneration of the Management Board and Supervisory Board in accordance with IAS 24.17 is as follows in fiscal years 2021/2022 and 2020/2021:

For the twelve months ended €'000	September 30, 2022	September 30, 2021
Expense for short-term payments due	1,941	2,177
Expense for payments due after termination of employment contract	104	104
Expense for long-term payments due	930	616
Expense for total remuneration of the Management Board	**2,975**	**2,897**
Expense for the total remuneration of the Supervisory Board	76	68
Expense for the total remuneration of the executive bodies	**3,051**	**2,965**

The table above was included for a better presentation and figures for the previous fiscal year were adjusted.

The total remuneration of the Management Board and Supervisory Board pursuant to Section 314 (1) No. 6 in conjunction with Section 315e (1) HGB amounts to € 4,823.5 thousand (previous fiscal year: € 2,280.7 thousand) for the active members of the Management Board in fiscal year 2021/22. The total remuneration paid to the Supervisory Board in fiscal year 2021/22 amounted to € 75.7 thousand (previous fiscal year: € 67.5 thousand).

One member of the Supervisory Board had a business association with the Company as an employee in fiscal years 2021/22 and 2020/21.

Brainlab had a relationship with the associated company up until May 1, 2022. Brainlab acquired a majority stake in this company on May 2, 2022. It has since been included in the consolidated financial statements as a fully consolidated subsidiary in accordance with IFRS 12. Further information on this can be found in Notes (8) and (9) of the accompanying notes to the consolidated financial statements.

In fiscal year 2021/22, in the period from October 1, 2021 until May 1, 2022, inclusive, significant transactions took place in goods purchases within the scope of the relationship as an associated company (fiscal year 2021/22: € 5,343 thousand; fiscal year 2020/21: € 6,424 thousand).

(29) Litigation

Brainlab is party to various litigation proceedings:

Product liability

On January 13, 2021, an action ("Action") was filed against Brainlab, Inc. ("Brainlab"), NYU Lang one Health System and NYU Lang one Hospitals (collectively, "NYU") and Dimitris G. Placantonakis M.C. ("Dr. Placantonakis") by a patient who underwent a brain biopsy performed by Dr. Placantonakis at NYU on October 10, 2019. Dr. Placantonakis used a Brainlab Navigation system for the procedure. The Action alleges strict product liability and negligence against Brainlab and also contains allegations against NYU and Dr. Placantonakis. Brainlab's insurer has taken over Brainlab's defense. Discovery and court status hearings are ongoing. Brainlab does not expect the matter to have a material financial effect on the Company.

On July 13, 2022, Brainlab, Inc. was served with a complaint filed in the Superior Court of California, County of Los Angeles against Brainlab AG, Brainlab, Inc., Mike Chen, MD, Methodist Hospital of Southern California, City of Hope and Does 1 to 100 alleging wrongful death resulting from a May, 2021 craniotomy and brain biopsy and seeking compensatory damages ("Complaint"). The Complaint alleges strict liability and negligence against Brainlab AG and Brainlab, Inc. Brainlab's insurer has accepted the claim and will be providing defense. Discovery has commenced but is in the early stages.

Intellectual property

On January 31, 2019, Aaron Filler and NeuroGrafix ("Plaintiffs") sued the United States of America, Brainlab, Inc., Brainlab AG ("Brainlab"), and another party, in the U.S. Court of Federal Claims for patent infringement, 1:19-cv-00173-EJD ("Court of Federal Claims Case"). The Plaintiffs asserted that Brainlab, along with the United States, jointly and severally induced a "taking" of a license for U.S. Patent No. 5,560,360 under 28 USC §1498(a). According to Plaintiffs, they are entitled to compensation of "over $2 billion" for the alleged taking. It is Brainlab's contention that the U.S. Court of Federal Claims lacks jurisdiction over Brainlab and the Court has not exercised jurisdiction over Brainlab. On May 11, 2020, the Court of Federal Claims dismissed Plaintiffs' Complaint in full. Plaintiffs appealed that decision to the U.S. Court of Appeals for the Federal Circuit. On November 21, 2021, the Federal Circuit affirmed the Federal Claims Court decision dismissing the case. Plaintiffs appealed to the U.S. Supreme Court. On October 3, 2022, the Supreme Court decided not to accept the appeal. That case is now over.

Two objections from third parties against Brainlab's trademark applications are pending. Brainlab does not expect a negative outcome of this litigation to have a material adverse effect on Brainlab's financial situation.

Others

Brainlab is party to five additional lawsuits that are unlikely to have a material adverse effect on Brainlab's financial situation, regardless of their outcome.

(30) Events after the end of the reporting period

There have been no reportable events since the end of the reporting period that have material effects on the net assets, financial position and results of operations.

Brainlab AG
Munich, December 20, 2022

Stefan Vilsmeier	**Rainer Birkenbach**	**Jan Merker**
Chief Executive Officer	Member of the Management Board	Member of the Management Board

Disclaimer

The following auditor's report, prepared in accordance with § 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete consolidated financial statements, comprising consolidated statement of financial position as at 30 September 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, together with the combined management report of Brainlab AG, Munich for the financial year from 1 October 2021 to 30 September 2022. The combined management report is not included in this Prospectus. The following auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

Independent Auditor’s Report

To Brainlab AG, Munich

Opinions

We have audited the consolidated financial statements of Brainlab AG, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2022, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Brainlab AG and the Group (hereinafter "combined management report") for the financial year from 1 October 2021 to 30 September 2022.

In accordance with German legal requirements, we have not audited the components of the combined management report specified in the appendix to the independent auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2022, and of its financial performance for the financial year from 1 October 2021 to 30 September 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the appendix to the independent auditor's report.

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

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Other Information

Management is responsible for the other information. The other information comprises:

- the unaudited components of the combined management report specified in the appendix to the independent auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the information in the combined management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

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

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for

financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by Management and the reasonableness of estimates made by Management and related disclosures.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by Management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by Management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Munich, 20 December 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Rohrbach
Wirtschaftsprüfer
[German Public Auditor]

Bergler
Wirtschaftsprüfer
[German Public Auditor]

Appendix to the Independent Auditor's Report: combined management report components not audited for content

We have not audited the following components of the combined management report:

- the following information extraneous to management reports. Information extraneous to group management reports is information that is not required pursuant to Sections 315, 315a or Sections 315b to 315d HGB.
  - Section: "Group strategy"
  - Section: "Sales/distribution and cooperation agreements"
  - Section: "Personnel and employee matters"
  - Section: "Sustainability: environmental protection"
  - Section: "Forward-looking information"

Audited Unconsolidated Financial Statements of the Company as of and for the year ended September 30, 2024, prepared in accordance with German Generally Accepted Accounting Standards

Balance sheet as of September 30, 2024

ASSETS in €'000	September 30, 2024	September 30, 2023
A. Fixed assets		
I. Intangible fixed assets		
1. Capitalized development costs	106,561	100,149
2. Purchased software, rights, licenses and patents	2,829	1,966
3. Goodwill	358	390
4. Prepayments	105	1,731
	109,853	**104,236**
II. Tangible fixed assets		
1. Leasehold improvements	5,984	7,016
2. Technical equipment and machinery	1,175	1,500
3. Other equipment, operating and office equipment	7,914	8,767
4. Prepayments and assets under construction	625	320
	15,698	**17,603**
III. Long-term financial assets		
1. Shares in affiliated companies	96,317	91,828
2. Other long-term equity investments	5,734	386
3. Long-term securities	1,000	3,066
4. Other loans	7,500	-
	110,551	**95,280**
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	4,240	3,412
2. Finished goods and merchandise	32,242	27,723
3. Prepayments	1,562	4,119
	38,044	**35,255**
II. Receivables and other assets		
1. Trade receivables	3,846	2,239
2. Receivables from affiliated companies	204,063	166,865
3. Receivables from companies in which a participating interest is held	20	-
3. Other assets	3,399	1,517
	211,328	**170,621**
III. Cash-in-hand and bank balances	**45,055**	**50,605**
C. PREPAID EXPENSES	**10,158**	**8,811**
TOTAL ASSETS	**540,687**	**482,411**

EQUITY AND LIABILITIES in €'000	September 30, 2024	September 30, 2023
A. EQUITY		
I. Subscribed capital	**18,864**	**18,864**
II. Capital reserve	**9,926**	**9,926**
III. Net retained profits	**152,929**	**141,294**
	181,719	**170,085**
C. PROVISIONS		
1. Provisions for pensions and similar obligations	20	26
2. Provisions for taxes	4,076	6,114
3. Other provisions	32,939	40,764
	37,035	**46,905**
D. LIABILITIES		
1. Liabilities to banks	211,188	180,188
2. Advance payments received	19	320
3. Trade payables	23,506	26,064
4. Liabilities to affiliated companies	45,782	20,232
5. Other liabilities	1,237	1,873
of which taxes € 800 (previous year: € 638).		
	281,732	**228,676**
D. DEFERRED INCOME	**856**	**877**
E. DEFERRED TAX LIABILITIES	**39,345**	**35,868**
TOTAL EQUITY AND LIABILITIES	**540,687**	**482,411**

Income statement for fiscal year 2023/2024

For the twelve months ended September 30 in €'000	2024	2023
1. Sales	293,479	274,688
2. Cost of sales	124,189	106,131
3. Gross profit on sales	**169,290**	**168,557**
4. Selling expenses	16,329	15,292
5. General and administrative expenses	64,739	59,532
6. Research and development expenses	67,745	59,254
7. Other operating income	10,376	15,456
8. Other operating expenses	16,375	10,818
9. Operating result	**14,487**	**39,117**
10. Income from other securities and loans of financial assets	-	127
11. Other interest and similar income	3,891	2,341
of which from affiliated companies	3,476	2,262
12. Reversals of write-downs of long-term financial assets	7,450	3,700
13. Interest and similar expenses	11,168	6,611
of which to affiliated companies	724	295
of which from compounding	135	38
14. Expenses from loss transfer	2	1,729
15. Income from profit transfer	3,502	1,816
16. Taxes on income	6,516	11,356
of which deferred tax expense	3,478	8,805
17. Result after tax/Net income for the fiscal year	**11,635**	**27,405**
18. Retained profit brought forward	141,294	113,889
19. Net retained profits	**152,929**	**141,294**

Notes

(1) General information

Brainlab AG's headquarters are located at Olof-Palme-Straße 9, Munich, Germany. The Company is recorded in the commercial register of Munich Local Court under HRB 135401.

Brainlab AG's annual financial statements are prepared in accordance with Section 242 et seqq. and Section 264 et seqq of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG).

