Innovations that matter

Annual report 2023/24

Carl Zeiss Meditec Group

Seeing beyond

Financial highlights
(IFRS)

	2023/24		2022/23		2021/22	
	€m	%	€m	%	€m	%
Revenue	**2,066.1**	**100.0**	2,089.3	100.0	1,902.8	100.0
Research and development expenses	**343.1**	**16.6**	349.3	16.7	291.4	15.3
EBIT	**194.5**	**9.4**	348.1	16.7	396.9	20.9
Consolidated profit	**180.2**	**8.7**	292.0	14.0	295.9	15.6
Earnings per share (in €)	**2.01**		3.25		3.29	
Dividend per share[1] (in €)	**0.60**		1.10		1.10	
Cash flow from operating activities	**247.3**		250.9		188.2	
Cash flow from investing activities	**-412.3**		-111.0		-92.9	
Cash flow from financing activities	**176.2**		-135.1		-94.2	

	30 Sep 2024		30 Sep 2023		30 Sep 2022	
	€m	%	€m	%	€m	%
Total assets	**3,393.2**	**100.0**	3,032.9	100.0	2,822.8	100.0
Property, plant and equipment	**353.8**	**10.4**	315.8	10.4	236.1	8.4
Equity	**2,056.5**	**60.6**	2,172.9	71.6	2,030.1	71.9
Net cash[2]	**72.9**	**2.1**	863.9	28.5	855.6	30.3

	2023/24	2022/23	2021/22
Return on equity	**8.7%**	13.4%	14.5%

	30 Sep 2024		30 Sep 2023		30 Sep 2022	
	Number	%	Number	%	Number	%
Employees	**5,730**	**100**	4,823	100	4,224	100

[1] Amount proposed by the Supervisory Board and the Management Board of Carl Zeiss Meditec AG
[2] Cash and cash equivalents plus treasury receivables from/payables to the treasury of Carl Zeiss AG

For more information visit our website at:
www.zeiss.com/meditec-ag/ir

Contents

Fiscal year 2023/24

Management Board and extended management team

Magnus Reibenspiess
Extended Management Team
Head of Microsurgery Strategic Business Unit (SBU)

Stefanie Spanagel
Extended Management Team
Head of Operations

Dr. Markus Weber
Member of Management Board Carl Zeiss Meditec AG
CEO

Justus Felix Wehmer
Member of Management Board Carl Zeiss Meditec AG
CFO

Eva-Maria Heine
Extended Management Team
Head of Human Resources

Dr. Euan Thomson
Extended Management Team
Head of SBU Ophthalmology and Digital Business Unit

Current information:
zeiss.com/med/management

Letter to the shareholders

Dear Shareholders

We can look back on an economically demanding and eventful year. We were able to grow in some of our core markets, while we experienced headwinds in others. Despite the great efforts by the team and the achievement of important strategic milestones, such as the acquisition of the Dutch Ophthalmic Research Center (DORC), we were unfortunately unable to achieve organic growth in FY 2023/24.

Our company is resilient. In recent years, we have invested a great deal of time and effort in optimizing our processes, reducing complexity and defining clear roles and responsibilities. This enables us to react quickly and flexibly to market conditions as they change. The economic situation made cost management a high priority for us in FY 2023/24. We have reprioritized our major growth initiatives in the areas of distribution and marketing as well as in research and development. We have also adopted a highly restrictive recruitment policy, and worked on various efficiency initiatives.

These measures are having a noticeable effect. Excluding acquisitions, we managed to keep our operating expenses at the same level as in the previous year. (More on this on p. 31.) A further priority for us is not losing sight of our long-term corporate goals. We are working to create connected and integrated workflow solutions and to develop cutting-edge technologies that will ensure the long-term success of the Carl Zeiss Meditec Group.

Our innovative strength is our main driving force. The high research and development expenditure, which amounted to 16.6% (of revenue) in FY 2023/24, represents our investment in the future. The aim is to bring our innovations to market even faster – but we need to set the right priorities for this to succeed. We are guided by our value proposition of developing solutions that address our customers' needs and growing demands. FY 2023/24 saw various product launches and approvals which served to expand and strengthen our ophthalmology portfolio. (More on this on p. 11.)

Strategic investments are helping us to round out our workflow solutions. This is one reason behind our acquisition of DORC. We now offer customers a complete product portfolio for retinal surgery. The merger allows us to pool our expertise and jointly develop future technologies that will significantly boost progress in ophthalmology.
(More on this on p. 10.)

Providing superior service is what motivates us. Connected workflows are becoming increasingly important in clinical settings. This is making it essential to guarantee the connectivity of our solutions at all times. Our company now offers ZEISS OPTIME complete+, a premium digital service which is based on data-driven findings. The ZEISS KINEVO 900 S is our latest robotic visualization system and is the first device for which we guarantee 98 percent availability.
(More on this on p. 9.)

The fact that we were able to achieve revenue of more than 2 billion euros despite the weakness in our markets is down to our global team, which once again performed exceptionally in a difficult economic climate. The unshakeable spirit of our team is what holds our company together and strengthens it. On behalf of the entire management team, I would like to take this opportunity to thank all our employees worldwide. Diversity, respect and open-mindedness are the keys to our innovativity. We foster a climate of tolerance, fashioning a working environment that encourages and inspires our international team to reach even greater creative heights. We work together on new ideas, developing innovations that offer genuine added value for physicians.

The outlook for the global market remains challenging. The subdued start to the first quarter of FY 2024/25 makes it clear that there is no sign of a turnaround at present. The uncertainties surrounding global tensions and conflicts as well as their influence on our markets remain unchanged. We continue to actively manage our costs and will, if necessary, respond appropriately to the challenges of the market. On a positive note, the levels of incoming orders are slowly stabilizing – a promising sign in these uncertain times.

Our customers' trust in our innovative strength encourages us to develop solutions which help them improve their patients' quality of life. The trust of our shareholders in our long-term strategic goals enables us to look beyond the obvious. We are grateful for this trust, as it is the key to our success.

Our cutting-edge medical products and integrated workflow solutions are setting new standards and driving progress in the fields of ophthalmology and microsurgery. Our innovative technologies help physicians to preserve patients' eyesight into old age and combat brain tumors, for instance. We will continue to demonstrate our excellence and ensure that we remain the partner of choice for medical professionals worldwide.

Seeing beyond.

Yours, Dr. Markus Weber
President and CEO
Carl Zeiss Meditec AG

Yours, Justus Felix Wehmer
Member of the Management Board
Carl Zeiss Meditec AG

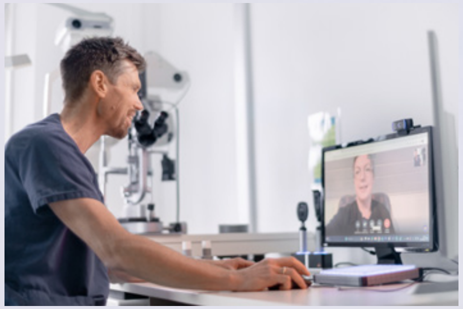
ZEISS Story

Connected Care grants people access to healthcare

How can people living in remote areas still get access to good healthcare? Dr. Alexander Skau has been working hard to answer this question. He is convinced that new approaches to medical care are out there, waiting to be discovered. Together with ZEISS, the ophthalmologist has launched a pilot project in the Lofoten Islands.

The Lofoten Islands in the north of Norway are renowned for their midnight sun, northern lights and small fishing villages. However, it is their remoteness that makes it difficult for the locals to access a fundamental service: comprehensive medical care. In Lofoten, people have to travel up to one day to reach suitable specialist doctors. Dr. Alexander Skau has over two decades of professional experience and currently practices at his eye clinic in Bodø, a small coastal town about 1200 km north of Oslo. He is well aware of the challenges.

In 2018, the Norwegian Directorate of Health published new guidelines for diabetic retinopathy – a retinal disease that occurs in patients with advanced diabetes and that leads to vision loss. These new guidelines highlighted some urgently needed changes. Dr. Skau saw the potential behind digitally connected care as a means of driving this change forward. With the support of ZEISS, he launched a pilot project in the same year. The goal was to facilitate remote patient examinations with the help of suitable equipment and software. Digitally connected healthcare solution ("Connected Care") has the potential to improve healthcare worldwide.



The project comprises a software solution combined with a fundus camera for ultra-wide-angle imaging, which is installed in opticians' stores in remote locations. The system takes high-resolution images of the retina. The software sends the patient data to the clinics in real time via the cloud. Medical teams can use the transmitted images to examine the retina, without patients having to travel. This costs less time and contributes to sustainability, as it reduces carbon emissions. "We no longer send anyone across the country, we just send the data," says Dr. Skau.

The challenges in providing medical care in remote areas are not exclusive to Norway – they exist in a wide range of medical fields in places all over the world. Dr. Skau is convinced that digitally connected care could be key to solving the problem: "I love progress and I find new technologies inspiring. And it gives me hope to see how our world is constantly developing. Some things don't move as quickly as we would like, but there is always something happening," he explains, proud of the contribution he is able to make to improving medical care.

More information at:
zeiss.com/connected-care

ZEISS KINEVO 900 S
Cobotics: offering tangible benefits in the operating room

The Carl Zeiss Meditec Group works together with physicians to produce innovations and further enhance established state-of-the-art technology. The ZEISS KINEVO 900 S is an example of this collaboration.

The KINEVO® 900 S is the latest Robotic Visualization System® from ZEISS and a further development of the successful ZEISS KINEVO 900 platform. Equipped with state-of-the-art digital visualizations, collaborative assistance functions and connected solutions, the system offers greater clarity for complex procedures in neurosurgery and other disciplines.

Digital imaging

Developed with and for customers, the ZEISS KINEVO 900 S meets the growing needs of neurosurgeons in the field of imaging, for instance. Complex brain and spine surgery require the very highest standards in digital and optical visualization. The imaging system of the ZEISS KINEVO 900 S has been redesigned to provide the very best 4K-3D digital image quality currently available. This permits more detailed visualization of small anatomical landmarks and tissue color differences with higher resolution.

The hybrid visualization system of the ZEISS KINEVO 900 S enables an uninterrupted surgical workflow, enhances ergonomics and supports precise procedures – whether looking through the oculars or working exoscopically on the external monitor with 4K 3D viewing options. The new imaging system is an innovative step forward: in tests, users gave the digital image quality of the ZEISS KINEVO 900 S their best rating.

Collaborative robotics

In cooperation with users, it has been possible to develop the robotics as used in the ZEISS KINEVO 900 into collaborative robotics, or cobotics as the field is also known. The cobotic functions are supported by artificial intelligence (AI) which makes it easier for surgeons to interact with the ZEISS KINEVO 900 S, allowing them to keep their hands in the operating field.

For example, the new AutoCenter function aids the operator in moving the tissue being treated into the center of the field of view during a procedure. This helps ensure optimal illumination and visualization. It is based on an AI-trained algorithm. If an instrument is detected, the surgeon can use the foot control panel to trigger automatic centering. Surgeons can also issue further commands via the integrated ZEISS voice assistant system by saying: "Hey KINEVO".

The ZEISS KINEVO 900 S is a physician-controlled cobot that supports surgeons during complex procedures. Providing crucial assistance in the operating room, it enables them to work without interruption. (More on this on p. 7.)

“For me, the AutoCenter function is a big step towards an intelligent microscope. The ZEISS KINEVO 900 S is becoming more and more intelligent and I like that very much”,

says Prof. Dr. Andreas Raabe, Chief Physician of the Neurosurgical University Clinic at the Inselspital in Bern, Switzerland.

DORC and ZEISS
Shaping the ophthalmology market together

In fiscal year 2023/24, Carl Zeiss Meditec AG announced its acquisition of the Dutch Ophthalmic Research Center. The acquisition puts the company in a unique position to offer an unrivaled portfolio of market-leading technologies for ophthalmologists.

The success of the Carl Zeiss Meditec Group is underpinned not only by investments in its own research and development, but also by strategic investment in inorganic growth. The acquisition of the Dutch Ophthalmic Research Center (DORC) represents one of the Company's largest investment to date. The merger is crucial in terms of the long-term strategy, and not just for the product portfolio. The expertise of both companies will be decisive in pushing forward the development of future technologies for the ophthalmology market.

A company with a distinguished history

The history of DORC began in the early 1980s at the Rotterdam Eye Clinic. Together with various physicians, Ger Vijfvinkel's research group began developing solutions for various surgical applications. The surgical instruments gained in popularity and eventually led to the founding of DORC in 1983. The company quickly developed into a leading provider of retinal surgical devices and consumables, with about 700 dedicated employees worldwide and a presence in more than 100 countries.

A perfectly matching, comprehensive product portfolio

EVA NEXUS™ is at the heart of DORC's innovative product portfolio. The surgical system represents a platform for vitreoretinal surgery – a procedure in which the vitreous body is removed in order to perform surgery on the retina. In combination with ZEISS' extensive range of visualization, diagnostic and therapy devices, EVA NEXUS ideally complements the ZEISS Retina Workflow.

The DORC portfolio offers further synergies and will enable ZEISS to expand its intraocular lens (IOL) business, for example. The DORC portfolio will also permit the Carl Zeiss Meditec Group to strengthen its recurring revenues. The share of these increased from 43% to 47% in FY 2023/24, in particular due to consumables for surgical instruments, fluids and tamponades.