The Company's fiscal year encompasses the period from October 1, 2023 to September 30, 2024.

The financial statements are prepared in euros; amounts have been rounded to the nearest thousand (in € '000) since the 2023/24 financial year, unless otherwise stated.

The income statement is prepared in accordance with the cost of sales method pursuant to Section 275 (3) HGB.

According to the size categories specified in Section 267 (3) HGB Brainlab AG is a large stock corporation.

(2) Accounting and valuation principles

The following accounting and valuation methods were mainly applied unchanged for the preparation of the annual financial statements.

Purchased and internally generated **intangible fixed assets** are carried at cost. Cost of sales of an internally generated intangible fixed asset is the expenses incurred in its development and includes material costs, production costs, special production costs as well as corresponding portions of material overheads, production overheads and depreciation of fixed assets, insofar as this is attributable to production. If they are subject to wear and tear, they are written down on a straight-line basis over their useful lives of between two and 18 years. Unscheduled write-downs are made to the extent that recognition at a lower value is required.

Tangible fixed assets are measured at cost less accumulated depreciation up to the balance sheet date. Production costs include material costs, production costs, special production costs as well as corresponding portions of material overheads, production overheads and depreciation of fixed assets, insofar as this is attributable to production. Tangible fixed assets are depreciated on a straight-line basis over two to 20 years. Low-value assets with acquisition costs of up to € 250 are written down in full in the year of acquisition or recognized as an expense. Assets with acquisition costs of between € 250 and € 1,000 are capitalized in accordance with the tax regulations under Section 6 (2a) German Income Tax Act (Einkommensteuergesetz, EStG) in a collective item for each year and are written down annually by 20%. Unscheduled write-downs are made to the extent that recognition at a lower fair value is required.

In the case of **long-term financial assets**, shares and securities are carried at the lower of cost or fair value and loans are carried at their nominal value.

Shareholdings comprise the following as of September 30, 2024:

Name and domicile of the company	Share of capital in %	Equity as of Sep 30, 2024 in €'000 [i]	Net income for fiscal year 2024 in € '000 [i]
Brainlab Sales GmbH, Munich, Germany [1]	100	26	-
Brainlab France Sarl., Paris, France [2]	100	125	-4
Brainlab Italia s.r.l., Milan, Italy [2]	100	1,440	-412
Brainlab Ltd., Cambridge, UK [2]	100	868	71
Brainlab Ltda., Sao Paulo, Brazil [2] [7]	99.99	-5	-644
Brainlab Inc., Westchester, Illinois, USA	100	47,088	-70,191
Brainlab Ltd., Hong Kong, China	99.99	14,948	3,591
Brainlab K.K., Tokyo, Japan [8]	100	8,204	-909
Brainlab Australia Pty. Ltd., Sydney, Australia	100	3,500	23
Brainlab Beijing Medical Equipment Trading Corporation Ltd., Peking, China [7]	100	1,590	180
Brainlab India Pvt. Ltd., New Delhi, India [2] [7]	100	210	215
Brainlab Ltd., Petach-Tikva, Israel [7]	100	4,211	30
Brainlab Corporate Services GmbH, Munich, Germany [1]	100	25	-
Brain-Pulse, Inc. (formerly: Jan Medical, Inc.), Mountain View, California, USA [2] [7] [9]	100	-19,284	-1,808
Brainlab Médica S.L., Madrid, Spain [2]	100	200	-
Brainlab Robotics GmbH, Munich, Germany	100	124	468
10 Grad Event GmbH, Munich, Germany	100	97	2
Snke, Inc (formerly: Visiontree, Inc.), San Diego, California, USA [5] [7] [10]	100	-21,239	-8,701
Snke Xplore, Inc. (formerly: Level EX, Inc.), Chicago, Illinois, USA [5] [7] [11]	100	-43,641	9,863
Snke OS GmbH, Munich, Germany [1]	100	23,834	460
medPhoton GmbH, Salzburg, Austria	75.01	9,602	4,954
Mint Medical GmbH, Heidelberg, Germany [1] [5]	100	2,799	587
Mint Medical, Inc., Hamilton, New Jersey, USA [3] [6]	100	1,017	379
Brain-Pulse GmbH, Munich, Germany[1]	100	25	-
Dr. Langer Medical GmbH, Waldkirch, Germany [1]	100	3,940	-
Beijing Nabrai Medical Technology Co., Ltd., Beijing, China [7]	30	132	-2,860
Immersive Surgical Ltd., Petach-Tikva, Israel [5] [7]	90.01	-4,412	-4,528
Brainlab Sales Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia [4]	100	-16	-15
Digital-OR Solutions GmbH, Munich, Germany	100	24	-1
Brainlab Sales, Ltd., Bangkok, Thailand [4]	99.9	60	-
Brainlab Marketing Services GmbH, Munich, Germany	100	25	-
Ommo Technologies, Inc., Carrollton, Texas, USA [7]	23.6	-192	-3,621

[i] The amounts correspond to the financial statements prepared in accordance with uniform IFRSs. The amounts denominated in foreign currency are translated, for equity, using the closing rate at the balance sheet date and, for earnings, using the average annual exchange rate.

[1] There is a profit and loss transfer agreement between these companies and Brainlab AG.

[2] These shares are held indirectly by Brainlab Sales GmbH. A 0.01% (100 INR) stake is held in Brainlab India Ltd. via Brainlab Sales GmbH,

[3] These shares are held indirectly via Brainlab, Inc. A 48.26% stake is held in Brain-Pulse (formerly: Jan Medical, Inc.) via Brainlab, Inc.

[4] These shares are held indirectly via Brainlab, Ltd., Hong Kong.

[5] These shares have been held indirectly by Snke OS GmbH since the 2023/24 fiscal year.

[6] These shares are held indirectly via Mint Medical GmbH

[7] The fiscal year ends on December 31 of each year.

[8] The fiscal year ends on March 31 of each year.

[9] Brain-Pulse, Inc., formerly trading as Jan Medical, Inc.

[10] Snke, Inc formerly trading as Visiontree, Inc.

[11] Snke Xplore, Inc., formerly trading as Level EX Inc.

Inventories are measured at the lower of cost or recoverable market price as of the balance sheet date.

Raw materials, consumables and supplies are capitalized at the lower of average cost or market on the balance sheet date.

Finished goods are measured at cost on the basis of individual calculations which are based on the current operating account, with directly attributable direct material costs, direct labor and special direct costs, manufacturing and material overheads as well as depreciation taken into account.

Merchandise is carried at the lower of cost or market.

Raw materials, consumables and supplies may include parts that are released for direct, unmodified delivery to customers. Finished goods and merchandise also include parts which, in addition to direct delivery to customers, are also used in the assembly of end products.

All identifiable risks in **inventories** arising from above-average storage periods, reduced usability and lower replacement costs are accounted for by appropriate write-downs.

Apart from customary reservations of title, inventories are free from third-party rights.

Receivables and other assets are measured at nominal value less any necessary specific valuation allowances. All risk-bearing items have been taken into account through the recognition of appropriate specific valuation allowances. General credit risk is accounted for by way of lump-sum deductions. Non-interest-bearing or low-interest receivables with a term of more than one year are discounted.

Cash-in-hand and bank balances include cash and cash equivalents, which are recognized at nominal value.

Provisions are recognized in the amount of the settlement amount (i.e., including future cost and price increases) to be recognized in accordance with prudent commercial judgment. They take into account all identifiable risks, uncertain obligations and contingent losses from pending transactions. Provisions with a remaining term of more than one year are discounted if the interest effect is material.

Provisions for pensions and similar obligations are calculated using the projected unit credit method based on the “Richttafeln 2018 G” mortality tables by Heubeck Richttafeln GmbH. For discounting purposes, the average market interest rate for the past ten years of 1.87% (previous fiscal year: 1.81%) was applied as a flat rate in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung) of November 18, 2009. In addition, no trend assumptions or fluctuation due to the contractual arrangement were taken into consideration.

Since October 1, 2005 the members of the Management Board have been granted a company pension through a relief fund. No pension provision has been set up for this portion of the pension plan in accordance with Art. 28 Introductory Act to the German Commercial Code (EGHGB).

The fair value of a reinsurance claim consists of the actuarial reserve of the insurance company in accordance with the business plan, plus any available credit balance from premium refunds (profit participation). As the plan assets requirements under Section 246 (2) Sentence 2 HGB are met, the asset was recognized at fair value and offset against the associated commitments.

Liabilities are recognized at their settlement amount.

Foreign currency receivables and liabilities are recognized in accordance with the respective national currency exchange rate on the date of the transaction. Exchange rate differences are recognized under

the item “Other operating income” and “Other operating expenses” in the income statement. Exchange differences arise between the date on which an asset or liability denominated in foreign currency is recognized and the date on which the item is settled, or – taking the lower of cost or market rule into account – translated at the balance sheet date.

Assets and liabilities denominated in foreign currency were generally translated at the average spot exchange rate at the balance sheet date. In the case of a remaining term of more than one year, the realization principle (Section 252 (1) No. 4 HGB) and the cost principle of accounting (Section 253 (1) Sentence 1 HGB) were observed. If the remaining term is one year or less, unrealized foreign currency gains are recognized.

If there is no active market for currency forward contracts and options that can be used to determine the market price, the fair value is determined using generally accepted valuation methods. Assets related to these financial instruments are valued in accordance with the strict lower of cost or market principle. This means that currency options are measured at no more than cost; provisions for contingent losses are set up for negative market values if the Company has an exercise obligation.

Deferred taxes are calculated based on temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses/deferred income under commercial law and their tax bases, or on the basis of tax losses carried forward. The amounts of the resulting tax charges and tax relief are measured using the tax rates applicable for the individual companies at the time the differences are reduced, without discounting. Deferred tax assets and liabilities are offset.

(3) Disclosures on the balance sheet

The development of the fixed assets can be seen in the statement of changes in fixed assets.

The development costs capitalized as internally generated **intangible fixed assets** amount to € 106,561 thousand as of September 30, 2024 (previous year: € 100,149 thousand). In fiscal year 2023/24, additions of € 35,272 thousand (previous year: € 42,951 thousand) were capitalized. The additions to capitalized development costs result, among other things, from the further development of the Brainlab® Elements, the Buzz Virtual®, the ExacTrac Dynamic® and developments in the areas of robotics and spinal and cranial navigation. In addition, research and development expenses amount to € 67,745 thousand (previous fiscal year: € 59,254 thousand). The write-downs on capitalized development costs in fiscal year 2023/24 include extraordinary write-downs in the amount of € 324 thousand (previous fiscal year: € 0).

Prepaid expenses are reduced due to the capitalization of the further development of the Loop-X® as **purchased software, rights, licenses and patents.**

Shares in affiliated companies amounted to € 96,317 thousand as of September 30, 2024 (previous fiscal year: € 91,828 thousand), with the increase due not only to the establishment of a small subsidiary (see list of shareholdings) but primarily to a further reversal of impairment losses in the amount of € 7,450 thousand on the shares in Brainlab Ltd., Hong Kong. On the other hand, the acquisition costs were adjusted in connection with the acquisition of Mint Medical GmbH. The shares in affiliated companies also include the incorporation of Mint Medical GmbH, Immersive Surgical Ltd. and Snke, Inc. (formerly Visiontree, Inc.) to Snke OS GmbH.

The item **Other long-term equity investments** amount to € 5,734 thousand as of September 30, 2024 (previous fiscal year: € 386 thousand). The increase is due to the acquisition of further shares in Ommo Technologies, Inc. As a result, the equity interest has risen to 23.6% and the shares are recognized as an investment. The item also includes shares in a joint venture domiciled in Beijing (China), in which Brainlab AG holds a 30% stake.

The item **Long-term securities** amounts to € 1,000 thousand as of September 30, 2024 (previous fiscal year: € 3,066 thousand) and includes shares in a company from the “Spinal and cranial surgery” segment domiciled in France. As at September 30, 2024, the shares in Ommo Technologies, Inc. were accounted for as investments, accordingly this item has decreased compared to the previous fiscal year.

Other loans include a loan to an external company.

Receivables and other assets classified as current assets total € 211,328 thousand (previous fiscal year: € 170,621 thousand), of which € 163 thousand (previous fiscal year € 48 thousand) have a remaining term of more than one year.

Receivables from affiliated companies of € 204,063 thousand (previous fiscal year: € 166,865 thousand) include trade receivables of € 75,480 thousand (previous fiscal year: € 102,757 thousand) and other receivables of € 128,583 thousand (previous fiscal year: € 64,108 thousand). The reasons for this development include the settlement of trade receivables from Brainlab, Inc. through the granting of a loan and an increase in receivables from Snke OS GmbH and Snke, Inc (formerly Visiontree, Inc.). Of the receivables from affiliated companies, € 43,307 thousand (previous fiscal year € 0) have a term of more than one year. In addition, an individual valuation allowance was made for receivables from an affiliated company on September 30, 2024.

The **other assets** amounting to € 3,399 thousand (previous fiscal year: € 1,517 thousand) are tax receivables of € 1,058 thousand (previous fiscal year: € 739 thousand).

The asset-side **Prepaid expenses** in the amount of € 10,158 thousand (previous fiscal year: € 8,811 thousand) mainly consist of accrued payments relating to the building in Riem amounting to € 2,337 thousand (previous fiscal year: € 2,663 thousand) and licenses and fees in the amount of € 5,628 thousand (previous fiscal year: € 4,525 thousand). They also include a disagio of € 1,044 thousand (previous fiscal year: € 135 thousand).

Statement of changes in fixed assets 2023/24:

in €'000	Acquisition and production costs				
	01 Oct 23	Additions	Disposals	Reclassification	30 Sep 24
I. Intangible fixed assets					
1. Capitalized development costs	231,014	35,271	-	-	266,285
2. Purchased software, rights, licenses and patents	25,741	554	101	1,214	27,408
3. Goodwill	471	-	-	-	471
4. Prepayments	1,731	-	412	-1,214	105
	258,957	**35,825**	**513**	**-**	**294,269**
II. Tangible fixed assets					
1. Leasehold improvements	12,966	52	-	-	13,018
2. Technical equipment and machinery	6,292	358	164	-	6,486
3. Other equipment, operating and office equipment	35,250	3,155	1,164	-	37,241
4. Prepayments and assets under construction	320	305	-	-	625
	54,828	**3,870**	**1,328**	**-**	**57,370**
III. Long-term financial assets					
1. Shares in affiliated companies	106,494	27,988	30,949	-	103,533
2. Other long-term equity investments	386	779	-	4,569	5,734
3. Long-term securities	3,066	2,530	27	-4,569	1,000
4. Other loans	-	7,500	-	-	7,500
	109,946	**38,797**	**30,976**	**-**	**117,767**
	423,731	**78,493**	**32,817**	**-**	**469,406**

in €'000	Cumulative depreciation, amortization and write-downs					Carrying amounts	
	01 Oct 23	Additions	Disposals	Reversals of write-downs	30 Sep 24	30 Sep 24	30 Sep 23
I. Intangible fixed assets							
1. Capitalized development costs	130,865	28,859	-	-	159,724	106,561	100,149
2. Purchased software, rights, licenses and patents	23,775	808	4	-	24,579	2,829	1,966
3. Goodwill	81	32	-	-	113	358	390
4. Prepayments	-	-	-	-	-	105	1,731
	154,721	**29,699**	**4**	**-**	**184,416**	**109,853**	**104,236**
II. Tangible fixed assets							
1. Leasehold improvements	5,950	1,084	-	-	7,034	5,984	7,016
2. Technical equipment and machinery	4,792	683	164	-	5,311	1,175	1,500
3. Other equipment, operating and office equipment	26,483	3,860	1,016	-	29,327	7,914	8,767
4. Prepayments and assets under construction	-	-	-	-	-	625	320
	37,225	**5,627**	**1,180**	**-**	**41,672**	**15,698**	**17,603**
III. Long-term financial assets							
1. Shares in affiliated companies	14,666	-	-	7,450	7,216	96,317	91,828
2. Other long-term equity investments	-	-	-	-	-	5,734	386
3. Long-term securities	-	-	-	-	-	1,000	3,066
4. Other loans	-	-	-	-	-	7,500	-
	14,666	**-**	**-**	**7,450**	**7,216**	**110,551**	**95,280**
	206,612	**35,326**	**1,184**	**7,450**	**233,304**	**236,102**	**217,119**

Equity

Equity developed as follows:

in €'000	Subscribed capital	Capital reserves	Net retained profits	Total
As of October 1, 2023	**18,864**	**9,926**	**141,294**	**170,084**
Net income for fiscal year 2024	-	-	11,635	11,635
As of September 30, 2024	**18,864**	**9,926**	**152,929**	**181,719**

Share capital

As of September 30, 2024 the Company's share capital amounts to € 18,864,457 and is composed of 18,864,457 no-par value registered shares with a theoretical nominal value of € 1 per share. All shares are issued and deposited in full. Each share entitles the registered bearer to one vote and bears dividend rights. There are no voting right restrictions.

Authorized capital

Pursuant to a resolution of the Annual General Meeting on March 3, 2022, the Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital, on one or several occasions up until March 2, 2026, by a total of up to € 9,432,228, by issuing new, no-par value registered shares (ordinary shares) against cash and/or contributions in kind (Authorized Capital 2022/1).

The following shall apply to the Authorized Capital 2022/1:

Each shareholder shall in principle be granted a subscription right. However, the Management Board is authorized, with the consent of the Supervisory Board in each case, to exclude shareholders' statutory subscription rights in order to issue the new shares as part of a capital increase against contributions in kind for the purchase of companies, parts of companies or equity interests in companies, or receivables from the Company or other investable assets. The Management Board is further authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases. Insofar as the Management Board does not make use of the above authorizations to exclude subscription rights, shareholders' subscription rights may only be excluded for fractional amounts. The Management Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the capital increase and its implementation.

Net retained profits and appropriation of profits

The retained profits brought forward in the amount of € 141,294 thousand shall be carried forward to new account under net retained profits. Retained profits consist of profit brought forward and net income for the year and amounted to € 152,929 thousand as at September 30, 2024. Brainlab AG did not distribute a dividend in fiscal year 2023/24. The Management Board proposes not to distribute a dividend for the fiscal year to September 30, 2024.

Capital reserves

Capital reserves remained unchanged in fiscal years 2023/24 and 2022/23.

Shareholdings above thresholds

EMH GP I GmbH, EMH Founders GmbH & Co. KG, EMH Partners GmbH, Aragon GmbH and Mr. Maximilian Kuss have informed us of the following in accordance with Section 20 (1) and (3) AktG:

1. EMH GP I GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Digital Growth Fund GmbH & Co. KG, domiciled in Munich (“EMH Fund KG”), EMH Invest I GmbH & Co. KG, domiciled in Munich (“EMH Invest I KG”), and EMH Invest II GmbH & Co. KG, domiciled in Munich (“EMH Invest II KG”), are attributable to EMH GP I GmbH.

2. EMH Founders GmbH & Co. KG, c/o EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to EMH Founders GmbH & Co. KG.

3. EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to EMH Partners GmbH via EMH Founders GmbH & Co. KG and EMH GP I GmbH.

4. Aragon GmbH, c/o Eger Färber Aicher Steuerberater Sozietät, Gabelsbergerstraße 1, 83022 Rosenheim indirectly owns more than one quarter of the shares in Brainlab AG – even without attribution of shares pursuant to Section 20 (2) AktG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to Aragon GmbH via EMH Founders GmbH & Co. KG, EMH GP I GmbH and EMH Partners GmbH.

5. Mr. Maximilian Kuss, c/o EMH Partners GmbH, Dienerstraße 12, 80331 Munich indirectly holds more than one quarter of the shares in Brainlab AG. The shares held in Brainlab AG by EMH Fund KG, EMH Invest I KG and EMH Invest II KG are attributable to Mr. Kuss via EMH Founders GmbH & Co. KG, EMH GP I GmbH, EMH Partners GmbH and Aragon GmbH.

Provisions

The **provision for pensions and similar obligations** results from the offsetting of the following items in accordance with Section 246 (2) Sentence 2 HGB:

Fiscal year **€'000**	**2023/24**	**2022/23**
Settlement amount of the offset liabilities	-565	-556
Fair value of assets	545	530
Provisions for pensions and similar obligations	**-20**	**-26**
Cost of the assets	524	524
Offset expenses	8	8
Offset income	15	15

The difference between the recognition of the provisions based on the seven-year and ten-year average interest rate amounts to €-1.4 thousand and is subject to the distribution block.

The amount from the higher valuation of the plan assets at fair value above acquisition cost less deferred tax liabilities amounts to € 20 thousand and was taken into account accordingly when calculating the distribution block.