This acquisition will allow medical professionals to benefit from a comprehensive and unique combination of digitally connected devices and workflow solutions, ranging from pre-operative clinical diagnostics to surgical procedures in the operating room. This supports efficient clinical workflows and helps doctors to improve outcomes for their patients.

#OneTeam

Teamwork, openness, responsibility, innovation, customer orientation and compliance are part of the DNA of DORC and ZEISS. Learning from each other and building on these shared values enhances the success of the integration. Under the #OneTeam banner, the two companies pool their expertise in customer-oriented research and development and evolve future technologies that push the boundaries.

"DORC and ZEISS have the same DNA and are investing a lot of time and efforts in developing new products. Therefore, this merger will really be a very fruitful collaboration and will lead to development of novel innovative products."

Prof. Dr. Peter Stalmans, University Hospitals Leuven, Belgium. The retina specialist has been working with DORC and ZEISS for many years.

Innovations for the healthcare sector

ZEISS has been promoting progress in medicine for more than 110 years, and has had a lasting impact in the fields of ophthalmology and microsurgery through the development of cutting-edge technological products. The Company invests heavily in research and development, enabling it to put innovative medical technology solutions on the market that allow medical professionals to improve the quality of life of their patients.

ZEISS AI IOL Calculator
Digital tools assist surgeons throughout their cataract workflow. The ZEISS AI IOL Calculator is a data-driven IOL power calculation algorithm and is a core feature of the ZEISS Cataract Workflow. It is optimized with a large amount of data for each IOL model it supports and therefore does not require IOL constants. When applied to short eyes, it has shown great performance and outperformed some state-of-the-art formulas.[1] In FY 2023/24, the ZEISS AI IOL Calculator received its CE mark and is available on the digital surgery planner ZEISS EQ Workplace.

[1] Kenny et al. Efficacy of segmented axial length and artificial intelligence approaches to intraocular lens power calculation in short eyes. J Cataract Refract Surg. 2023 Jul.

ZEISS VISULAS combi
ZEISS has been at the forefront of therapeutic laser developments since the 1940s. Ophthalmologists use therapeutic lasers to treat a wide range of retinal diseases, glaucoma and cataracts. The VISULAS® combi is the first therapeutic laser that combines selective laser trabeculoplasty (SLT), photodisruption and photocoagulation technology in one device. In FY 2023/24, the ZEISS VISULAS combi received 510k FDA[2] clearance.

ZEISS ARTEVO 850
ZEISS introduced its OPMI® 1 surgical microscope in 1953, marking the beginning of a new class of medical devices. For more than 70 years, ZEISS has set new standards with its surgical microscopes, developing them into innovative, digital visualization systems. ZEISS expanded its product range of high-end microscopes in FY 2023/24: The ARTEVO® 850 3D surgical microscope.[3] ZEISS ARTEVO 850 supports surgeons during procedures on the anterior and posterior segment of the eye.

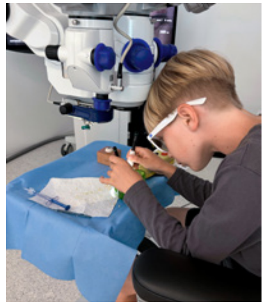
More than **10 million** eyes treated with ZEISS SMILE and ZEISS SMILE pro.

ZEISS VISUMAX 800 with ZEISS SMILE pro
ZEISS has been shaping refractive laser surgery for more than 20 years and offers one of the broadest product portfolios for laser vision correction. These products include treatment options for people with ametropia. The Company has now passed another milestone: In FY 2023/24, ZEISS received CE mark approval for minimally invasive lenticule extraction using the ZEISS VISUMAX 800 and ZEISS SMILE pro for people with hyperopia. This makes ZEISS the first medical technology provider to offer this treatment option for long-sightedness.

[2] US Food and Drug Administration (FDA)
[3] Compared to ZEISS ARTEVO 800.

Highlights






Good vision has a decisive impact on children’s education, well-being and future prospects. World Sight Day in 2024 focused on children's eye health, and to mark this the Carl Zeiss Meditec Group opened its doors to employees' children. The young guests were able to discover what eye health is all about and were given the opportunity to experience at first hand the innovations that their parents work on every day.

As part of its World Sight Day activities, the Carl Zeiss Meditec Group also drew attention to the work of various health organizations and how ZEISS supports them. The campaigns for World Sight Day are just one example of how the Company is strengthening cooperation and promoting the sharing of knowledge.

Strengthening integration
The Company has launched its Integration Buddy Initiative with the aim of strengthening personal relationships and growing together as #OneTeam. The main purpose is to promote informal dialog and cooperation between DORC and ZEISS employees.
The initiative also helps employees to find out more about the culture of the other organization.

Lifelong learning
The Company's learning culture enables all employees to improve their skills and knowledge. In the area of research and development, for example, functional training in project management helps employees to make effective use of the skills they already have and to comply with standards in order to bring innovations to market more quickly.

Promoting networks
Collaborating across team and departmental boundaries promotes the sharing of knowledge and the changing of perspective. ZEISS supports networking efforts for its employees – in the shape of the Mystery Coffee, for example. The initiative networks colleagues from different areas who can then engage in individual dialogues.

https://zeiss.ly/WSD-24

Service excellence
In China, the Carl Zeiss Meditec Group received the Top Service Award for the eighth time in a row. Based on a survey of Chinese hospitals, this award is presented annually by China Medical Device Magazine.

The Supervisory Board

Peter Kameritsch
Shareholder representative

Brigitte Koblizek
Employee representative

Falk Bindheim
Employee representative

Jeffrey Marx
Employee representative

Isabel De Paoli
Shareholder representative

Stefan Müller
Shareholder representative

Dr. Karl Lamprecht
Chairman
Shareholder representative

Tania von der Goltz
Shareholder representative

Renè Denner
Deputy Chairman
Employee representative

Heike Madan
Employee representative

Torsten Reitze
Shareholder representative

Dr. Christian Münster
Employee representative

Report of the Supervisory Board

Dear Shareholders and Friends of the Company,

In fiscal year 2023/24, the Supervisory Board conscientiously fulfilled the duties incumbent upon it according to the law, the Company's Articles of Association and rules of procedure. The Supervisory Board therefore kept itself regularly and comprehensively up to date about all events and business transactions of relevance for the Company, and monitored and supported the work of the Management Board in an advisory capacity. The subject of the written and verbal reports from the Management Board was the economic situation and the development of the Company's business, as well as its individual strategic business units, including their further strategic development. The Supervisory Board also addressed the Company's position with respect to the risk situation, risk management, as well as the internal control system and compliance. The Supervisory Board was involved in all important decision-making. In the case of transactions requiring approval, the Supervisory Board cast its vote after thorough examination of the reports and draft resolutions submitted.

Dr. Karl Lamprecht
Chairman of the Supervisory Board

The Supervisory Board also continued to engage in a regular exchange of information with the Company's Management Board, including outside of Supervisory Board meetings. Any collaboration between the Supervisory Board and the Management Board was always open and trusting, with constructive dialog.

No conflicts of interest arose among the members of the Supervisory Board in fiscal year 2023/24.

Focus of the deliberations and audits of the Supervisory Board

In the fiscal year under review the Supervisory Board convened at five ordinary meetings. The members of the Management Board participated in all meetings. The meetings on 29 January 2024 and 18 September 2024 were held as video conferences. The meetings on 8 December 2023, 21 March 2024 and 18 June 2024 were held in person.

The table “Individualized disclosure of meeting attendance” contains an overview of the meeting attendance of the individual members of the Supervisory Board.

Resolutions on matters requiring a decision between the meetings were passed by way of a circulation procedure.

The subjects of the regular meetings included the revenue and earnings situation as well as the business performance of the Carl Zeiss Meditec Group, including the particular current geopolitical challenges, such as the implications of the wars in Ukraine and Gaza, the tensions in the global supply chains, the high interest rates in the US and the high level of inflation, as well as the Company’s financial situation and ongoing strategic projects. Additional agenda items were also addressed during the respective meetings.

During the meeting on 8 December 2023 to adopt the consolidated and annual financial statements for fiscal year 2022/23, the declaration of conformity to the recommendations of the German Corporate Governance Code was also resolved. The proposal to the Annual General Meeting on the utilization of profit was discussed in detail and adopted. At the recommendation of the Audit Committee, the Supervisory Board also resolved to propose Pricewaterhouse Coopers Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, for election as auditor of the annual and the consolidated financial statements for fiscal year 2023/24 by the Annual Meeting on 21 March 2024. In addition, the Supervisory Board resolved to authorize the Management Board to submit a final legally binding offer and to sign a binding agreement to acquire 100% of the shares in D.O.R.C. Topco BV, Netherlands. The Supervisory Board also resolved to take a shareholder loan from Carl Zeiss AG for partial refinancing of the DORC acquisition. A resolution was passed to settle the target agreements with the Management Board for the 2022/23 fiscal year and to adjust the remuneration of Justus Felix Wehmer for the 2023/24 fiscal year. In addition, it was decided to update the rules of procedure of the Management Board as of 8 December 2023.

In the video conference meeting on 29 January 2024, the Supervisory Board adopted the agenda for the Annual General Meeting on 21 March 2024. In addition, a resolution was passed to approve the share buyback under the conditions stipulated in the Management Board resolution.

Stefan Müller was elected onto the Nomination Committee at the meeting on 21 March 2024. The members of the Management Board left the meeting for the duration of this agenda item.

No resolutions were passed at the Supervisory Board’s meeting held in person on 18 June 2024.

During the meeting of the Supervisory Board on 18 September 2024, the budget proposed by the Management Board for fiscal year 2024/25 was adopted. In addition, a resolution was passed on the Management Board's target agreements for the 2024/25 fiscal year.

Intensive work of the committees

In accordance with its Rules of Procedure, the Supervisory Board of Carl Zeiss Meditec AG has formed four committees. These committees carry out preliminary work on topics to be discussed at the plenary Supervisory Board meeting and make decisions on behalf of the Supervisory Board, insofar as the plenary session has instructed them to do so in accordance with statutory regulations. The current chairs of the committees report regularly and extensively to the Supervisory Board about their work on the committees.

Committees of the Supervisory Board

General and Personnel Committee

» Dr. Karl Lamprecht (Chairman)
» Renè Denner
» Stefan Müller (from 21 March 2024)
» Dr. Christian Münster

Audit Committee

» Peter Kameritsch (Chairman)
» Renè Denner
» Heike Madan
» Torsten Reitze

Nominating Committee

» Stefan Müller (Chairman) (from 21 March 2024)
» Isabel De Paoli
» Dr. Karl Lamprecht

Mediation Committee

» Dr. Karl Lamprecht (Chairman)
» Renè Denner
» Jeffrey Marx
» Torsten Reitze

The General and Personnel Committee advises the Management Board on matters of Company strategy. It is jointly responsible for coordinating and preparing for the Supervisory Board meetings. In addition, this committee prepares the Supervisory Board’s personnel decisions and, in certain cases, passes resolutions on the transactions requiring approval submitted by the Management Board. The General and Personnel Committee convened at one meeting during the past fiscal year. At the meeting, which was held in virtual form on 13 September 2024, the Management Board's target agreements for the 2024/25 fiscal year were finalized and a recommendation was made to the Supervisory Board.

The Audit Committee is mainly concerned with the development of business and monitoring the accounting process, the efficiency of the internal control system and the internal auditing and risk management system, auditing, and its focus areas, as well as the selection and the independence of the auditor, the quality of the auditing and the additional services rendered by the auditor. It also addresses the work of the Company’s compliance organization. The Audit Committee convened at five meetings during the reporting period.

In the event of the appointment of new Supervisory Board members, the Nominating Committee proposes suitable candidates to the Supervisory Board for its candidate proposals to the Annual General Meeting. The Nominating Committee held one meeting in the period under review. The only item on the agenda at this meeting was the election of the Chairman of the Nomination Committee. Stefan Müller was elected Chairman.