The **other provisions** in the amount of € 32,939 thousand (previous fiscal year: € 40,764 thousand) comprise the following:

in €'000	September 30, 2024	September 30, 2023
Outstanding invoices	12,938	9,955
Provisions for purchase price payments and contingent purchase price payments > 1 year	3,679	15,138
Provisions for purchase price payments and contingent purchase price payments < 1 year	4,916	5,052
Remaining vacation entitlements, Christmas bonus and bonuses	4,972	5,920
Warranties	1,855	1,280
Consulting and auditing fees	1,769	577
Asset retirement obligations and archiving costs > 1 year	723	647
Provisions for contingent losses Currency forward contracts > 1 year	747	360
Provisions for contingent losses Currency forward contracts < 1 year	442	916
Provisions for contingent losses Interest rate hedging > 1 year	488	0
Miscellaneous other provisions	410	918
of which asset retirement obligations and archiving costs< 1 year	120	119
of which development cooperations	193	62
Total	**32,939**	**40,764**

The decrease in other provisions is mainly due to utilization and reversal of provisions for purchase price payments and contingent purchase price payments. In the 2023/24 financial year, the contingent purchase price payment recognized in connection with the subsidiary Mint Medical GmbH acquired in the 2020/21 financial year was remeasured and derecognized in full through profit or loss. In addition, a further component of the contingent purchase price payment was paid out.

The general warranty provision from the previous fiscal year was partially utilized in fiscal year 2023/24. The warranty period is one year. To a limited extent Brainlab offers free replacement or repairs if this is deemed necessary to protect the customer relationship. Provisions for goodwill purposes are recognized in the balance sheets of the sales subsidiaries for this purpose.

The liabilities existing as of the balance sheet date are presented in the following statement of liabilities, showing the remaining term of the liabilities.

Statement of liabilities as of September 30, 2024:

September 30, 2024	of which with a remaining term			
in €'000	up to 1 year	one to five years	more than five years	Total
1. Liabilities to banks	6,570	190,676	13,942	**211,188**
2. Advance payments received	19	-	-	**19**
3. Trade payables	23,504	2	-	**23,506**
4. Liabilities to affiliated companies	45,762	20	-	**45,782**
5. Other liabilities	1,237	-	-	**1,237**
	77,092	**190,698**	**13,942**	**281,732**

Statement of liabilities as of September 30, 2023:

September 30, 2023	of which with a remaining term			
in €'000	up to 1 year	one to five years	more than five years	Total
1. Liabilities to banks	33,000	125,232	21,955	**180,187**
2. Advance payments received	320	-	-	**320**
3. Trade payables	26,060	4	-	**26,064**
4. Liabilities to affiliated companies	20,212	20	-	**20,232**
5. Other liabilities	1,873	-	-	**1,873**
	81,465	**125,256**	**21,955**	**228,676**

With the exception of the extended retention of title of suppliers, no liabilities were secured by way of lien or similar rights beyond the scope arising in the ordinary course of business.

Liabilities to banks increased significantly in fiscal year 2023/24 compared with the previous fiscal year, from € 180,187 thousand to € 211,188 thousand. The increase results from a revolving credit facility (RCF) of € 125.0 million drawn as at September 30, 2024, which was concluded on September 26, 2024 for € 180 million and a 5-year term. This replaces the previous syndicated loan consisting of a loan (previous fiscal year: € 30.0 million) and a revolving credit line (previous fiscal year: € 61.0 million).

The disclosure of liabilities to banks as at September 30, 2023 was changed retrospectively as at September 30, 2024, as the liabilities with a remaining term of between one and five years included a loan of € 24,625 thousand due in December 2023. This loan was part of the syndicated loan and was repaid as of September 30, 2024.

As of the balance sheet date, Brainlab AG has not drawn on the existing overdraft facilities with the exception of aval drawings. Aval drawings amount to € 7,936 thousand as of September 30, 2024 (previous fiscal year: € 5,862 thousand).

Trade payables of € 23,506 thousand (previous fiscal year: € 26,064 thousand) are secured by retention of title to the extent customary in the industry.

In addition, there are **liabilities to affiliated companies** in the amount of € 45,782 thousand (previous fiscal year: € 20,232 thousand) mainly consisting of trade payables in the amount of € 28,057 thousand (previous fiscal year: € 14,456 thousand) and loan liabilities in the amount of € 16,619 thousand (previous fiscal year: € 5,451 thousand).

Deferred taxes

As of September 30, 2024, there are timing differences on the liabilities side between the commercial balance sheet and the tax balance sheet for fixed assets in the amount of € 126,140 thousand (previous fiscal year: € 110,158 thousand) and for unrealized currency effects in the amount of € 1,675 thousand (previous fiscal year: € 5,705 thousand). Conversely, there are asset-side differences arising from provisions in the amount of € 1,757 thousand (previous fiscal year: € 1,019 thousand) and from unrealized currency effects in the amount of € 6,447 thousand (previous fiscal year: € 6,089 thousand).

Overall, applying the tax rate of 32.98%, this results in an excess deferred tax liability of € 39,345 thousand (previous fiscal year: € 35,868 thousand). The calculation is based on the respective tax rate of the parent company.

The deferred tax liabilities result from the following:

in €'000	September 30, 2024	Change	September 30, 2023
Deferred tax liabilities on differences in the carrying amounts of capitalized development costs	41,497	5,167	36,330
Deferred taxes on differences in the carrying amounts for banks, receivables, other assets and liabilities and resulting unrealized foreign currency gains	553	-1,329	1,882
Deferred tax liabilities	**42,050**	**3,838**	**38,212**
Deferred taxes on differences in the carrying amounts for banks, receivables, other assets and liabilities and resulting unrealized foreign currency gains	2,126	118	2,008
Provisions	579	243	336
Deferred tax assets	**2,705**	**361**	**2,344**
Deferred tax liabilities, net	**39,345**	**3,477**	**35,868**

(4) Currency and interest rate derivatives

In order to hedge against fluctuations in the U.S. dollar (USD), Australian dollar (AUD), Japanese yen (JPY) and pound sterling (GBP) exchange rates, Brainlab has concluded currency forward contracts and options with terms ranging from one to 18 months (previous fiscal year: one to 18 months). The hedging volume as of the balance sheet date is as follows:

€ million	**September 30, 2024**	**September 30, 2023**
Foreign currency forward contracts (USD)	71	60
Options (USD)	22	19
Total	**93**	**79**

There is also a hedging volume in the form of currency forward contracts in Japanese yen amounting to € 21 million (previous fiscal year: € 19 million), Australian dollars amounting to € 6.4 million (previous fiscal year: € 5.2 million) and in pounds sterling amounting to € 7.8 million (previous fiscal year: € 5.0 million).

The Company does not form any valuation units and values these transactions separately as of the balance sheet date.

Currency forward contracts

As of September 30, 2024 there are unrealized gains in the amount of € 328.4 thousand (previous fiscal year: € 518.5 thousand). Provisions for contingent losses were set up for the negative fair values as of September 30, 2024 (see Other provisions).

Options

The premiums payable for options were recognized in the reporting year. As of September 30, 2024, the options have an unrecognized positive fair value of € 78.9 thousand (previous fiscal year: € 0 thousand). As of September 30, 2024 there are unrealized gains of € 1.7 thousand (previous fiscal year: € 0 thousand). Insofar as the Company is in the short position, provisions for contingent losses are set up if negative fair values exceed the option stock. There are no provisions for contingent losses as of the balance sheet and the previous fiscal year.

Interest derivatives

To hedge a variable interest loan Brainlab entered into three interest rate swaps with a nominal value of € 35 million (previous fiscal year: € 10.0 million) with a term of five to seven years. The calculation of fair value is based on market prices. The positive fair value of € 159.1 thousand as of the balance sheet date (previous fiscal year: € 621.8 thousand) was not recognized. Provisions for contingent losses were set up for the negative fair values as of September 30, 2024 (see Other provisions). The Company does not form any valuation units.

(5) Disclosures on the income statement

Sales increased significantly compared with the prior fiscal year to € 293,479 thousand (previous fiscal year: € 274,688 thousand), an increase of 6.8%. Sales mainly result from supply and service relationships with affiliated companies. These increased sharply in the Europe and Rest of World region, particularly for surgical platforms and instruments. Sales from cooperation agreements amounted to € 5,264 thousand in fiscal year 2023/24 (previous fiscal year: € 2,985 thousand) and also contributed to the increase in sales revenue.

Sales in fiscal years 2023/24 and 2022/23 are distributed across the regions as follows:

Fiscal year	**2023/24**	**2022/23**
€'000		
Europe and Rest of World	155,660	137,227
North America	102,092	103,876
Asia/Pacific	35,727	33,585
Total	**293,479**	**274,688**

Sales with subsidiaries are mainly shown in the regions that receive the service.

The segment structure was adjusted in the 2023/24 fiscal year. Four segments will be reported in future. The previous year's figures have been adjusted accordingly for comparison purposes:

Fiscal year	**2023/24**	**2022/23**
€'000		
Spinal and cranial surgery	205,827	189,173
Other Surgery	19,108	16,856
Radiosurgery	65,645	66,552
Healthcare Platform	2,899	2,107
Total	**293,479**	**274,688**

Based on the old segment structure, sales in the 2022/23 fiscal year are as reported:

Fiscal year	**2022/23**
€'000	
Surgery	174,745
Radiosurgery	66,696
Digital Health	33,247
Total	**274,688**

The **Cost of materials** in fiscal year 2023/24 amounts to € 107,171 thousand (previous fiscal year: € 89,977 thousand). Of this amount, € 85,072 thousand (previous year: € 74,616 thousand) is attributable to raw materials and supplies and € 22,099 thousand (previous year: € 15,361 thousand) to purchased services. Purchased services also include services purchased from subsidiaries which have increased in particular in connection with Snke OS GmbH.Personnel expenses in fiscal year 2023/24 in the amount of € 47,289 thousand (previous fiscal year: € 46,412 thousand) mainly consist of wages and salaries in the amount of € 39,571 thousand (previous fiscal year: € 39,055 thousand) and social security, post-employment benefits and other financial support in the amount of € 6,285 thousand (previous fiscal year: € 6,016 thousand). Of this amount, € 168 thousand (previous fiscal year: € 177 thousand) is attributable to post-employment benefits.

The research and development expenses in fiscal year 2023/24 amounted to € 67,745 thousand (previous fiscal year: € 59,254 thousand). Of this amount, € 39,441 thousand (previous fiscal year: € 37,358 thousand) is attributable to personnel expenses.