Individualized disclosure of meeting attendance

Supervisory Board member	Committees	Meeting attendance	Attendance in %
Dr. Karl Lamprecht			
(Chairman)	Plenary Supervisory Board	5/5	100%
	General and Personnel Committee	1/1	100%
	Nominating Committee	1/1	100%
	Mediation Committee	n/a as no meetings	n/a as no meetings
	Total	**7/7**	**100%**
Renè Denner			
(Deputy Chairman)	Plenary Supervisory Board	5/5	100%
	Audit Committee	5/5	100%
	General and Personnel Committee	1/1	100%
	Mediation Committee	n/a as no meetings	n/a as no meetings
	Total	**11/11**	**100%**
Falk Bindheim			
	Plenary Supervisory Board	5/5	100%
	Total	**5/5**	**100%**
Susan-Stefanie Breitkopf			
	Plenary Supervisory Board (until 21 March 2024)	2/2	100%
	Total	**2/2**	**100%**
Tania von der Goltz			
	Plenary Supervisory Board	5/5	100%
	Total	**5/5**	**100%**
Peter Kameritsch			
	Plenary Supervisory Board	5/5	100%
	Audit Committee	5/5	100%
	Total	**10/10**	**100%**
Brigitte Koblizek			
	Plenary Supervisory Board	5/5	100%
	Total	**5/5**	**100%**
Heike Madan			
	Plenary Supervisory Board	5/5	100%
	Audit Committee	5/5	100%
	Total	**10/10**	**100%**
Jeffrey Marx			
	Plenary Supervisory Board	5/5	100%
	Mediation Committee	n/a as no meetings	n/a as no meetings
	Total	**5/5**	**100%**
Stefan Müller			
	Plenary Supervisory Board (from 21 Mar 2024)	3/3	100%
	General and Personnel Committee (from 21 Mar 2024)	1/1	100%
	Nominating Committee (from 21 March 2024)	1/1	100%
	Total	**5/5**	**100%**
Dr. Christian Münster			
	Plenary Supervisory Board	5/5	100%
	General and Personnel Committee	1/1	100%
	Total	**6/6**	**100%**
Torsten Reitze			
	Plenary Supervisory Board	5/5	100%
	Audit Committee	5/5	100%
	Mediation Committee	n/a as no meetings	n/a as no meetings
	Total	**10/10**	**100%**

Corporate governance and declaration of conformity

During the Supervisory Board Meeting on 8 December 2023, the Supervisory Board resolved upon the declaration of conformity pursuant to the German Corporate Governance Code.

Further information on corporate governance reporting and the declaration of conformity can be found on Carl Zeiss Meditec AG’s website at www.zeiss.com/meditec-ag/investor-relations.html within the “Corporate Governance” section.

Audit of the single entity annual and consolidated financial statements 2023/24
The Annual General Meeting on 21 March 2024 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Leipzig, as auditor for the single entity annual and consolidated financial statements.

Before proposing PwC to the Annual General Meeting, the Supervisory Board obtained a declaration of independence from the auditor. In this declaration, PwC confirms that there are no private, professional, business, financial or other relationships between the auditor and its executive bodies or audit managers, on the one hand, or between the Company and its executive body members, on the other. On 25 September 2024 the Supervisory Board engaged PwC to audit all of the financial statements and management reports for the fiscal year 2023/24, including the dependent company report on relationships with associated companies of Carl Zeiss Meditec AG pursuant to Section 312 AktG. On 5 August 2024, the Audit Committee resolved upon the focal points of the audit for fiscal year 2023/24.

The annual financial statements of Carl Zeiss Meditec AG were prepared in accordance with the rules of the German Commercial Code (Handelsgesetzbuch, HGB). The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) prevailing at the end of the reporting period, as they are to be applied in the EU, and in accordance with Section 315a HGB in compliance with specific provisions of the HGB.

PwC audited the annual financial statements and consolidated financial statements, as well as the associated management reports for fiscal year 2023/24, including the accounting, and issued all the financial statements with an unqualified audit certificate.

The single entity annual financial statements and consolidated financial statements prepared by the Management Board to 30 September 2024, and the associated management reports, as well as the audit reports prepared by the appointed auditor, were submitted in good time for inspection by all members of the Supervisory Board and discussed in detail and audited in advance at the meeting of the Supervisory Board’s Audit Committee in the presence of the auditor on 10 December 2024, and subsequently at the plenary Supervisory Board meeting. The Supervisory Board approved the results of the audit. No objections were raised following the Supervisory Board's conclusive review of the audit. The Supervisory Board thus approved the single entity annual and consolidated financial statements prepared by the Management Board and the consolidated financial statements at its meeting on 10 December 2024. The annual financial statements are thus adopted. After a detailed examination and taking the development of earnings and the financial position into consideration, the Supervisory Board approved the Management Board's proposal on the utilization of profit at its meeting on 10 December 2024.

In addition, a separate non-financial Group report on the Carl Zeiss Meditec Group was submitted to the Audit Committee. The non-financial report was subjected to a voluntary business audit by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Munich, to obtain limited assurance. In accordance with the recommendation of the Audit Committee, the Supervisory Board has ratified the non-financial report of the Carl Zeiss Meditec Group prepared in accordance with the CSR Directive Implementation Act (EU Directive 2014/95/EU), and cleared it for publication.

Dependent company report
Given that Carl Zeiss Meditec AG is a subsidiary of Carl Zeiss AG, the Management Board of Carl Zeiss Meditec AG prepared a report, pursuant to Section 312 AktG, on relations with associated companies in fiscal year 2023/24, which states that – under the circumstances known to the Management Board at the time the legal transactions were concluded – Carl Zeiss Meditec AG received an appropriate consideration for each of the transactions listed and that reportable measures were neither implemented nor omitted in the fiscal year. After conducting its audit, PwC issued the report with the following audit certificate pertaining to the correctness of the actual disclosures and the appropriateness of the Company's compensation with respect to the legal transactions listed:

“Based on the results of our statutory audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the Company's compensation with respect to the legal transactions listed in the report was not inappropriately high."

At the meeting on 10 December 2024 the auditor reported on the key results of the audit and responded to questions. After conducting its own audit of the dependent company report and inspecting the audit report prepared by the auditor, the Supervisory Board concluded that it agrees with the statements and conclusions in the dependent company report and the audit report. On completion of its own audit the Supervisory Board has no objections to raise against the declaration of the Management Board at the end of the dependent company report.

All documentation pertaining to the financial statements and audit reports was submitted early to the Supervisory Board.

Composition of the Management Board and Supervisory Board

There was a change in the composition of the Supervisory Board on the shareholder side during the fiscal year. The court appointment of Susan-Stefanie Breitkopf concluded at the end of the Annual General Meeting on 21 March 2024. Dr. Christian Müller departed from the Supervisory Board and thus also the Nomination Committee on 30 September 2023. Dr. Karl Lamprecht and Isabel De Paoli, the remaining members of the Nomination Committee, agreed in a telephone conversation on 19 January 2024 to propose Stefan Müller as a new member. The Supervisory Board adopted this proposal by approving the agenda for the Annual General Meeting on 21 March 2024.

Stefan Müller was elected onto the Nomination Committee at the Supervisory Board meeting on 21 March 2024 under the "Constitution of the Supervisory Board" agenda item. Stefan Müller was elected Chairman of the Nomination Committee at the meeting of the Nominating Committee on 18 June 2024.

There were no changes to the members of the Management Board of Carl Zeiss Meditec AG in fiscal year 2023/24.

Members of the Supervisory Board took personal responsibility for undertaking the training and further development measures necessary to fulfill their duties. The members were regularly informed about new regulatory developments, legislative changes and new accounting and auditing standards, as well as corporate governance issues. In addition, members of the respective committees took part in further training courses for the respective committees, and members of the Supervisory Board took part in external training programs.

Final remarks

Carl Zeiss Meditec AG is in a good position, in the Supervisory Board’s opinion, with its innovative and diversified product portfolio, and as a competent partner to physicians, to continue to participate in the growth of medical technology and to keep steadily improving its strong market position in future, too.

I would like to thank the Management Board and all members of the Supervisory Board for their consistently good and constructive collaboration. I would like to wish all employees and the members of the Management Board every success, a huge amount of motivation and enthusiasm for the new fiscal year that is already underway, and look forward to continuing to work closely with you on a basis of trust.

Jena, 10 December 2024
On behalf of the Supervisory Board

Dr. Karl Lamprecht
(Chairman)

The Carl Zeiss Meditec AG share
Fiscal year 2023/24

General development of the capital market

The German benchmark index, the DAX, rose in the course of fiscal year 2023/24, by 26.7% to 19,325 points. The benchmark index S&P 500 in the USA was also up by around 34.4% to 5,762 points.

The MDAX and the TecDAX indices, whose stocks also include the Carl Zeiss Meditec AG share were up by around 4.2% to 26,854 points and by around 14.0% to 3,413 points, respectively, as of 30 September 2024, compared with the start of the fiscal year.

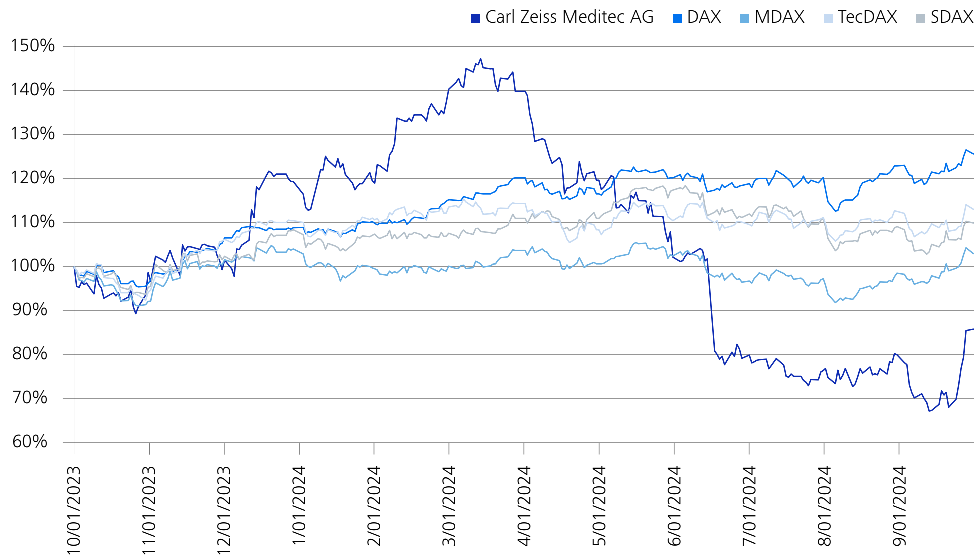
The Carl Zeiss Meditec AG share price moved counter to the market trend. The Carl Zeiss Meditec AG share finished trading at a closing price[1] of €71.15 on 30 September 2024. The share's value thus decreased by -10.1% since the beginning of fiscal year 2023/24.

Performance of the Carl Zeiss Meditec share

The share exhibited a negative trend during fiscal year 2023/24. On the first day of trading of the new fiscal year, the Carl Zeiss Meditec AG share opened at a price of €82.80.

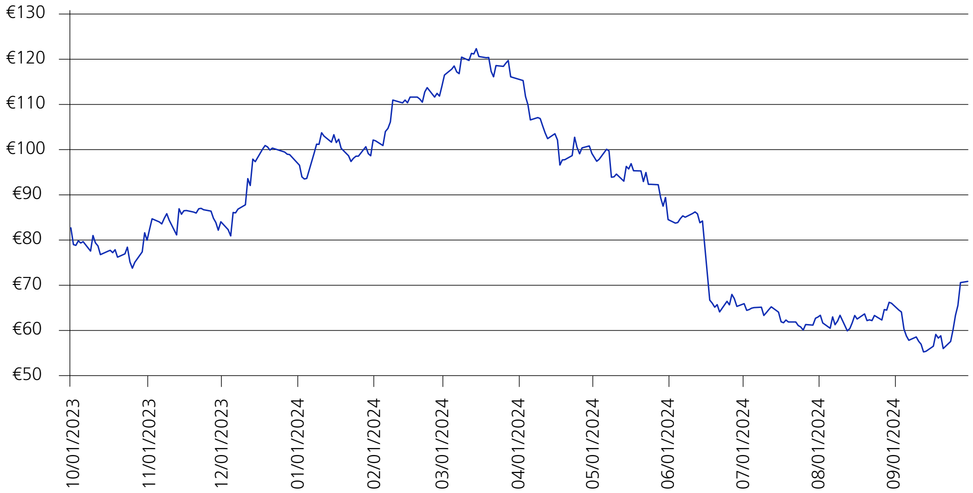
The share reached a peak price of €123.75 on 14 March 2024. At the end of the fiscal year, the Carl Zeiss Meditec AG share was traded at a closing rate of €71.15.

Relative performance of Carl Zeiss Meditec AG share compared with the DAX, MDAX and TecDAX in the period from 1 October 2023 to 30 September 2024



[1] Share price based on XETRA closing rates (30 September 2024)

Performance of Carl Zeiss Meditec AG share in the period from 1 October 2023 to 30 September 2024



Market capitalization and trading volume

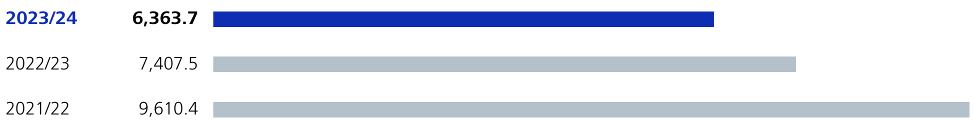
Carl Zeiss Meditec AG's market capitalization (product of shares issued multiplied by share price at the end of the reporting period) decreased year-on-year from €7,407.5m to €6,363.7m as of 30 September 2024. The trading volume (number of shares traded on XETRA multiplied by the respective closing rate on the date on which they were traded) was €3,319.6m in fiscal year 2023/24 (prior year: €3,037.8m).

During the reporting period, an average of around 155,647 shares (prior year: 104,284 shares) of Carl Zeiss Meditec AG were traded each trading day.

The German MDAX share index is composed of 50 company stocks that rank below the 40 stocks listed on the DAX in terms of market capitalization and trading volume. All company stocks are listed on a quarterly basis. Carl Zeiss Meditec AG was in 62nd place in the ranking for market capitalization as of 30 September 2024 (prior year: 62nd place) among all DAX and MDAX stocks.

The German TecDAX share index brings together 30 of the largest technology stocks in terms of market capitalization and trading volume on the Frankfurt Stock Exchange. All technology stocks are listed on a quarterly basis. Carl Zeiss Meditec AG was in 10th place in the ranking for market capitalization as of 30 September 2024 (prior year: 11th place).

Market capitalization of Carl Zeiss Meditec AG as of 30 September 2024, in €m



The Carl Zeiss Meditec AG share from the capital market perspective

A large number of German and international financial analysts monitor the movements of the Carl Zeiss Meditec AG share. At present, the Company is in contact with 19 analyst firms. Based on the assessments of the past six months, the analysts have put the current average price target at €75.97 (as of 30 September 2024).

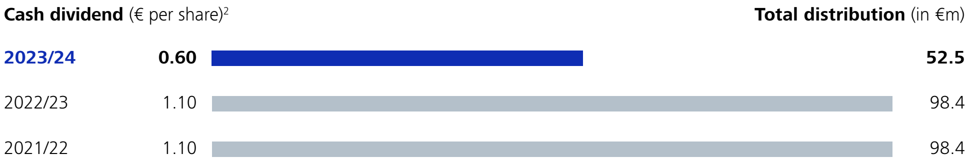
A current overview of the individual analysts' assessments can be found on the following website at https://www.zeiss.com/meditec-ag/en/investor-relations/carl-zeiss-meditec-ag-share.html.

Dividend policy

Carl Zeiss Meditec AG pursues a continuous, earnings-oriented dividend policy and plans to adhere to this strategy in future and to continue to allow its shareholders to participate to an appropriate extent in the Company's success.

The Company’s reference for the regular dividend is a dividend ratio that generally equated to around one third of consolidated net income after non-controlling interests for the fiscal year just ended. The Management Board and Supervisory Board will propose to the Annual General Meeting on March 26, 2025, a regular dividend of €0.60 per share (prior year: €1.10) for the 2023/24 fiscal year to be distributed to shareholders. Overall, this would equate to a total distribution of €52.5m (prior year: €98.4m) and a dividend ratio of 29.4% (prior year: 33.9%). The dividend return (ratio of dividend per share to closing price on 30 September 2024) would be 0.8% (prior year: 1.3%).

Development of the dividend for the Carl Zeiss Meditec AG share



[2] Amount of dividend for 2023/24 proposed by the Supervisory Board and the Management Board of Carl Zeiss Meditec AG

Shareholder structure

Carl Zeiss Meditec AG's subscribed capital is composed of 89,440,570 ordinary shares, each with a theoretical par value of €1 per share. The ZEISS Group holds around 59.1% of the shares. In the 2023/24 fiscal year, around 2.1% of the shares were repurchased and reported as treasury shares. According to the Company’s knowledge, the remaining 38.7% are in free float.

Investor relations

Providing all investors with comprehensive, transparent and up-to-the-minute information was once again the focus of the investor relations work in fiscal year 2023/24, with the aim of strengthening confidence in sustainable corporate governance. This includes the commentary on Carl Zeiss Meditec AG's strategy, its operative business development, as well as the Company’s prospects vis-à-vis existing and potential investors and other market participants, such as analysts and journalists.

Carl Zeiss Meditec AG regularly informs its shareholders about strategic and business developments within the Group through quarterly, six-monthly and annual reports, as well as ad hoc disclosures and press releases. The Company also strives, in a variety of ways, to meet the high demand for information from all interest groups, both via the Management Board and the Investor Relations department. Last year, roadshows and conferences were held both in person and as video conferences. Regular conference calls on the interim financial statements were also held, as well as numerous one-to-one and group meetings with institutional and private investors.

In addition, the Annual General Meeting gives shareholders the opportunity to exert a direct influence and ask Carl Zeiss Meditec AG's Management Board questions directly. The Annual General Meeting on 21 March 2024 in the fiscal year under review was once again held virtually. A total of 79.28% of the voting share capital was represented at this meeting.

Listing and trading on the MDAX and TecDAX

Carl Zeiss Meditec AG share	
Index	MDAX, Tec DAX
Segment	Prime Standard
ISIN	DE0005313704
Trading volume	Average 155,647 shares/trading day
Total shares placed	89,440,570
Price performance	
Share price at beginning of fiscal year 2023/24 (2 October 2023)	€82.80
Share price at end of fiscal year 2023/24 (30 September 2024)	€71.15
Share price on 2 December 2024	€56.75
Highest price in fiscal year 2023/24	€123.75
Lowest price in fiscal year 2023/24	€54.60
Shareholder structure	
Free float	38.7%
Carl Zeiss AG	59.1%
Treasury shares	2.1%
Valuation	
Market capitalization of share capital as of 2 December 2024	€5,075.8m
Market capitalization of free float as of 2 December 2024	€1,966.0m
Designated sponsor	ODDO BHF Corporates & Markets AG

Consolidated management report

Summary management report
for fiscal year 2023/24

CARL ZEISS MEDITEC GROUP

Group structure

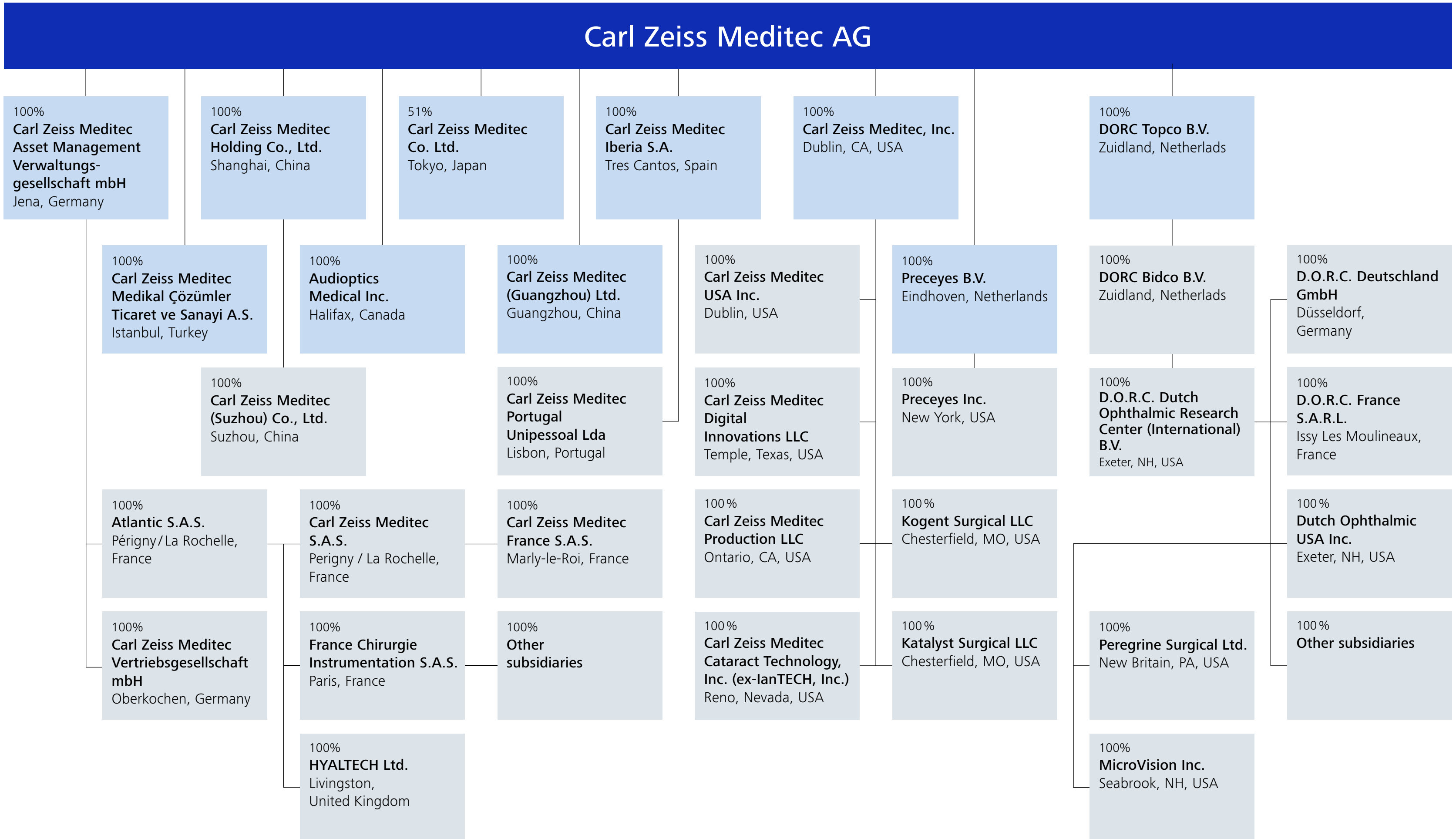
The Carl Zeiss Meditec Group (hereinafter the Company, the Group) is an international company headquartered in Jena, Germany, with additional subsidiaries in and outside of Germany. Carl Zeiss Meditec AG is the parent company of the Carl Zeiss Meditec Group and is listed in the MDAX and TecDAX on the German Stock Exchange.

The results of Carl Zeiss Meditec AG are influenced to a large extent by its subsidiaries, and the development of its business is generally subject to the same opportunities and risks as the Carl Zeiss Meditec Group. The outlook for the Group also largely mirrors the expectations for Carl Zeiss Meditec AG, due to the links between Carl Zeiss Meditec AG and its subsidiaries and due to the importance of Carl Zeiss Meditec AG within the Group. Therefore, for the purposes of a more compact presentation, the business development of Carl Zeiss Meditec AG and the Carl Zeiss Meditec Group have been presented in the form of a summary management report. Major investments of the Carl Zeiss Meditec Group as of 30 September 2024 are presented in the chart at the end of this section.

The following changes were also made to the Group's reporting entity and the structure of its consolidated financial statements in fiscal year 2023/24:

By way of an agreement of 2 February 2024, effective 3 April 2024, Carl Zeiss Meditec AG, Germany, acquired 100% of the shares in DORC Topco B.V., Zuidland, Netherlands, (hereinafter: DORC). DORC is a company specializing in the development, production and distribution of products and procedures in the area of retinal surgical devices and consumables. The EVA NEXUS platform by DORC is the centerpiece of a portfolio that comprises a full range of accessories, instruments and liquids. The platform is one of the leading solutions for vitrectomy (VR) and combines procedures for the treatment of cataracts. This acquisition extends and expands the Carl Zeiss Meditec Group's broad ophthalmic product portfolio and its offering of digitally connected workflow solutions for the treatment of a wide range of eye diseases by adding a solution for vitrectomy (VR). This acquisition will allow medical professionals to benefit from a comprehensive and unique combination of digitally connected devices and workflow solutions, ranging from pre-operative clinical diagnostics to surgical procedures in the operating room. The Carl Zeiss Meditec Group also benefits from DORC's existing distribution channels and anticipates being able to exploit cross-selling opportunities through integration in the US distribution system, DORC's largest single market, and in China. In China, DORC has expanded its presence in a hybrid market in the form of distributors, while ZEISS already has a strong and established presence with untapped market potential. The purchase price including cash received amounted to €1,023.7m, and was paid on 3 April 2024.

Investment structure of the Carl Zeiss Meditec Group as of 30 September 2024



Markets

With its headquarters in Jena (Germany) and additional plants and subsidiaries in, among others, Germany, France, the Netherlands, Spain, the USA, Japan and China, the Carl Zeiss Meditec Group has a direct presence in key medical technology markets. The Carl Zeiss Meditec Group also utilizes the distribution network of the ZEISS Group[1], with its more than 60 sales and service locations and more than 30 production sites, thus ensuring itself customer proximity in international competition. Aside from its own research and development locations, the Carl Zeiss Meditec Group also has access to the expertise of the ZEISS Group. Of the more than 30 research and development locations of the ZEISS Group worldwide, China and India, in particular, are important development centers. They offer the possibility of working with the customers on site, in order to gain a better regional understanding of the market and develop specific products that are tailored to market requirements.

Organization and business activity

The Carl Zeiss Meditec Group's field of activity is split into two main areas or strategic business units (SBUs). The business fields are divided based on the areas of application and customer groups within Ophthalmology and Microsurgery. Therefore, a distinction is made between the SBU Ophthalmology (OPT) and the SBU Microsurgery (MCS).

Ophthalmology
Conditions treated within Ophthalmology include ametropia (refraction), cataracts, glaucoma and retinal disorders, which increase with age and can become chronic.

In order to adapt these treatments to the needs of customers and patients, various workflows have been designed according to the clinical picture. These focus on the clinical workflows in hospitals and surgical centers and provide a means for the intervention of necessary equipment and consumables. Workflow solutions therefore offer a procedure that goes beyond the individual use of the devices. The workflows within Ophthalmology comprise a total of four steps. These individual steps range from a holistic process, from diagnosis (Assess & Educate), through planning (Plan) and performance (Treat) of the procedure itself, to follow-up care (Check).