The **other operating income** of € 10,376 thousand (previous fiscal year: € 15,456 thousand) includes income from currency translation of € 3,278 thousand (previous fiscal year: € 6,261 thousand) as well as realized and unrealized income from currency hedges at fair value in the amount of € 3,648 thousand (previous fiscal year: € 4,439 thousand). It also includes **prior-period income** of € 2,746 thousand (previous fiscal year: € 1,164 thousand). Of this amount, € 331 thousand (previous fiscal year: € 660 thousand) is attributable to transactions with affiliated companies. The increase in prior-period income compared to the previous year is mainly due to sales from license fees for which the service was provided in the 2022/23 fiscal year, but which was not invoiced until the 2023/24 fiscal year.

The **other operating expenses** of € 16,375 thousand (previous fiscal year: € 10,818 thousand) include expenses from currency translation of € 10,985 thousand (previous fiscal year: € 10,775 thousand), expenses from the valuation of currency hedges at fair value amounting to € 1,299 thousand (previous fiscal year: € 41 thousand) and prior-period expenses amounting to € 1,599 thousand (previous fiscal year: € 2,140 thousand). Of this amount, € 132 thousand (previous fiscal year: € 1,013 thousand) is attributable to transactions with affiliated companies. These also include **amortization of current assets**, which amounted to a total of € 4,171 thousand in the 2023/24 fiscal year (previous year: € 36 thousand) and are mainly attributable to an individual valuation allowance for receivables from affiliated companies.

The increase in the overall other operating expenses mainly results from write-downs on current assets and the measurement of hedging instruments based on the development of the US dollar exchange rate.

The profit and loss transfer agreements with Brainlab Sales GmbH, Dr. Langer Medical GmbH, Brainlab Corporate Services GmbH and the loss absorption declaration with Digital-OR Solutions GmbH resulted in income of € 3,500 thousand (previous fiscal year: income of € 87 thousand).

The tax expense of € 6,516 thousand (previous fiscal year: € 11,356 thousand) mainly results from ordinary business activities. The decrease compared to the previous fiscal year is due to expenses for deferred taxes.

Distribution block

Pursuant to Section 268 (8) HGB, there is a profit distribution block in the amount of € 81,406 thousand as of September 30, 2024 (previous fiscal year: € 64,967 thousand). This mainly consists of the capitalization of internally generated intangible assets in the amount of € 121,283 thousand (previous fiscal year: € 100,149 thousand) less deferred taxes in the amount of € 39,897 thousand (previous fiscal year: € 33,009 thousand). Pursuant to Section 253 (6) HGB, the difference between the different approaches for provisions based on the seven-year and ten-year average interest rates of €–1 thousand for fiscal year 2023/24 (previous fiscal year: € 6 thousand) must be taken into consideration in the distribution block.

(6) Other disclosures

Contingent liabilities

Brainlab AG issued loss absorption declarations pursuant to Section 264 (3) No. 2 HGB for Brainlab Marketing Services GmbH, Brainlab Robotics GmbH, Digital-OR Solutions GmbH and 10 Grad Event GmbH, according to which Brainlab AG undertakes to offset each net loss for the fiscal year arising from October 1, 2023 up until the close of September 30, 2024 in the subsequent fiscal year, insofar as this is not offset by withdrawing amounts from other revenue reserves pursuant to Section 272 (3) HGB that had been transferred to them during the fiscal year from October 1 2023 to September 30, 2024. In the 2023/24 fiscal year, losses of Digital-OR Solutions GmbH were offset in the amount of € 2 thousand. The risk of this agreement being utilized is classified as low due to the business development and size of the subsidiaries.

Off-balance-sheet transactions/Other future financial obligations

Other future financial obligations are as follows:

in €'000	September 30, 2024	September 30, 2023
Office lease agreements	57,277	64,702
Purchase commitment, investments	258	751
General agreements with purchase commitments (term >1 year)	12,292	13,184
Software licenses	9,329	8,513
Other	1,836	2,074
Total	**80,992**	**89,224**

The item “Other” includes, among other things, future financial obligations arising from building maintenance, operating and office equipment contracts and vehicle leasing.

There is a receivables securitization facility between Brainlab Sales GmbH, Brainlab AG and a bank with a scope of € 15.0 million (previous fiscal year: € 10.0 million), which was utilized in the amount of € 9.8 million on September 30, 2024 (previous fiscal year: € 10.0 million).

Employees

As at September 30, 2024, the number of employees at Brainlab AG was 420 (previous year: 443). On average, the Company had 438 employees in fiscal year 2023/24 (previous fiscal year: 429).

The table below shows the average distribution of employees during the year across the following areas:

Fiscal year	2023/24	2022/23
Research and development	411	399
Administration	24	24
Marketing	3	6
Total	**438**	**429**

Related party disclosures

The following companies meet the criteria of Section 264 (3) HGB and make use of the option of exemption from certain regulations on the preparation, audit and disclosure of the annual financial statements and management report.

- Brainlab Sales GmbH
- Brainlab Corporate Services GmbH
- 10 Grad Event GmbH
- Snke OS GmbH
- Brainlab Robotics GmbH
- Brain-Pulse GmbH
- Mint Medical GmbH
- Dr. Langer Medical GmbH
- Digital-OR Solutions GmbH
- Brainlab Marketing Services GmbH

Brainlab AG and its subsidiaries are included, pursuant to Section 315e HGB, in the exempting consolidated financial statements of Brainlab AG prepared in accordance with the IFRSs (see Accounting and valuation principles; shareholdings in area of long-term financial assets). Brainlab AG prepares the consolidated financial statements for both the largest and the smallest group of companies. For disclosure purposes, the consolidated financial statements are published in the business register. Pursuant to Section 285 (17) HGB, the total fee of the auditor is reported in the consolidated financial statements prepared in accordance with the IFRSs.

(7) Events after the balance sheet date

On September 29, 2024, Mr. Florian Hoffmann was appointed to the Management Board of Brainlab AG, effective October 1, 2024.

On September 29, 2024, Mr. Tobias Schalkhaußer was appointed to the Management Board of Brainlab AG with effect from October 1, 2024.

Mr. Rainer Birkenbach was appointed Chief Executive Officer of Brainlab AG with effect from January 1, 2025. Mr. Stefan Vilsmeier remains a member of the Management Board of Brainlab AG.

Mr. Rudolf Kreitmair was appointed Chief Financial Officer of Brainlab AG with effect from January 1, 2025.

After the balance sheet date, Brainlab AG acquired 3.5% of the shares in Nexstim Plc as well as an option to acquire additional shares on November 29, 2024. The transaction was concluded for a purchase price of € 1,145 million. Furthermore, a development and distribution cooperation agreement was signed with Nexstim Plc with effect from December 1, 2024. The acquisition of the financial instrument and the conclusion of the cooperation agreement represent events after the balance sheet date that require no adjustment to the figures reported in the financial statements, as they have no impact on the figures for the past fiscal year. The financial investment and the cooperation agreement are expected to have a positive effect on the future business development of Brainlab AG. It is not currently possible to give a reliable estimate of the potential financial impact on the future financial position and results of operations. These are monitored on an ongoing basis.

Mr. Ulrich Martin Graf, EL. Ing. HTL, retired (Deputy Chairman) stepped down as a member of the Supervisory Board with effect from December 31, 2024.

The following were appointed to the Management Board in fiscal year 2023/24:

Stefan Vilsmeier, Munich (CEO)

Rainer Birkenbach, Erding (CTO)

Jan Merker, Neukeferloh/Grasbrunn (COO). Mr. Merker left the Management Board at the end of September 30, 2024.

The total remuneration of the Management Board and the Supervisory Board pursuant to Section 285 No. 9 HGB is as follows:

The total remuneration of the active members of the Management Board amounts to € 1,581 thousand in fiscal year 2023/24 (previous fiscal year: € 2,606 thousand). The total remuneration of the former members of the Management Board amounts to € 525 thousand in fiscal year 2023/24 (previous fiscal year: € 0 thousand).

The total remuneration paid to the active members of the Supervisory Board amounted to € 83 thousand in the 2023/24 fiscal year (previous fiscal year: € 83 thousand).

One member of the Supervisory Board had a business association with the Company as an employee in fiscal year 2023/24. Another member of the Supervisory board is the Managing Director of EMH GP I GmbH.

The Supervisory Board had the following members in fiscal year 2023/24:

Dietrich von Buttlar, lawyer (Chairman)

Mr. Ulrich Martin Graf, EL. Ing. HTL, retired (Deputy Chairman)

Mr. Michael Bertram, graduate engineer, employee of Brainlab AG

Mr. Sebastian Kuss, Managing Director of EMH GP I GmbH

Brainlab AG
Olof-Palme-Str. 9
81829 Munich

Munich, February 18, 2025

The Management Board

Rainer Birkenbach

Chief Executive Officer

Stefan Vilsmeier

Member of the Management Board

Florian Hoffmann

Member of the Management Board

Rudolf Kreitmair

Member of the Management Board

Tobias Schalkhaußer

Member of the Management Board

Disclaimer

The following auditor's report, prepared in accordance with § 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete financial statements, comprising balance sheet as at 30 September 2024, and the income statement for the financial year from 1 October 2023 to 30 September 2024, and notes to the financial statements, together with the combined management report of Brainlab AG, Munich for the financial year from 1 October 2023 to 30 September 2024. The combined management report is not included in this Prospectus. The following auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

Independent Auditor’s Report

To Brainlab AG, Munich

Opinions

We have audited the annual financial statements of Brainlab AG, Munich, which comprise the balance sheet as at 30 September 2024, and the income statement for the financial year from 1 October 2023 to 30 September 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Brainlab AG and the Group (hereinafter ‘combined management report’) for the financial year from 1 October 2023 to 30 September 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the “Other Information” section of our auditor’s report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2024 and of its financial performance for the financial year from 1 October 2023 to 30 September 2024, in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company’s position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the “Other Information” section of the auditor’s report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Other Information

Management is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- information extraneous to combined management reports and marked as unaudited.