For the diagnosis, treatment and monitoring of chronic eye diseases, the Carl Zeiss Meditec Group offers devices for general ophthalmological examination and care. In addition to slit lamps, refractometers and tonometers, the product portfolio also includes devices for optical coherence tomography (OCT) and fundus cameras, which are used in clinics and practices for the examination of the retina. The Company also offers devices for functional diagnostics (perimeters), as well as digital products for storage, evaluation and sharing of clinical data. The range of surgical ophthalmology products includes surgical microscopes, biometers and phacoemulsification and vitrectomy equipment. For microincision surgery, the Carl Zeiss Meditec Group also offers a range of intraocular lenses (IOLs) for cataract patients. The product portfolio in the area of refractive surgery primarily includes systems and consumables for laser eye surgery. These include, among other things, lenticular extraction with SMILE®, which enables minimally invasive correction of vision defects.

Microsurgery
The Carl Zeiss Meditec Group's strategic business unit Microsurgery offers products and solutions for minimally invasive surgical treatments. Customers include clinics and practices for neuro- and spinal surgery, ENT and reconstructive surgery, and dentistry. During surgical procedures, workflow solutions from ZEISS support intraoperative diagnostics and provide information that would otherwise not be visible to the human eye, such as with fluorescence modules.

For neurosurgery, the Carl Zeiss Meditec Group offers a workflow solution that supports surgical interventions beyond visualization: The ZEISS Tumor Workflow combines ZEISS technologies for visualization, tissue analysis and intraoperative radiotherapy. In addition to the use of robotic visualization systems and the intraoperative irradiation device, multidisciplinary treatment of brain tumors is also facilitated by the possibility to consult with healthcare professionals via remote access to in vivo images to support the surgeon directly in the operating room. As a result, a digital biopsy and thus a direct interaction between neurosurgery and neuropathology can take place. The cloud-based workstation enables Pathology to view live, real-time images captured at cellular resolution during surgery.

[1] Carl Zeiss AG and all subsidiaries

Group strategy

The Carl Zeiss Meditec Group is an international medical technology group operating in the field of ophthalmology and microsurgery. The Group's objective is to shape and influence the health care system with new technologies such as to promote medical progress and support the digital transformation. Accordingly, the Carl Zeiss Meditec Group aims to make cutting-edge technology in medical applications accessible to doctors and patients. ZEISS workflows improve clinical performance and the patient experience throughout the entire treatment process. A key prerequisite for the long-term success of the Group is therefore a deep understanding of the challenges facing its customers and a service offering that is tailored to overcoming these challenges.

In order to make its customers' workflows more efficient while helping to raise quality levels, the Carl Zeiss Meditec Group offers integrated solutions. The ZEISS Medical Ecosystem plays an important role in this. The digital ecosystem is an integrated cloud environment of devices and applications connected by data. It comprises the entire portfolio of devices, software applications, IT systems, consumables and services of the Carl Zeiss Meditec Group. In addition to working closely with customers and digital networking, continuous investment in research and development (R&D) is the key to securing the Company's technology base.

Corporate governance

The central governing body within the Carl Zeiss Meditec Group is the Management Board, consisting of the President and CEO and the CFO. The Management Board is supported by an extended management committee (M1). In addition to the two members of the Management Board, this committee also includes the heads of the Ophthalmology and Microsurgery strategic business units, as well as the heads of the Operations, Human Resources and Digital functions. The management levels below M1 perform their management responsibilities in accordance with the organizational structure across regions and company locations. Cross-organizational functions, such as Finance or Communications, for example, are managed centrally. The strategies and projects are implemented locally at the country organizations, taking the respective prevailing laws, rules of procedure and bylaws, and the applicable corporate values and principles into account.

As a company of the ZEISS Group, the Carl Zeiss Meditec Group is also subject to the global "Code of Conduct of the ZEISS Group". This stipulates the general rules of good and fair conduct in competition and when dealing with all employees and customers. The Code of Conduct sets out the fundamental ethical principles of good conduct and values which govern the actions of both management and employees in their day-to-day work at the Company.

Corporate management

The consistent implementation of the Group strategy aims to ensure a long-term increase in value. A comprehensive system of key performance indicators serves as a tool for the financial management of the Carl Zeiss Meditec Group. The greatest importance is attached to Economic Value Added® (EVA®)[2], Free Cash Flow (FCF)[3], EBIT and EBIT margin, and revenue growth. Following the first full-year consolidation of DORC, earnings before interest, taxes, depreciation and amortization (EBITA)[4] and the EBITA margin are expected to become increasingly important in future fiscal years. These control ratios define the balance between growth, profitability and financial power, upon which sustainable growth of the Company is built. These key financial performance indicators are therefore defined as the most significant control variables. These are supplemented by strategic measures and projects in the areas of customer excellence, people/performance culture and operational excellence.

[2] Calculation: EVA® = operating result (EBIT) after taxes (Group tax rate 29.87%) plus write-downs on intangible assets arising from purchase price allocations in the amount of €54.4m less cost of capital in the amount of €182.4m for fiscal year 2023/24. (Calculation of cost of capital: average capital employed, adjusted for write-downs on intangible assets arising from purchase price allocations ("gross" asset basis) (2023/24: €2,390.1m), multiplied by the cost of capital rate (2023/24: 9.6%)).

[3] Calculation: Free cash flow (FCF) = EBIT ± changes in trade receivables ± changes in inventories including advance payments ± changes in provisions (excluding provisions for pensions and provisions for taxes) ± changes in current accrued liabilities ± changes in trade payables ± changes in advance payments received ± changes in leasing liabilities ± changes in other assets and liabilities - increase in investment in property, plant and equipment (incl. additions to rights of use) and intangible assets + write-downs on intangible assets and property, plant and equipment - acquisition of investments.

[4] Calculation: EBITA = EBIT + amortization of intangible assets from purchase price allocation

BUSINESS REPORT

Underlying conditions for business development

Macroeconomic conditions[5 6]

According to the International Monetary Fund (IMF) forecast from the World Economic Outlook Report of October 2024, global economic growth will slow slightly from 3.3% in calendar year 2023 to approximately 3.2% in calendar year 2024, thus to below the average growth of 3.8% in the first two decades of this century. The IMF is also assuming that industrialized countries will grow by 1.8% year-on-year in the 2024 calendar year, while economic growth in emerging and developing countries is estimated at around 4.2% in this period. The Chinese economy grew by 5.2% in calendar year 2023. The IMF forecasts that the Chinese economy will grow by roughly 4.8% in calendar year 2024. Global inflation was 6.7% in calendar year 2023. A moderate reduction to approximately 5.8% is forecast for calendar year 2024. Against the backdrop of declining inflation, the US Federal Reserve and the European Central Bank lowered their key interest rates over the course of the fiscal year.

Situation in the medical technology industry[5 6]

The development of the market for medical devices and accessories is based on fundamentally stable growth drivers. These are medical progress and megatrends, such as the demographic trend towards increasing life expectancy and population growth. Rising per capita income is increasing the demand for basic medical care in rapidly developing economies. Increasing healthcare expenditure and patient numbers are raising the importance of solutions designed to increase the efficiency of diagnostics and therapy, to improve the effectiveness of therapies for patients and to reduce costs for the healthcare system. In order to optimize such treatments, various workflows have been designed for clinical processes in hospitals and surgical centers. The approach behind such workflow solutions goes beyond the use of individual devices. It achieves this by creating links between devices, consumables and patient data. By contrast, tighter regulations and different regional regulatory requirements pose a growing challenge with regard to product development and approval.

a) Market for ophthalmic products

The market for ophthalmic products in the broader sense includes devices and systems for the diagnosis, treatment and post-treatment of eye diseases, implants for ophthalmic surgery and ophthalmic pharmaceuticals, contact lenses, contact lens care products, consumables – with the exception of glasses and glasses frames. According to Company estimates, the market had a global volume of around US$49.4b or around €46.3b[7] in revenue in 2023. The Group's product range includes devices and systems, implants, consumables and instruments for ophthalmology and ophthalmic surgery. According to the Company's estimates, these sub-markets had a volume of around US$14.7b or around €13.7b[7]) in 2023. On this basis, the Company estimates its market share by revenue in 2023 at approx. 11.5% (prior year: approx. 11%) and considers itself the second-largest supplier worldwide in this market behind ophthalmic surgery business Alcon.

The market for devices and systems, implants, consumables and instruments for ophthalmology recorded growth of around +7% in 2023 compared with the prior year, on a euro basis, and +5% in US dollars. In future, aside from annual fluctuations and subject to any global geopolitical and economic distortions, the Carl Zeiss Meditec Group expects the market for ophthalmic products to grow annually by a percentage at least in the low to mid-single-digit range, due to the intact demographic and other growth drivers.

Overall, based on the current information at hand, the Company expects to have increased its market share in the product segments it addresses in 2023, compared with the prior year.

b) Market for microsurgery products

Aside from ophthalmology the Company also operates in the microsurgery market. Surgical microscopes are a major subsection of this market.

The applications are mainly in neuro- and spinal surgery, as well as in other areas, such as ENT, plastic and reconstructive surgery, and dental surgery.

[5] WEO October 2024, p.10, Table 1.1 (Document: 241023_IMF World Economic Outlook_October24); FT, (October 2024) (241023_FT_Inflation and interest rates tracker), "[…] global inflation eases from the multi-decade highs reached in many countries over the past two years.", Additionally: Graph "Stick or twist: policy rate decisions since the pandemic"

[6] FT, (October 2024) (241023_FT_Inflation and interest rates tracker), "[…] global inflation eases from the multi-decade highs reached in many countries over the past two years.", Additionally: Graph "Stick or twist: policy rate decisions since the pandemic"

[7] At average rate for fiscal year 2022/23 (€1 = US$1.0676)

According to the Company's estimates, this product segment had a total volume of around US$0.8b (around €0.7b)[8].

With an estimated market share of over 50%, the Carl Zeiss Meditec Group is the largest supplier in this field in terms of revenue. The Carl Zeiss Meditec Group expects the market for microsurgical products to continue to grow in the medium term, irrespective of year-to-year fluctuations.

Significant events of the fiscal year and overall assertion on the financial position of Carl Zeiss Meditec Group at the end of the fiscal year

By way of an agreement of 2 February 2024, effective 3 April 2024, Carl Zeiss Meditec AG, Germany, acquired 100% of the shares in DORC. The purchase price including cash received amounted to €1,023.7m, and was paid on 3 April 2024, largely from existing cash and cash equivalents. Carl Zeiss Meditec AG took out a shareholder loan of €400m at an annual interest rate of 3.66% and with a term of 3 years from an affiliated company of the ZEISS Group to partially finance the acquisition (publication of related party transactions in accordance with Section 111c AktG dated 2 April 2024).

Furthermore, the Company bought back treasury shares for the first time in the 2023/24 financial year. Between 9 February 2024 and 9 August 2024, 1,904,491 shares were acquired for a total of €149,999,973.11 (excluding incidental acquisition costs), resulting in an average share purchase price of €78.7612. This corresponds to 2.1293% of the share capital of Carl Zeiss Meditec AG.

Fiscal year 2023/24 saw the market launch of the ZEISS MICOR 700, an innovative instrument for minimally invasive removal of the natural crystalline lens in cataract surgery. The ZEISS MICOR 700 was tested on selected pilot customers at the ASCRS Congress in Boston, MA, in April 2024. In October 2024, the MICOR 700 was presented to the general public at the AAO Congress in Chicago, IL. Carl Zeiss Meditec is expecting this product, which stemmed from the acquisition of Carl Zeiss Meditec Cataract Technologies Inc., Reno, NV, USA (formerly "IanTECH, Inc.", also "CZM CTI"), to provide a possible alternative to traditional phacoemulsification of the natural crystalline lens in cataract surgery and, in the long term, a strategically effective instrument for competitive differentiation of the range of solutions for cataract surgeons.

The intangible assets of CZM CTI were revalued in the fourth quarter of 2023/24 during the concrete planning for the coming fiscal years. In contrast to the original planning, the company management is now assuming more conservative revenue after the market launch. This is due, among other things, to the development and market tests and higher assumed distribution and marketing expenses for each installation. The revaluation resulted in a one-time write-down of the carrying amounts of intangible assets by €31.5m (remaining carrying amount: €11.5m), with a corresponding negative impact on earnings before interest and taxes (EBIT). At the same time, the revenue-based contingent purchase price liability to the previous owners of Carl Zeiss Meditec CTI was reduced by €32.4m, which led to income in the financial result for the 2023/24 fiscal year. The sum of the two offsetting value adjustments has a slightly positive but insignificant impact on the net result of Carl Zeiss Meditec AG.

The Carl Zeiss Meditec Group generated revenue of €2,066.1m in fiscal year 2023/24 (prior year: €2,089.3m), which corresponds to a decline of -1.1% (adjusted for exchange rate effects: 0%). Revenue was therefore slightly below the last forecast figure of around €2.1b for the 2023/24 fiscal year published on 17 June 2024 and below the forecast figure for revenue growth of at least in the mid-single-digit percentage range as published in the Annual Report 2022/23.

With revenue of €1,589.2m (prior year: €1,576.5m), the **Ophthalmology** SBU recorded slight growth of +0.8% (adjusted for exchange rate effects: +1.8%). This increase was partly due to the consolidation of DORC in the second half of the year in the amount of €99.9m. On the other hand, weaker sales of consumables, particularly in connection with the reduction in inventories of refractive consumables in the Chinese distribution channel and volume-based procurement of intraocular lenses in China, and a decline in demand in the equipment business had a dampening effect. This was due to factors including high interest rates and increased financing costs as well as health policy uncertainties in some core markets such as North America, Germany and Japan.

The **Microsurgery** SBU generated revenue of €477.0m (prior year: €512.8m), thus recording a decrease of -7.0% (adjusted for currency effects: -5.6%) compared with the prior year. The downward trend in surgical microscopes, particularly in the neurosurgery business, was also due to a reluctance to invest in some core markets.

[8] At average rate for fiscal year 2022/23 (€1 = US$1.0676)

Earnings before interest and taxes (**EBIT**) declined to €194.5m in the reporting period (prior year: €348.1m). Relative to revenue, the Carl Zeiss Meditec Group achieved an EBIT margin of 9.4% (prior year: 16.7%). The reported EBIT was therefore significantly below the original forecast in the 2022/23 Annual Report, which had envisaged a roughly comparable level to the previous year's EBIT. In addition to the weaker operating performance, EBIT development was additionally impacted by significant amortization costs in connection with the purchase price allocation of DORC, initial integration costs of the acquisition and revaluation of the intangible assets of CZM CTI (formerly IanTECH, Inc.).

Revenue and earnings were also impacted by negative currency effects, particularly as a result of exchange rate fluctuations between the euro and the US dollar and Asian currencies.
The impact of negative currency effects on EBIT in fiscal year 2023/24 are at a low double-digit million amount.

The EBIT margin in the **Ophthalmology** strategic business unit declined year-on-year. In addition to the effects of the amortization of the purchase price allocation and integration costs in connection with the DORC acquisition and revaluation of the intangible assets of Carl Zeiss Meditec CTI, the decline was mainly due to the reduction in inventories of refractive consumables in the distribution channel and the volume-based procurement of intraocular lenses in China as well as weaker demand in the equipment business due to the subdued investment climate in some core markets. Research and development costs, by contrast, were slightly below the previous year's level due to strict cost management. Renewed growth is expected in fiscal year 2024/25, at least to the same extent as the underlying market. However, the restrictive investment climate in the equipment business and in elective procedures, which is dependent on the general consumer climate, is likely to have a slowing effect.

The EBIT margin of the **Microsurgery** strategic business unit decreased year-on-year. Despite normalization of supply chains and delivery times, the subdued investment climate in some core markets had a significant negative impact, as did high interest rates, increased financing costs as well as health policy uncertainties. The gross profit margin was slightly below the previous year's level, while operating costs remained largely stable. The Company expects the Microsurgery strategic business unit to continue to make significant contributions to earnings in future, too, and is optimistic that it will grow at a faster rate than the underlying market in the coming fiscal year.

At €247.3m (prior year: €250.9m), cash flows from operating activities in fiscal year 2023/24 were slightly down on those in the prior year. The lower cash inflow was mainly the result of the lower operating result.

Free cash flow decreased to €121.5m in fiscal year 2023/24 (prior year: €186.8m), due, among other factors, to the lower operating result. EVA® decreased from €134.0m in the prior year to €8.4m. The sharp decline in EVA® is due to the lower operating result and higher capital costs in connection with the DORC acquisition.

In order to maintain its innovative strength and ensure future growth, the Company continuously invests in research and development. In fiscal year 2023/24 R&D spending amounted to 16.6% of revenue (prior year: 16.7%).

Comparison of actual business development with forecast development in the fiscal year 2023/24[9]

	Results 2023/24	Forecast 2023/24
Revenue of Carl Zeiss Meditec Group	€2,066.1m	At least in line with market growth (in mid-single-digit percentage range; prior year: €2,089.3m)
Revenue growth of Ophthalmology SBU	+0.8%	At least in line with market growth (in mid-single-digit percentage range; prior year: €1,576.5m)
Revenue growth of Microsurgery SBU	-7.0%	At least in line with market growth (in mid-single-digit percentage range; prior year: €512.8m)
EBIT margin	9.4%	Down compared to prior year figure of 16.7%
Cash flow from operating activities	€247.3m	At least low three-digit million amount
Research and development expenses (see prior year)	-1.8%	Increase by at least a low double-digit percentage amount
Free cash flow (FCF)	€121.5m	At least low three-digit million amount
Economic Value Added® (EVA®)	€8.4m	Slightly below to approximately at level of fiscal year 2022/23 (€134.0m)

[9] More specific forecast in 2023/24 half-year report: revenue approx. €2.1b to 2.15b, EBIT and EBIT margin: significant recovery compared to the first half-year 2023/24

Results of operations

Presentation of results of operations

Summary of key ratios in the consolidated income statement
figures in €m, unless otherwise stated

	2023/24	2022/23	Change
Revenue	2,066.1	2,089.3	-1.1%
Gross margin	52.7%	57.7%	-5.0% pts
EBIT	194.5	348.1	-44.1%
EBIT margin	9.4%	16.7%	-7.3% pts
EBITA	248.9	358.6	-30.6%
EBITA margin	12.0%	17.2%	-5.1% pts
Earnings before income taxes	240.9	412.6	-41.6%
Tax rate	25.2%	29.2%	-4.0% pts
Consolidated profit after non-controlling interests	178.7	290.4	-38.5%
Earnings per share after non-controlling interests	€2.01	€3.25	-38.5%

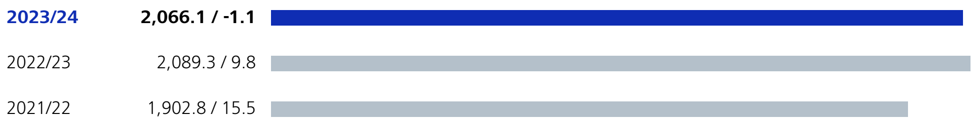
Revenue

In fiscal year , the Carl Zeiss Meditec Group generated revenue of €2,066.1m (prior year: €2,089.3m), which corresponds to a decline of -1.1% compared to the previous year. The first-time consolidation of DORC on 3 April 2024 contributed €99.9m to revenue development, particularly in the second half of the 2023/24 fiscal year. Adjusted for currency and acquisition effects, revenue in the 2023/24 fiscal year fell by -4.8%.

Both strategic business units were negatively affected by the unexpectedly restrictive investment climate, particularly in the core markets of China, North America, Germany and Japan, and the resulting decline in revenue in the equipment business, as well as by the reduction in inventories of refractive consumables in the Chinese distribution channel in the Ophthalmology SBU.

Orders received increased primarily due to the first-time consolildation of DORC in fiscal year 2023/24 from €1,882.6m to €1,934.8m (+2.8%; adjusted for currency effects: +3.8%).

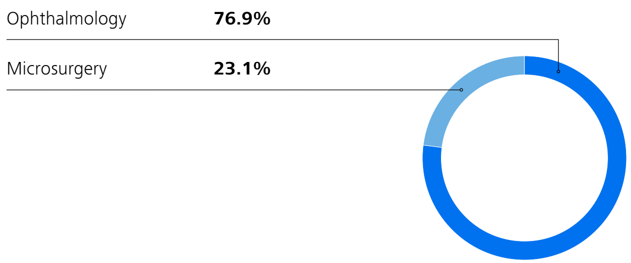
Revenue of Carl Zeiss Meditec Group in €m/growth in %



a) Revenue by strategic business unit

The **Ophthalmology** strategic business unit accounted for just over three quarters (76.9%) of the Carl Zeiss Meditec Group's total revenue in the fiscal year under review (prior year: 75.5%). The strategic business unit **Microsurgery** generated 23.1% (prior year: 24.5%) of total revenue.

Share of strategic business units in revenue of the Carl Zeiss Meditec Group in the fiscal year 2023/24



Revenue of the **Ophthalmology** SBU was up by +0.8% (adjusted for currency effects: +1.8%) compared with the prior year to €1,589.2m (prior year: €1,576.5m). The increase was mainly due to the first-time consolidation of DORC as of 3 April 2024 which yielded a contribution of €99.9m. Reluctance to invest, particularly in North America, combined with high interest rates and health policy uncertainties led to a decline in the equipment business, such as surgical microscopes. The reduction in inventories of refractive consumables in the Chinese distribution channel had a negative impact on revenue performance in the mid double-digit million euro range.

Orders received increased by +7.0% from €1,401.2m to €1,499.6m (adjusted for currency effects: +8.0%).

Revenue in the SBU **Microsurgery** amounted to €477.0m for fiscal year 2023/24, a decrease of -7.0% compared with the prior year (prior year: €512.8m). After adjustment for currency effects, this revenue decrease amounted to -5.6%. An increasing reluctance to invest, particularly in the North American market, partly due to high interest rates and higher financing costs, contributed significantly to the decline in growth.

Orders received in Microsurgery declined by -9.2% (adjusted for currency effects: -8.2%) from €481.4m to €435.2m.

Revenue by strategic business unit

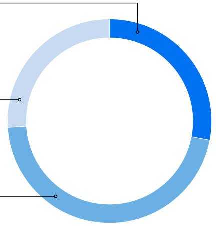
	2023/24	2022/23	Change in %	
	€m	€m		Adjusted for currency effects
Ophthalmology	1,589.2	1,576.5	+0.8	+1.8
Microsurgery	477.0	512.8	-7.0	-5.6
Carl Zeiss Meditec Group	**2,066.1**	**2,089.3**	**-1.1**	**0.0**

b) Revenue by region

In fiscal year 2023/24, 45.9% (prior year: 47.9%) of total revenue was generated in the **APAC** region. The **EMEA** region accounted for 28.3% (prior year: 24.8%) of total revenue, while the **Americas** region accounted for 25.8% (prior year: 27.3%) of total revenue. In total, more than half of revenue was generated with the ZEISS Group's global sales network.

Share of the regions in revenue of the Carl Zeiss Meditec Group in the fiscal year 2023/24

EMEA	**28.3%**
Americas	**25.8%**
APAC	**45.9%**



Revenue in the **EMEA** region increased by +12.9%, from €517.3m to €584.3m. After adjustment for currency effects, this increase amounted to +14.3%. The core markets of France, Italy and Spain in particular contributed to revenue growth.

Revenue in the **Americas** region increased by -6.6% from €570.7m to €532.9m, due in particular to an accelerated reduction of the existing order backlog. Revenue declined in both the USA and Latin America. The persistently high interest rates are having a negative impact on financing and leasing conditions in the equipment business.

The **APAC** region recorded a year-on-year decline in revenue of -5.2% (adjusted for exchange rate effects: -4.3%) to €949.0m (prior year: €1,001.2m). Posting strong growth rates, the markets of South East Asia and Australia made a positive contribution to revenue development. The Chinese market, however, declined as expected due to the normalization of refractive consumables inventories and a subdued peak season for refractive laser surgery in the summer months of 2024 compared to the previous year. The markets of Japan and South Korea also exhibited a weaker trend.

Revenue of the Carl Zeiss Meditec Group by region

	2023/24	2022/23	Change in %	
	€m	€m		Adjusted for currency effects
EMEA	**584.3**	517.3	+12.9	+14.3
Americas	532.9	570.7	-6.6	-5.4
APAC	949.0	1,001.2	-5.2	-4.3
Carl Zeiss Meditec Group	**2,066.1**	**2,089.3**	**-1.1**	**0.0**

Gross profit

Gross profit in fiscal year 2023/24 amounted to €1.088.6m (prior year: €1,205.8m). The gross margin reached 52.7% in the reporting period (prior year: 57.7%). The reduction in inventories of refractive consumables in the Chinese distribution channel, combined with a subdued peak season for refractive treatments in China in the summer months of 2024 compared to the previous year and effects from the introduction of volume-based procurement of intraocular lenses in China led to a lower proportion.

Functional costs

Functional costs amounted to €912.3m in the reporting year (prior year: €853.3m), corresponding to an increase of 6.9%. The increase was mainly due to the acquisition of DORC. Excluding the acquisition of DORC and adjusted for integration costs of €15.9m, functional costs would have decreased slightly by around 1%. Strict cost controls resulted in a slight decrease of operating costs in Research & Development. The share of functional costs in revenue increased from 40.8% in the prior-year period to 44.2% in fiscal year 2023/24.

» **Selling and marketing expenses:** Selling and marketing expenses increased from €420.3m in the prior year to €458.2m. The share expenses in relation to the Carl Zeiss Meditec Group's total revenue was 22.2% and has also increased due to the DORC acquisition compared with the prior year (prior year: 20.1%).

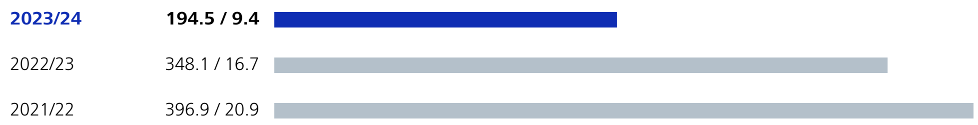
» **General administrative expenses:** Expenses in this area amounted to €111.0m (prior year: €83.9m). Relative to revenue, the share of general administrative expenses increased to 5.4% (prior year: 4.1%). The increase was mainly due to one-time costs in connection with the integration of DORC.