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

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

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

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

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Munich, 18 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Rohrbach
Wirtschaftsprüfer
[German Public Auditor]

Bergler
Wirtschaftsprüfer
[German Public Auditor]

22 GLOSSARY

"€," "EUR" or Euro"	means the legal currency of the participating member states in the third stage of the European Economic Union pursuant to the Treaty establishing the European Community.
"**2021/2022 Fiscal Year**"	means the fiscal year ended September 30, 2022.
"2022/2023 Fiscal Year"	means the fiscal year ended September 30, 2023.
"2023/2024 Fiscal Year"	means the fiscal year ended September 30, 2024.
"2024/2025 Fiscal Year"	means the fiscal year ended September 30, 2025.
"A-Type Customers"	means research-oriented university hospitals.
"Additional Shares"	600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of SV2019 GmbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG subject to the exercise of the Upsize Option upon decision of such Selling Shareholders, after consultation with the Joint Global Coordinators, on the date of pricing.
"Adjusted Capitalization" or "Adjusted Indebtedness"	means the Group's actual capitalization and indebtedness as of March 31, 2025 derived from the Company's Unaudited Condensed Consolidated Interim Financial Statements or from the Company's accounting records as well as adjusted as if the spin-off of Snke Group and the capital increase in the context of the Offering (as defined elsewhere in this Prospectus) had occurred as of March 31, 2025.
"Adjusted Cash Contribution"	means EBITDA less investments in intangible assets and property, plant and equipment.
"Adjacent Markets"	means the markets serviceable by Brainlab's system solutions and future systems but with a less established presence today and which represent attractive growth areas (consisting of surgery markets in instruments & disposables, endoscopes, intraoperative neuromonitoring (IONM), and navigated transcranial magnetic stimulation (nTMS)).
"Adjacent SAM"	means the global SAM for Adjacent Markets.
"Administrative Board"	means the administrative board (*Verwaltungsrat*) of the Company after the SE-Conversion consisting of Stefan Vilsmeier, Dr. Klaus Kleinfeld, Sebastian Kuss, Rainer Birkenbach, Stephanie Combs and Éva Haász.
"Admission to Trading"	means the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) of the Brainlab Shares.
"AG"	means Aktiengesellschaft.
"AI Act"	means Artificial Intelligence Act.
"AI System"	means artificial intelligence systems.

"AktG"	means the German Stock Corporation Act (*Aktiengesetz*).
"APA Quentry"	means the Asset Transfer Agreement effective March 28, 2025 for Quentry among the Company and Snke OS GmbH under which the Company sells and transfers certain assets related to the Quentry and Snke OS GmbH grants the Company a non-exclusive, perpetual license back of Quentry, both together for the purpose to enable further development and maintenance of the Quentry technology.
"APMs"	means alternative performance measures.
"Articles of Association"	means the Company's Articles of Association.
"ATAD 3"	means Anti-Tax Avoidance Directive 3, the European Commission's proposal for a Council Directive on the misuse of shell entities for improper tax purposes dated December 22, 2021.
"Audited 2021/2022 Consolidated Financial Statements"	means the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2022.
"Audited 2022/2023 Consolidated Financial Statements"	means the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2023.
"Audited 2023/2024 Consolidated Financial Statements"	means the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2024.
"Audited Consolidated Financial Statements"	means the audited consolidated financial statements of the Group as of and for the 12 months ended September 30, 2024, 2023 and 2022.
"Audited Financial Statements"	means the Audited 2023/2024 Unconsolidated Financial Statements together with the Audited Consolidated Financial Statements.
"Audited 2023/2024 Unconsolidated Financial Statements"	means the audited unconsolidated financial statements of the Company prepared in accordance with the HGB as of and for the fiscal year ended September 30, 2021.
"Authorized Capital 2025"	means the authorization to increase the Company's share capital by up to a total of EUR 9,432,228.00 by April 28, 2030 by issuing new registered shares against cash and/or non-cash contributions on one or more occasions.
"B-Type Customers"	means multi-disciplinary general hospitals.
"BaFin"	means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
"Base Fee"	means a base fee equal to 2.0% of the gross proceeds of the Offering.
"Batteries Regulation"	means the Regulation (EU) 2023/1542.
"Berenberg"	means Joh. Berenberg, Gossler & Co. KG.
"BFH"	means the German Federal Tax Court (*Bundesfinanzhof*).
"BMF"	means the German Federal Ministry of Finance (*Bundesministerium der Finanzen*).

"Bonds"	means bonds and/or warrant bonds.
"BrainLAB GmbH"	means BrainLAB Medizinische Computersysteme GmbH, ("**BrainLAB GmbH**," formerly "**GENESIS Graphics Software-Lizenzverwertungs GmbH**").
"Brainlab Merger"	means the merger with BrainLAB AG, HRB 123036 in the commercial register (Handelsregister) of the local court (Amtsgericht) of Munich, Germany ("**BrainLAB OLD**") in April 2001.
"BrainLAB OLD"	means BrainLAB AG.
"Brainlab Shares"	means 2,000,000 newly issued ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from a capital increase against cash contributions expected to be resolved upon by the Management Board with the consent of the Supervisory Board on or about June 30, 2025 by way of utilizing the authorized capital and 18,864,457 existing registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) of the Company.
"BSI"	means the Federal Office for Information Security (*Bundesamt für Sicherheit in der Informationstechnik*).
"BVerfG"	Means the German Federal Constitutional Court (*Bundesverfassungsgericht*).
"BZSt"	Means the German Federal Central Tax Office (*Bundeszentralamt für Steuern*, Hauptdienstsitz Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany).
"C-Type Customers"	means community hospitals.
"C+-Type Customers"	means C-Type Customers and D-Type Customers together.
"CAGR"	means compound annual growth rate.
"Cash Capital Increase"	means the adoption of a resolution at the extraordinary general meeting of Snke Holding SE on March 31, 2025, to increase the share capital of Snke Holding SE against cash contributions by EUR 1,265,170.00, through the issuance of 1,265,170 new shares in Snke Holding SE, and the subscription for these new shares.
"Cash Conversion Rate"	means Adjusted Cash Contribution as a percentage of EBITDA.
"CBP"	means the U.S. Customs and Border Protection.
"CE Mark"	means that a product has been assessed and found to meet the applicable requirements set out in the EU MDR as well as other applicable EU legislation.
"CEO"	means Chief Executive Officer.
"CET"	means Central European Time or Central European Summer Time, as the case may be.
"CFO"	means Chief Financial Officer.
"Clearstream"	means Clearstream Banking AG.

"Closed Period"	means the 30 calendar days before the announcement of an interim financial report or a year-end report required to be made public according to: (i) the rules of the Listing Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*) (the "**FSE-Rules**"); or (ii) national law. Executives are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities, according to Art. 19 para. 11 of the MAR.
"CLP"	means the Regulation on Classification, Labelling and Packaging of Substances and Mixtures (Regulation (EC) No 1272/2008.
"CMO"	means Chief Marketing Officer.
"Code"	means the German Corporate Governance Code.
"COMMERZBANK"	means COMMERZBANK Aktiengesellschaft.
"Company"	means Brainlab AG, to be converted into Brainlab SE.
"Conditional Capital 2025"	means the conditional increasement of the Company's share capital by up to EUR 1,886,445.00 through the issuance of up to 1,886,445 new registered shares.
"Continued Operations"	means the remainder of the results of the Group or assets and liabilities, excluding results from Discontinued Operations or assets or liabilities held for distribution, respectively.
"COO"	means Chief Operating Officer.
"Core Markets"	means the markets serviceable by Brainlab's established system solutions (in surgery, this comprises planning and navigation systems, intraoperative imaging systems, and robotic surgical systems; in radiosurgery, this comprises planning software and surface-guided positioning and monitoring systems).
"CPT"	means Current Procedural Terminology.
"Curve"	means the Curve Navigation System.
"D-Type Customers"	means ambulatory surgery centers.
"DBS"	means deep brain stimulation.
"Destatis 2025"	means Federal Statistical Office (*Statistisches Bundesamt - Destatis*), *Gross domestic product down 0.2% in 2024*, dated January 15, 2025, available at https://www.destatis.de/EN/Press/2025/01/PE25_019_811.html.
"Deutsche Bank"	means Deutsche Bank Aktiengesellschaft.
"Development, License and Supply Agreement"	means the development, license and supply agreement dated October 1, 2023 between the Company and the Snke Group.
"Discontinued Operations"	means the assets and liabilities of Snke Group, and the assets and liabilities of Snke Holding SE, respectively, are presented separately as held for distribution in the consolidated statement of financial position, and the results of Snke Group, and Snke

	Holding SE, respectively, as discontinued operations in the consolidated income statement in the Unaudited Condensed Consolidated Interim Financial Statements, including re-stated comparative income statement financial information required under IFRS 5.
"Discretionary Fee"	means a discretionary fee of up to 1.0% of the gross proceeds of the Offering.
"Dividend Paying Agent"	means: (i) the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises) or by the domestic securities institution (*Wertpapierinstitut*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent; (ii) the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*); or (iii) the Company itself if and to the extent shares held in collective custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "*abgesetzte Bestände*" (stock being held separately).
"Domestic Paying Agent"	means a domestic credit institution, domestic financial services institution, or domestic securities institution, including domestic branches of foreign credit institutions or financial service institutions, responsible for holding in custody or administering the shares, executing the disposal of the shares, and paying out or crediting the capital gains, thereby satisfying the tax on the capital gains.
"EBIT Margin"	means operating result (also presented as earnings before interest and tax or "**EBIT**") as a percentage of total Company segment revenue.
"EBITDA"	means earnings before income taxes plus financial expense, plus amortization and depreciation of intangible assets, property, plant and equipment and amortization of right of use assets as well as impairment of non-current assets, less financial income.
"EBITDA Margin"	means EBITDA as a percentage of total Company revenue.
"EC"	means executive committee.
"EEA"	means European Economic Area.
"ENT"	means ear, nose and throat.
"ePrivacy Directive"	means the Directive 2002/58/EC on privacy and electronic communications.
"ESMA"	means the European Securities and Markets Authority.
"ESMA Guidelines"	means the Guidelines published by ESMA on October 5, 2015 with regards to Commission Delegated Regulation (EU) 2019/970.

"Essential Requirements"	means the general safety and performance requirements as set out in Annex I of the EU MDR.
"EU"	means the European Union.
"EUDAMED"	means European database on medical devices.
"EU MDD"	means EU Medical Devices Directive.
"EU MDR"	means Regulation (EU) 2017/745 on medical devices.
"EU Member State"	means one of the 27 member states of the EU.
"EU Short Selling Regulation"	means Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps.
"Executive"	means a person discharging managerial responsibilities within the meaning of Article 3 para. 1 No. 25 of the MAR.
"Existing Offer Shares"	means 2,000,000 existing Brainlab Shares from the holdings of the Selling Shareholders.
"FDA"	means the Food and Drug Administration.
"FDCA"	means the Food, Drug, and Cosmetic Act.
"Frankfurt Stock Exchange"	means the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
"FSE-Rules"	means the rules of the Listing Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*).
"FTC"	means the Federal Trade Commission.
"GDPR"	means the EU's General Data Protection Regulation.
"G-DRG"	means German Diagnosis Related Groups.
"General Meeting"	means the Company's general meeting (*Hauptversammlung).*
"Germany"	means the Federal Republic of Germany.
"Global Share Certificates"	means global share certificates representing the Brainlab Shares, which are deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
"Greenshoe Option"	means an option granted by the Selling Shareholders to the Underwriters to acquire a number of Brainlab Shares equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions.
"Group" or "Brainlab"	means the group of the Company and its consolidated subsidiaries.
"H1 2023/2024"	means the six-month period ended March 31, 2024.
"H1 2024/2025"	means the six-month period ended March 31, 2025.
"Healthcare Professionals"	means Surgeons, oncologists, radiologists, radiotherapists, operating room staff, nurses and other medical experts and hospital staff.
"HGB"	means the German Commercial Code (*Handelsgesetzbuch*).