» **Research and development expenses:** The Carl Zeiss Meditec Group continuously invests in Research & Development (R&D) to further develop its product portfolio and ensure further growth. R&D expenses fell slightly to €343.1m in the reporting period (previous year: €349.3m) as a result of strict cost control measures. The R&D ratio remained more or less unchanged at 16.6% (prior year: 16.7%).

Development of earnings

The Carl Zeiss Meditec Group generated earnings before interest and tax of €194.5m (prior year: €348.1m), thus recording a decline of -44.1% year-on-year. This corresponds to an EBIT margin of 9.4% (prior year: 16.7%). The decline is mainly due to the weak revenue performance and a significantly less favorable product mix compared to the previous year, primarily as a result of the stock reduction of refractive consumables in the Chinese distribution channel and the subdued peak season for refractive treatments in China in the summer months. High investments in sales and marketing and research and development are also having a negative impact.

EBIT in €m/EBIT margin in %



Adjusted for amortization from purchase price allocations from past acquisitions of€10.0m, amortization from the purchase price allocation from the acquisition of DORC of €13.0m and the impairment from revaluation of the intangible assets of Carl Zeiss Meditec CTI of €31.5m, EBITA amounted to €248.9m (prior year: €358.6m). This corresponds to an EBITA margin of 12.0% (prior year: 17.2%).

Other operating income also includes a one-off settlement payment of €18.0m from the favorable settlement of a legal dispute in the US with the competitor Topcon Ltd.

Overview of effects of purchase price allocations and other operating result included in EBIT[10]

	2023/24	2022/23	Change
	€m	€m	in %
EBIT	194.5	348.1	-44.1
Effects of purchase price allocations	-54.4	-10.5	+417.2
EBITA	**248.9**	**358.6**	**-30.6**
Other operating result	+18.0	-4.0	-550.0
Total effects	**-36.3**	**-14.8**	**+145.3**

The EBIT margin in the **Ophthalmology** strategic business unit decreased significantly and, at 6.3% (prior year: 13.9%), was well below the EBIT margin for the Group as a whole. The main reasons for the decline were the weak revenue performance and the significantly less favorable

[10] Write-downs on intangible assets arose from the purchase price allocations (PPA), mainly in connection with the acquisitions of Aaren Scientific, Inc., Carl Zeiss Meditec Cataract Technology, Inc. and Katalyst Surgical LLC and Kogent Surgical LLC. In addition, the negative special effects in fiscal year 2022/23 were mainly due to the deconsolidation of Photono Oy and Ophthalmic Laser Engines LLC.

product mix compared with the previous year, including a lower proportion of refractive consumables. Negative currency effects due to exchange rate fluctuations, in particular of the euro against the US dollar and the Asian currencies, also curbed profitability.

The EBIT margin of the **Microsurgery** strategic business unit declined from 25.3% in the previous year to 19.7%. Nevertheless, this was well above the EBIT margin for the Group as a whole. The decline was mainly due to weak neurosurgery business, due in part to an increasing reluctance to invest, particularly in the North American market, as a result of high interest rates and higher financing costs. In addition, negative currency effects due to exchange rate fluctuations, particularly of the euro against the US dollar and the Asian currencies, had a curbing effect.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €327.2m for the fiscal year under review (prior year: €422.2m). The EBITDA margin amounted to 15.8% (prior year: 20.2%).

The financial result decreased to €46.4m in fiscal year 2023/24 (prior year: €64.4m). This was due in particular to increased interest expenses from borrowing in connection with the DORC acquisition and a lower hedging result. It was offset, however, by increased financial income from the revaluation of contingent purchase price liabilities, particularly for Carl Zeiss Meditec CTI and Preceyes B.V.

Net interest income and interest expenses amounted to €-7.0m in the reporting period (prior year: €12.9m). The decrease was mainly due to higher interest expenses, in particular as a result of the loan taken out for the DORC acquisition and the annual compounding of liabilities from contingent purchase price obligations.

The tax rate for the reporting period was 25.2% (prior year: 29.2%). The current fiscal year was mainly influenced by the revaluation of the contingent purchase price obligation from the acquisition of Carl Zeiss Meditec CTI and Preceyes B.V, which resulted in tax-free income. As a general rule, an average annual tax rate of around 30% is assumed.

Consolidated profit attributable to the shareholders of the parent company amounted to €178.7m for fiscal year 2023/24 (prior year: €290.4m). Non-controlling interests accounted for €1.4m (prior year: €1.6m). In fiscal year 2023/24, basic earnings per share of the parent company amount to €2.01 (prior year: €3.25).

Financial position

Objectives and principles of financial management

A key objective of the financial management of the Carl Zeiss Meditec Group is to safeguard liquidity and increase this efficiently throughout the Group.

For the Carl Zeiss Meditec Group, operative business is the main source of liquidity for the individual business units, which is also reflected in its strategic orientation and financial activities. In fiscal year 2023/24, a one-off loan of €400m was also taken out from the ZEISS Group in connection with the DORC acquisition for partial financing of the transaction. Carl Zeiss Meditec AG operates a global financial management system that covers all of its subsidiaries and is centrally organized at Group level. For this purpose, services are obtained from the Group Treasury of Carl Zeiss AG. The Company also strives to continuously improve its financial power and reduce financial risks by keeping a constant check on the solvency of its debtors, which also involves the use of financial instruments.

The Company deposits any liquidity it does not require at normal market conditions with the treasury of Carl Zeiss AG. When investing surplus liquidity, short-term availability generally takes priority over the goal of maximizing earnings, so that funds can be accessed quickly if, for example, acquisition opportunities arise. The Carl Zeiss Meditec Group has production plants in the USA, Europe and China. This allows the Group to mitigate the effect of exchange rate fluctuations. The remaining currency risk is hedged by futures trading. Details on this can be found in the notes to the consolidated financial statements under “2 Accounting and valuation principles” and “25 Financial instruments and risk management”, and in the annual financial statements of Carl Zeiss Meditec AG under “Information and explanatory notes on accounting and valuation principles and notes to individual items in the balance sheet”, Section “12 Provision” and “7 Receivables and other assets”.

Financial management

The ratio of borrowed capital to equity amounts to 65.0% as of 30 September 2024 (prior year: 39.6%).

The dynamic debt ratio[11] of the Carl Zeiss Meditec Group was 4.9 in the reporting period (previous year: -0.1).

Furthermore, the Company has the option to assume loans, either from the treasury of Carl Zeiss AG or from banks.

For further information on the financial liabilities of the Carl Zeiss Meditec Group please refer to note "22 Financial liabilities", "23 Current accrued liabilities" and "24 Other non-financial liabilities" in the accompanying notes to the consolidated financial statements and in the annual financial statements of Carl Zeiss Meditec AG under “7 Receivables and other assets” and “13 Liabilities”.

As the Company possesses sufficient cash funds to finance its operating and strategic objectives, changes in credit conditions do not currently have any material effect on its financial position. The fixed interest rate of the loan from the ZEISS Group means that there are no changes to the conditions.

Separate reporting on financial instruments

The Carl Zeiss Meditec Group is exposed to currency fluctuation risks, due to its international business activities in numerous different currencies. Significant currency risks are hedged against with hedging transactions, based on a rolling business plan.

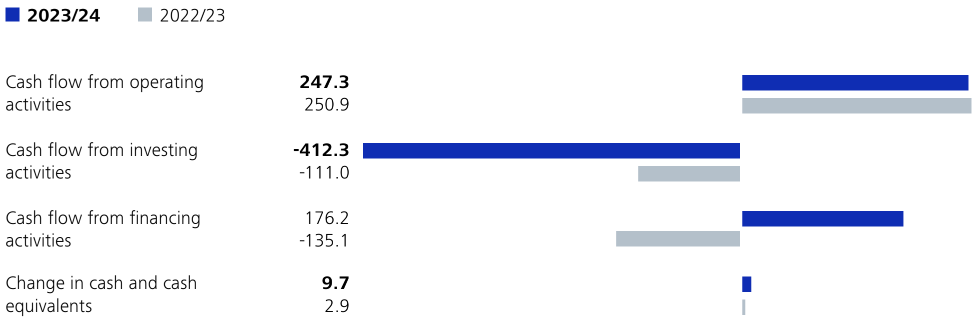
Hedges are mainly transacted centrally by Carl Zeiss Financial Services GmbH. The services provided by Carl Zeiss Financial Services GmbH to Carl Zeiss Meditec AG and its subsidiaries are regulated by corresponding general agreements. The hedges are processed by Carl Zeiss Financial Services GmbH with external business banks. Hedges are entered into solely via banks with high credit ratings given by leading agencies. The business transactions are executed with strict separation of functions between the front office (trade), middle office (financial risk management, controlling) and back office (processing, documentation).

Value-at-risk analyses, together with scenario, sensitivity and stress test analyses, are implemented in risk control and monitoring, to quantify the currency risks. Hedging rates are specified for operative control of all relevant currencies. Risk limitations were set in the form of limits with respect to counterparties and types of business. Derivative financial instruments are exclusively used for hedging purposes.

Statement of cash flows

The Carl Zeiss Meditec Group's statement of cash flows shows the origins and utilization of the cash flows during a fiscal year. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

Summary of key ratios in the statement of cash flows in €m



Cash flows from operating activities amounted to €247.3m in the fiscal year under review (prior year: €250.9m). The slight decline is due in particular to a reduced consolidated operating result and higher income tax payments.

Cash flow from investing activities amounted to €-412.3 m in fiscal year 2023/24 (prior year: €-111.0m), mainly due to the DORC acquisition and higher investments in property, plant and equipment and intangible assets, including the expansion of production capacities for intraocular lenses and refractive consumables. This was offset by the reduction in the amount receivable from the Group treasury as a result of the partial financing of the DORC acquisition from available liquidity in the cash pool.

[11] Calculation: borrowings excluding non-controlling interests, less cash and cash equivalents and less treasury receivables/cash flows from operating activities.

Cash flows from financing activities amounted to €176.2m in the fiscal year under review (prior year: €-135.1m). The higher cash inflow in the 2023/24 fiscal year resulted in particular from the loan from the ZEISS Group as part of the acquisition of DORC and the change in liabilities from Group financing. The dividend payment and the payments for the purchase of treasury shares had the opposite effect.

Free cash flow fell to €121.5m in fiscal year 2023/24 (prior year: €186.8m). The decline is mainly due to a lower operating result compared to the previous year and high investments in property, plant and equipment and intangible assets. This was offset by the development of net working capital. **Net liquidity**[12] also declined, to €72.9m (prior year: €863.9m). Due to loan from ZEISS Group **net financial debt**[12] amounted to € 327.4 million for the first time.

Investment and depreciation policy

Continuous investments are required to further consolidate the Company's market position in the medical technology sector. A distinction is made between two types of investment: capacity expansions and replacement investments. These investments are primarily financed from cash flows from operating activities.

The production of devices and systems at the Company is generally restricted to the integration of individual components to create system solutions. Investments in property, plant and equipment at Carl Zeiss Meditec Group level are thus comparatively low. One exception is the production of intraocular lenses and surgical consumables, which generally demands higher investments due to a larger vertical range of manufacture.

Nevertheless, the required investment of capital in real assets is limited within the Company, which is evident from the development of the capex ratio – the ratio of total investments[13] in intangible assets and property, plant and equipment (cash) to consolidated revenue. In fiscal year 2023/24, it amounted to 7.4% (prior year: 5.4%), partly due to capacity expansions for the production of consumables.

At Carl Zeiss Meditec AG and its subsidiaries intangible assets and property, plant and equipment are subject to scheduled, straight-line amortization and depreciation, respectively, over their estimated useful lives. Further details on this can be found in note "2 Accounting and valuation principles" Section "Other intangible assets" and "Property, plant and equipment" in the accompanying notes to the consolidated financial statements and in note "4 Fixed assets" in the annual financial statements of Carl Zeiss Meditec AG.

Key ratios relating to financial position

		30 Sep 2024	30 Sep 2023	Change
Key ratio	Definition	€m	€m	in %
Cash and cash equivalents	Cash-in-hand and bank balances	20.3	10.6	+91.5
Net cash and cash equivalents	Cash-in-hand and bank balances + treasury receivables from the treasury of Carl Zeiss AG ./. treasury payables to Group treasury of Carl Zeiss AG	72.9	863.9	-91.6
Net financial debt	Cash-in-hand and bank balances + treasury receivables from the treasury of Carl Zeiss AG ./. treasury payables to Group treasury of Carl Zeiss AG ./. Bank liabilities including loans	-327.4	863.8	<-100
Net working capital	Current assets including financial investments ./. cash and cash equivalents ./. treasury receivables from treasury of Carl Zeiss AG ./. current liabilities excl. treasury payables to Group treasury of Carl Zeiss AG	570.7	486.2	+17.4
Working capital	Current assets ./. current liabilities	643.6	1,350.1	-52.3

Key ratio	Definition	2023/24	2022/23	Change
Cash flow per share	Cash flows from operating activities ――― Weighted average number of shares outstanding	€2.78	€2.80	-0.8%
Capex ratio[12]	Investment (cash) in property, plant and equipment ――― Revenue of Carl Zeiss Meditec Group	7.4%	5.4%	+2.0 % pts

[12] As defined in the following table "Key ratios relating to financial position".
[13] In fiscal year 2023/24, investments in property, plant and equipment (cash) totaled €152.2m, compared with €113.9m in the prior year.