"HIPAA"	means the Health Insurance Portability and Accountability Act of 1996.
"Hospital Reform Answers 2025"	means Federal Ministry of Health (*Bundesministerium für Gesundheit*), *Questions and Answers about Hospital Reform* (*Fragen und Antworten zur Krankenhausreform*), dated December 6, 2024, available at https://www.bundesgesundheitsministerium.de/themen/krankenhaus/krankenhausreform/faq-krankenhausreform.html.
"HWG"	means the German Medical Product Advertisement Act (*Heilmittelwerbegesetz*).
"ICRA"	means the indemnification and cost reimbursement agreement between the Company and the Selling Shareholders regarding the allocation of liability and costs in connection with the Offering, entered into on June 23, 2025.
"IDW"	means Institut der Wirtschaftsprüfer in Deutschland e. V.
"IFRS"	means International Financial Reporting Standards and the interpretations of the IFRS Interpretations Committee, as adopted by the European Union and Commission Regulation (EC) No. 1126/2008 of November 3, 2008, as amended.
"IMF"	means the International Monetary Fund.
"IMF April 2025"	means IMF, *World Economic Outlook, dated April 2025*, available at https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025.
"IONM"	means intraoperative neuromonitoring.
"ISIN"	means International Securities Identification Number.
"ISO"	means the International Organization for Standardization.
"IP"	means intellectual property.
"IT"	means information technology.
"Jefferies"	means Jefferies GmbH.
"Joint Bookrunners"	means COMMMERZBANK, Jeffries and UniCredit.
"Joint Global Coordinators"	means Berenberg and Deutsche Bank.
"Journal of Craniovertebral Junction & Spine October 2024"	means Journal of Craniovertebral Junction and Spine, *Trends in spinal implant utilization and pricing*, dated December 2024, available at https://journals.lww.com/jcjs/fulltext/2024/15040/trends_in_spinal_implant_utilization_and_pricing.5.aspx.
"KPMG"	means KPMG AG Wirtschaftsprüfungsgesellschaft, Friedenstraße 10, 81671 Munich, Germany.
"KrWG"	means the German Closed Substance Cycle Waste Management Act (*Kreislaufwirtschaftsgesetz*).

"KStG"	means the German Corporate Income Tax Act (*Körperschaftsteuergesetz*).
"Langer Medical"	means Dr. Langer Medical GmbH.
"LEI"	means Legal Entity Identifier.
"Level Ex"	means Level Ex, Inc.
"Level Ex Pharma Sale"	means that, on September 9, 2024, Level Ex executed an asset purchase agreement for the sale of its pharmaceutical and life science business to Relevate Health Games, LLC and as per the agreement, Level Ex transferred the Pharma Business.
"Leverage Ratio"	means the ratio of Net Debt to EBITDA.
"License and Supply Agreement"	means the license and supply agreement dated March 26, 2025 between the Company and Snke, Inc.
"LINACs"	means linear accelerators.
"Loop-X"	means the Loop-X Mobile Imaging Robot.
"Maintenance Services Agreement"	means the maintenance services agreement dated October 1, 2023 between the Company and the Snke Group.
"Management Board"	means the management board of the Company.
"Managing Directors"	means the Managing Directors (*geschäftsführende Direktoren*) of the Company after the SE-Conversion, namely Rainer Birkenbach, Florian Michael Hoffmann, Rudolf Kreitmair and Tobias Schalkhaußer.
"MAR"	means Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.
"MedDevice Business"	means the medical technology business of Level Ex that remained part of the Healthcare Platform segment and within Snke Group, which was subject to the Snke Spin-Off.
"MedDevice Sale"	means the sale of Level Ex's remaining assets and liabilities of its medical device business by way of an asset purchase agreement on September 30, 2024 to Snke, Inc (formerly known as VisionTree Software, Inc., and part of the consolidated Snke Group).
"MiFID II"	means EU Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
"MiFID II Product Governance Requirements"	means: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures, collectively.
"Minimum Holding Period"	means the continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (*Mindesthaltedauer*).
"Minimum Risk Test"	means the cumulative prerequisites in accordance with Section 36a EStG: (i) the shareholder has been the beneficial owner of the

	shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the "**Minimum Holding Period**"—*Mindesthaltedauer*); (ii) the shareholder has been exposed (if taking into account counterclaims and claims against related parties) to at least 70% of the risk resulting from a decrease in value of the shares during the Minimum Holding Period (the minimum change in value risk; *Mindestwertänderungsrisiko*); and (iii) the shareholder is not obligated to forward (*vergüten*) these dividends, directly or indirectly, in total or predominantly to another person.
"Net Asset Value"	means the total assets less current liabilities and non-current liabilities as shown in the Audited Consolidated Financial Statements.
"Net Debt"	means the Group's interest-bearing loans (non-current and current) less cash and short-term deposits plus current and non-current lease liabilities and other current and non-current liabilities to banks.
"Net Working Capital"	means current trade receivables, current inventories and current contract assets less current trade payables and current contract liabilities.
"New Offer Shares"	means 2,000,000 newly issued ordinary registered shares with no-par value *(auf den Namen lautende Stammaktien ohne Nennbetrag)* from a capital increase against cash contributions expected to be resolved upon by the Management Board with the consent of the Supervisory Board on June 30, 2025 by way of utilizing the authorized capital.
"Newsweek 2025"	means Newsweek, *World's Best Specialized Hospitals 2025*, available at https://rankings.newsweek.com/worlds-best-specialized-hospitals-2025/neurosurgery.
"NIS 2 Directive"	means Directive (EU) 2022/2555 of the European Parliament and of the Council of December 14, 2022, on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148.
"Notified Body"	means the relevant third-party organization designated by the competent authorities of an EU/EEA country to conduct conformity assessments on medical devices, ensuring they meet the necessary standards in order to affix the CE Mark to the device.
"nTMS"	means navigated transcranial magnetic stimulation.
"OECD March 2025"	means OECD Economic Outlook, *Interim Report March 2025*, dated March 17, 2025, available athttps://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025_89af4857-en.html.

"Offer Period"	means the period that is expected to commence on June 24, 2025 and expire on July 1, 2025 during which investors may submit purchase orders for the Offer Shares.
"Offer Price"	means the placement price of the Offer Shares.
"Offer Shares"	means the New Offer Shares, the Existing Offer Shares, the Over-Allotment Shares and the Additional Shares.
"Offering"	means the public offering in Germany of: (i) 2,000,000 New Offer Shares; (ii) 2,000,000 Existing Offer Shares; (iii) 600,000 Over-Allotment Shares and (iv) 600,000 Additional Shares, some or all of which may also be sold through private placements in certain jurisdictions outside of Germany.
"Over-Allotment"	means the allocation of Over-Allotment Shares as part of the allocation of the Offer Shares.
"Over-Allotment Shares"	means up to 600,000 existing Brainlab Shares from the holdings of certain Selling Shareholders in connection with a potential Over-Allotment.
"Parent Subsidiary Directive"	means the Council Directive 2011/96/EU of November 30, 2011, as amended.
"Participation Agreement"	means the participation agreement governing the participation rights of the employees of the Group.
"Pharma Business"	means specific assets and liabilities associated with the pharmaceutical and life science business of Level Ex transferred in the Level Ex Pharma Sale.
"PHI"	means protected health information.
"PLTAs"	means the profit and loss transfer agreement concluded on December 22/23, 2021 between Brainlab AG and Mint Medical GmbH, a wholly owned subsidiary of Snke OS GmbH.
"PMA"	means premarket approval.
"Portfolio Participation"	means a situation where the Company holds a direct participation of less than 10% in the share capital of a corporation at the beginning of the calendar year, making any dividends received from such domestic or foreign corporations subject to corporate income tax (including the solidarity surcharge (*Solidaritätszuschlag*) thereon).
"Price Range"	means the Price Range within which purchase orders may be placed per Offer Share.
"Promissory Note Loan"	means the promissory note loan (*Schuldscheindarlehen*) in the amount of EUR 22.0 million, which the Company entered into in April 2022.
"Prospectus"	means this prospectus, dated June 23, 2025.
"Prospectus Regulation"	means Regulation (EU) No 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to

	trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
"Public Tender Offer"	means the acquisition process carried out at the discretion of the Administrative Board by way of: (i) a public tender offer addressed to all shareholders; or (ii) a public invitation to shareholders to submit sales offers, in accordance with section 53a AktG.
"QIBs"	means Qualified Institutional Buyers as defined in Rule 144A.
"Quentry"	means the Quentry Technology.
"QSR"	means the Quality System Regulation, which requires device manufacturers, including third-party contract manufacturers, to follow stringent design, production, testing, control, documentation and other quality assurance procedures during all applicable aspects of the manufacturing process.
"Qualified Holding"	means the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of their legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal directly or indirectly held at least 1% of the share capital of the Company.
"Radiation Protection Act"	means the German Act on the Protection Against the Harmful Effect of Ionizing Radiation (*Strahlenschutzgesetz*).
"RCF"	means the revolving credit facility that is part of the Syndicated Loan Agreement.
"REACH"	means the EU Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals (Regulation (EC) No 1907/2006.
"Regulation S"	means Regulation S under the Securities Act.
"Relevant Persons"	means qualified investors (a) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or (b) who are high net worth entities falling within Article 49 para. 2(a) through (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and other persons to whom it may otherwise lawfully be communicated.
"Roland Berger"	means Roland Berger GmbH.
"Roland Berger Report"	means an independent market study from Roland Berger GmbH ("**Roland Berger**") on, *inter alia*, certain markets relevant to the Group, which is dated April 19, 2025 (including back-up material and the underlying sources and data used for the preparation of such report).
"Rule 144A"	means Rule 144A under the Securities Act.
"SAM"	means serviceable addressable market.

"SBRT"	means stereotactic body radiotherapy.
"SE"	means European stock corporation (*Europäische Aktiengesellschaft; Societas Europaea, SE*).
"sEEG"	means stereoelectroencephalogram.
"SEAG"	means the German SE Implementation Act (*SE-Ausführungsgesetz*).
"SE-Conversion"	means the intended conversion of the Company into an SE, which is expected to be registered with the commercial register (*Handelsregister*) of the Company after publication of this Prospectus.
"SE Regulation"	means the Regulation (EC) No. 2157/2001, as amended from time to time.
"Securities Act"	means the U.S. Securities Act of 1933.
"Selling Shareholders"	means SV2019 GmbH, BMB Verwaltungsgesellschaft mbH, and EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG.
"SEWC"	means SE works council.
"SGB V"	means the German Social Code (*Sozialgesetzbuch*).
"SGRT"	means surface-guided radiation therapy.
"Shared Costs"	means the Base Fee, the Discretionary Fees and certain costs and expenses of the Underwriters as well as the costs for the prospectus liability insurance in connection with the Offering.
"SHI"	means statutory health insurance.
"Snke Group"	means Snke OS GmbH together with its controlled companies within the meaning of Section 17 AktG.
"Snke OS GmbH"	means Snke OS GmbH, with its registered office in Munich and registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 258098.
"Snke Spin-Off"	means the spin-off of the Snke OS GmbH shares together with the PLTAs to the absorbing entity Snke Holding SE.
"SOC"	means Security Operations Center.
"Spin-Off and Acquisition Agreement"	means the draft agreement between Brainlab AG and Snke Holding SE, which was approved by the General Meeting of Brainlab AG on April 29, 2025, facilitating the Snke Spin-Off.
"Spin-Off Capital Increase"	means the course of the Snke Spin-Off, the shareholders of Brainlab AG received for each of their share in Brainlab AG one new no-par value registered share of Snke Holding SE issued by way of a capital increase against contribution in kind carried out at Snke Holding SE for the purpose of the Snke Spin-Off.
"SRS"	means stereotactic radiosurgery.
"Stabilization Manager"	means Berenberg.

"Stabilization Measures"	means over-allotments and stabilization measures taken by the Stabilization Manager, in accordance with article 5 paras. 4 and 5 of the MAR in conjunction with articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Brainlab Shares and the Offer Shares, thus alleviating sales pressure generated by short-term investors and maintaining an orderly market in the Brainlab Shares and the Offer Shares.
"Stabilization Period"	means the period starting from the date the Offer Shares commence trading on the regulated market of the Frankfurt Stock Exchange and ending no later than 30 calendar days thereafter.
"Supervisory Board"	means supervisory board of the Company.
"Supply Agreement"	means the supply agreement which came into force effective March 1, 2025 between the Company and the Snke Group.
"SV"	means Stefan Vilsmeier.
"SVHC"	means substances of very high concern.
"Syndicated Loan Agreement"	means the facility agreement entered into by the Company and certain of its subsidiaries in September 2024 in an amount of EUR 180.0 million with certain financial institutions and COMMERZBANK as agent, as amended from time to time.
"Target Market Assessment"	means Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II.
"TDSDPA"	means the German Telecommunications Digital Services Data Protection Act (*Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz*).
"Total SAM"	means Brainlab's total SAM.
"Transactions"	means the Snke Spin-Off and the Level-Ex Pharma Sale.
"TraumaCad"	means the TraumaCad Orthopedic software.
"TSA Quentry"	means the transitional services agreement effective March 31, 2025 among the Company and Snke OS GmbH regarding Quentry.
"UmwG"	means the German Transformation Act (*Umwandlungsgesetz*).
"Unaudited Condensed Consolidated Interim Financial Statements"	means the unaudited condensed consolidated interim financial statements of the Company as of and for the six months ended March 31, 2025, prepared in accordance with IFRS on Interim Financial Reporting (IAS 34).
"Unaudited Pro Forma Financial Information"	means the *Pro Forma* Financial Information (*IDW AcPS AAB 1.004*) (*IDW Rechnungslegungshinweis: Erstellung von Pro*

	Forma Finanzinformationen (*IDW RH HFA 1.004*)) as published by IDW.
"Underwriters"	means the Joint Global Coordinators and the Joint Bookrunners.
"Underwriting Agreement"	means the underwriting agreement between the Company, the Selling Shareholders and the Underwriters dated June 23, 2025 relating to the offer and sale of the Offer Shares in connection with the Offering.
"Unicredit"	means UniCredit Bank GmbH.
"United States" or "U.S."	means the United States of America.
"Upsize Option"	the option to sell an additional 600,000 existing ordinary registered shares with no-par value (*auf den Namen lautende Stammaktien ohne Nennbetrag*) from the holdings of SV2019 GmbH, EMH Digital Growth Fund GmbH & Co. KG and EMH Invest I GmbH & Co. KG upon decision of such Selling Shareholders, after consultation with the Joint Global Coordinators, on the date of pricing.
"USD," "$" or "U.S. Dollar"	means the legal currency of the United States.
"Virtual General Meeting"	means the General Meeting is held without the shareholders or their proxies being present at the place of the General Meeting.
"Voting Commitment Agreement"	means the voting commitment agreement dated March 31, 2025 in which Stefan Vilsmeier, SV2019 GmbH, Michael Bertram and BMB Verwaltungsgesellschaft mbH have agreed to exercise their voting rights in alignment in respect of certain decisions.
"WEEE Directive"	means waste electric and electronic equipment.
"WKN"	means the German Securities Code (*Wertpapierkennnummer*).
"WpHG"	means the Securities Trading Act (*Wertpapierhandelsgesetz*).
"WpPG"	means the German Securities Prospectus Act (*Wertpapierprospektgesetz*).
"WpÜG"	means the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

23 RECENT DEVELOPMENTS AND OUTLOOK

23.1 Recent Developments

On April 29, 2025, the Company's extraordinary general meeting resolved on the Snke Spin-Off and approved the Spin-Off and Acquisition Agreement. The Spin-Off and Acquisition Agreement was concluded and notarized on May 26, 2025. The Snke Spin-Off was registered with the commercial register competent for Snke Holding SE on June 5, 2025 and eventually became effective with the entry into the Company's commercial register on June 6, 2025.

On April 29, 2025, the Company's extraordinary general meeting resolved to change the Company's legal form a German Stock Corporation (*Aktiengesellschaft*) into an SE in accordance with article 2 para. 4 in conjunction article 37 of the SE-Regulation.

Other than the changes described above between March 31, 2025 and the date of the Prospectus, there have been no significant changes in the Group's financial and trading position and the Group's financial performance.

23.2 Outlook

In the mid-term, the Group is targeting a revenue growth of between 10% and 13%, with potentially additional upside beyond the mid-term. By segment, the Group targets the Spinal and Cranial Surgery segment to exhibit mid-teens growth in the mid-term, with potential for further expansion in later years. For the Radiosurgery segment and the Other Surgery segment, the Group targets in the mid-term a high-single-digit growth and an accelerating growth, respectively.

In the mid-term, the Group is targeting a gross profit margin that is stable around the 2023/2024 Fiscal Year level, which may evolve positively with product mix in later years. The Group aims to support its gross margin targets through the development of its cost of goods sold, driven in particular by increasing the value contribution from software-driven products (both by subscriptions for software and maintenance contracts related to perpetual licenses) and disciplined cost control, with raw material costs expected to steadily decline. For selling, general and administrative expenses, the Group is targeting improvements to its sales efficiency, including via scale benefits from earlier commercial investments and believes it has further marketing optimization potential in staffing and budget. In addition, the Group expects its general and administrative expenses to stabilize, as the Group believes that its current operational structure has reached scale. The Group targets a leaner cost base following the Snke Spin-Off, with cash operating expenses (excluding depreciation and amortization) targeted to be in the high thirties, expressed as a percentage of revenue, in the mid-term with additional possible upside beyond. The Group also believes that it will benefit from its R&D platform, in particular for its new robotics products and its ExacTrac Dynamic product, which has completed a significant investment phase. Furthermore, the Group expects R&D returns to improve due to its focus on commercially-ready product development. The Group also plans to drive cross- and up-selling across its A-Type Customers, B-Type Customers and C-Type Customers through its advanced product suite. The Group's strategic mid-term target is to achieve an EBITDA margin in the mid-twenties and also targets a stable depreciation and amortization in the mid-term. The Group's strategic long-term target is to achieve an EBITDA margin of up to 30%. The Group's target is to improve its free cash flow over the mid-term. The Group aims to generate positive cash flow in the fiscal year ending September 30, 2026, supported by growth from its strategic investments in new technologies.

The Group targets capital expenditure, defined as additions to intangible assets consisting of capitalized development cost and other intangible assets (including licenses, patents and software) as well as additions to property, plant and equipment (including technical equipment, demo and loaner products) and expressed as a percentage of revenue, to normalize in the low teens to high single digit in the mid-term. The Group aims to improve capitalization of research and development expenses through its focused capital expenditure investment strategy largely driven by equipment

updates. The Group also expects a short-term positive impact on capitalization of research and development expenses due to the Snke Spin-Off.

The Group is also targeting a Net Working Capital (as defined in "*2.9.2.6 Net Working Capital*"), expressed as a percentage of revenue, in the mid-term, that is stable around the 2023/2024 Fiscal Year level, supported by the Group's aim for working capital discipline. The Group expects an increase in contract assets driven by a shift to its software offering, which it expects to be partially offset by contract liabilities for its ancillary products. The Group is also targeting operational resilience through stable inventory and net receivable levels. The Group also aims to lower its Leverage Ratio (as defined in "*2.9.2.3 Net Debt and Leverage Ratio*") to between 1.5x and 2.0x maximum in the medium- to long-term. In addition, the Group targets a normalized income tax rate of approximately 35% in the medium term (assuming no extraordinary tax effects).

The Group is targeting to pay a dividend in the medium term.

The statements regarding the expected developments of the Group's revenue, EBITDA margin and EBIT margin for the fiscal year ending September 30, 2025, as included in the Group's combined management report for the fiscal year ended September 30, 2024, dated February 18, 2025, did not take into account the Snke Spin-Off announced in March 2025, which had a material effect on the Group (see "*9 Pro Forma Consolidated Financial Information*"). These statements therefore do no longer constitute a valid profit forecast (within the meaning of the Prospectus Regulation) for the fiscal year ending September 30, 2025.

The targets described above constitute forward-looking statements. These forward-looking statements are based on assumptions and are not guarantees of future financial performance, and the Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*2.4. Forward-Looking Statements*" and "*1. Risk Factors.*"