Net assets

Presentation of net assets
Total assets increased to €3,393.2m as of 30 September 2023 (30 September 2022: €3,032.9m).

Non-current assets increased from €1,121.2m as of 30 September 2023 to €2,180.7m as of 30 September 2024. The main reason for the increase was the intangible assets purchased as part of the acquisition of DORC.

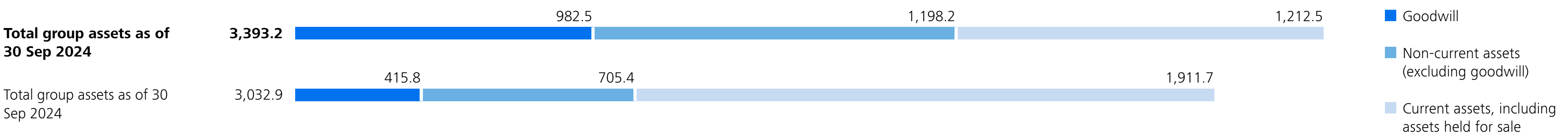
Current assets amounted to €1,212.5m (30 September 2023: €1,911.7m). Lower treasury receivables following the DORC acquisition had a reducing effect.

The **equity** recognized in the Carl Zeiss Meditec Group's statement of financial position amounted to €2,056.5m as of 30 September 2024 (30 September 2023: €2,172.9m). The equity ratio amounted to 60.6% (30 September 2023: 71.6%) and thus fell significantly due to the loan from the ZEISS Group, the reduction in equity as part of the share buyback and the increase in total assets as part of the partially debt-financed acquisition of DORC.

Non-current liabilities increased as of 30 September 2024 to €767.9m (30 September 2023: €298.4m), in particular due to the loan taken out as part of the DORC acquisition and the increase in deferred taxes, which is mainly attributable to the purchase price allocation for DORC.

As of 30 September 2023 , **current liabilities** increased to €568.8m (30 September 2022: €561.6m). This was mainly due to the increase in treasury payables and the increase in debt as a result of the acquisition of DORC in the fiscal year under review.

Structure of statement of financial position - Assets in €m



Structure of statement of financial position - Equity and liabilities in €m

Key ratios relating to net assets

		30 Sep 2024	30 Sep 2023	Change
Key ratio	Definition	in %	in %	% pts
Equity ratio	Equity (including non-controlling interests)	60.6	71.6	-11.0
	Total assets			
Inventories in % of rolling 12-month revenue	Inventories (net)	26.0	24.9	+1.1
	Rolling revenue			
Receivables in % of rolling 12-month revenue	Trade receivables at the end of the reporting period (including non-current receivables)	21.6	20.5	+1.1
	Rolling revenue			

Orders on hand

The Carl Zeiss Meditec Group’s orders on hand decreased by -30.8% as of 30 September 2024 to €282.9m (30 September 2022: €408.9m).

Events of particular significance

There were no other events of particular significance during fiscal year 2023/24.

NON-FINANCIAL PERFORMANCE INDICATORS

Sustainability

Traditionally, the Company attaches great importance to commitment to the common good and the environment. In the Management Board’s view, entrepreneurship encompasses both economic and, equally, sustainability targets. Social responsibility as well as innovation are at the core of the Company's sustainability strategy. Climate change and its effects are clearly visible worldwide. Extreme weather events are on the increase, in some cases with serious consequences.

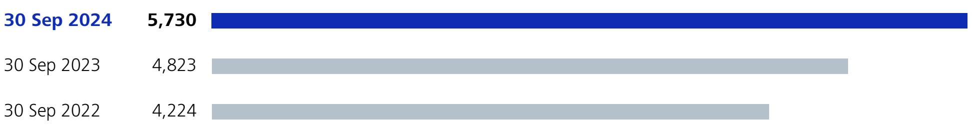
The key growth factors presented in the medical technology industry report are not materially impacted by climate change. The production sites are not located in places that are particularly vulnerable to the forces of nature. Nor is the Company dependent on the purchase of CO^2 certificates. Nevertheless, with its know-how and innovations, the Company aims to make an important contribution to tackling climate challenges so that the achievement of our economic goals and the associated sustained growth does not conflict with a responsible approach to the environment and society.

In a separate non-financial Group report, Carl Zeiss Meditec AG provides information in accordance with sections 315 b and c in conjunction with section 289b et seq. HGB and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation") on significant non-financial aspects for fiscal year 2023/24 of the Carl Zeiss Meditec Group. This report covers the necessary aspects for understanding the business development, results of operations and position of the Carl Zeiss Meditec Group as well as the impact of its business on the environment and society. This separate non-financial report is available in German and English at https://www.zeiss.com/meditec-ag/en/investor-relations/financial-publications.html#geschaeftsberichte.

Employees

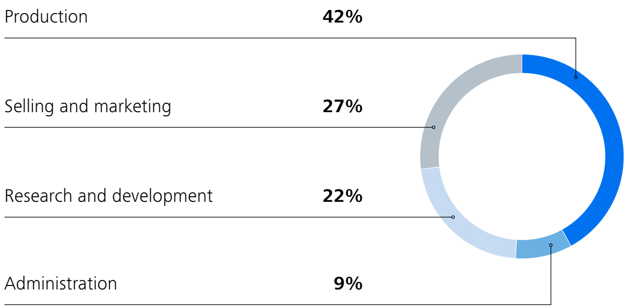
Highly qualified and motivated employees are a necessity for assuring the long-term success of a company. Responsible human resources development and attractive development opportunities play a vital role in this. As of 30 September 2024, the Carl Zeiss Meditec Group had 5,730 employees worldwide (prior year: 4,823). The increase in the number of employees is mainly due to the consolidation of 693 DORC employees.

Employees



At 42% and 27%, respectively, the majority of employees were working in Production or Sales and Marketing as of 30 September 2024. This includes a total of 666 Service employees, who are spread across various areas. The percentage of employees working in Research and Development was 22% at the end of the reporting period. The percentage of employees working in administration as of 30 September 2024 was 9%.

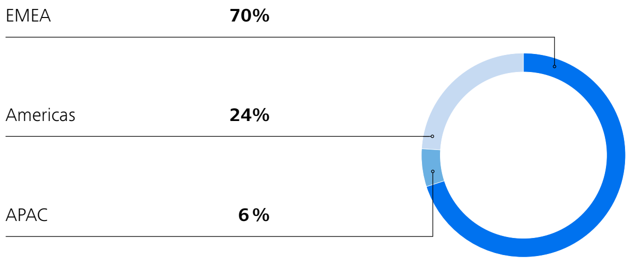
Employees by function 30 September 2024



A total of 70% and thus the majority of the Carl Zeiss Meditec Group's employees were working in the EMEA region as of 30 September 2024. A total of 24% of the Company’s employees of the Group were working in the Americas region and 6% in the APAC region.

In the APAC region, the Company mostly relies on the distribution network of the ZEISS Group.

Employees by region 30 September 2024



The success of the Carl Zeiss Meditec Group is based on the expertise and achievements of the Company’s employees. The core task of human resources management is therefore sustainable development and targeted support of potential. The focus is particularly on the further training and education of employees, as well as management development. There are also various courses to choose from as part of the internal ZEISS qualification program, as well as secondary training and qualification opportunities to take advantage of.

Compliance

As a company of the ZEISS Group, the Company’s management considers integrity and compliance to be of paramount importance for the global reputation of the Carl Zeiss Meditec Group. A basic requirement for growth and success is having the trust of external stakeholders in responsible, law-abiding and ethical conduct. As a company of the ZEISS Group, Carl Zeiss Meditec AG has joined the compliance management system of Carl Zeiss AG. The compliance management system ensures compliance with laws and regulations and adherence to internal policies by stipulating processes and guidelines. Both a centralized and a decentralized approach are taken to achieve this. Carl Zeiss AG develops guidelines and training documents, which are applied at the level of the subsidiaries (i.e., also at Carl Zeiss Meditec AG). ZEISS employees are encouraged to report any breach of the compliance requirement, or any grounds for suspicion of a breach. The notification management system for compliance incidents guarantees the anonymity of each informant and regulates the review, documentation and intervention in substantiated allegations. The ZEISS Code of Conduct containing the basic rules of good and fair conduct in competition and in dealing with employees and customers, which has applied globally since 2007 and was updated in October 2023, is also adhered to. The Code of Conduct includes regulations on data protection, product safety, environmental protection and anti-corruption. The Code of Conduct sets out the fundamental ethical principles of good conduct and values which govern the actions of both management and employees in their day-to-day work at the Company. Compliance was defined as an essential component of ZEISS Policy, which every business activity must conform to.

Production

Production sites

The Carl Zeiss Meditec Group manufactures its products in Jena, Oberkochen and Berlin in Germany, Dublin, Ontario and Chesterfield in the USA, Suzhou and Guangzhou in China, La Rochelle in France and Zuidland in the Netherlands. None of these production sites are at an increased risk from the forces of nature. The Company also has a number of smaller sites in Besançon, France, Livingston, Scotland, and Goodlands, Mauritius. Systems and devices for ophthalmology are manufactured in Jena, Dublin and Zuidland. The Company manufactures microsurgical visualization solutions and phacoemulsification systems in Suzhou and Oberkochen; intraocular lenses (IOL) are manufactured in La Rochelle, Berlin, Ontario and Guangzhou. In principle, Carl Zeiss Meditec AG is pursuing the strategy of increasing the proportion of locally manufactured products, particularly in the APAC region. Certain product groups are manufactured by partners, who either have more favorable cost structures or special production processes, or technologies that can realize economies of scale in purchasing.

Production concept

In production, the Carl Zeiss Meditec Group focuses on the integration of modules and system components, which are largely procured from external partners. In the case of intraocular lenses, however, there is a higher vertical range of manufacture. Production of these largely takes place in-house at the Company. Only a few specific production steps are undertaken by external companies. In order to reduce dependency on individual suppliers, the Company continuously strives to qualify additional suppliers for key components or product groups when selecting suppliers.

The main focus with regard to production processes is primarily on responding quickly to customer inquiries and requirements by using short decision paths and bringing innovations quickly and efficiently into production. Shorter throughput times and the reduction of inventories while simultaneously optimizing manufacturing costs and improving product quality and delivery performance play a major role in this.

Production planning

Production planning in Jena, Oberkochen and Dublin is based on the rolling forecast method. This is mostly done on a monthly or quarterly basis. This sales forecast is then translated into a demand forecast for production units, taking inventory changes into account. In order to keep stocks to a minimum, system integration is generally on a make-to-order basis.

In order to ensure uninterrupted supplies for customers in the refractive lasers segment, stocks of consumables are maintained to meet the planned sales volume for at least three months. This is particularly important as customers cannot use their equipment without consumables. They are therefore served from existing stocks in accordance with the first-in-first-out principle.

The rolling forecast method described above is also applied for the manufacture of intraocular lenses. As customers expect very short delivery times for implants, limited quantities of the finished products are stockpiled. For this purpose, replacement orders from customers are serviced from a central distribution center. Replenishment orders are then triggered directly to these production sites, so that other customers can be served as quickly as possible. The Carl Zeiss Meditec Group also operates consignment warehouses in clinics and hospitals, which – depending on consumption – are continuously restocked.

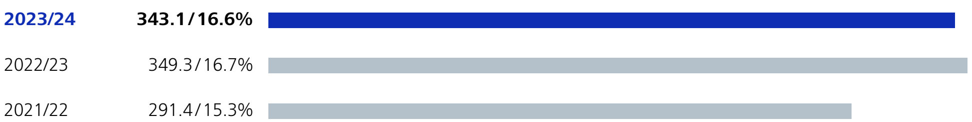
Research and development

Objectives and focus of research and development
Innovations are a key driver of future growth. Research and development has therefore traditionally played a crucial role within the Carl Zeiss Meditec Group.

The Company is committed to continuously expanding its product range and to improving products that are already on the market. In doing so, the Company strives to establish products as new gold standards in medical diagnostics and therapy. The focus is to make the customer's workflows more efficient by integrating solutions, and to improve clinical results. A key element of the Company's research and development work is close collaboration with its customers right from the early stages of product development.

In fiscal year 2023/24, research and development expenses amounted to €343.1m (prior year: €349.3m, -1.8%). The R&D ratio rose to 16.6%, roughly on a par with the same period of the previous year (16.7%). Primary development costs of €63.9m continued to be capitalized. Further information can be found in the accompanying notes to the consolidated financial statements.

R&D expenses in €m/Share of R&D in revenue of Carl Zeiss Meditec Group, in %



In the reporting period, 22% (prior year: 23%) of the entire workforce of the Carl Zeiss Meditec Group were working in research and development. To a limited extent, research and development services are procured from Carl Zeiss AG, Oberkochen and its subsidiaries. In fiscal year 2023/24 the expenses incurred for this amounted to 20.9% (prior year: 19.1%) of total research and development expenses.

Focus of research and development activities in the reporting period
Research and development at the Company mainly focused on:

» examining new technological concepts in terms of their clinical relevance and effectiveness;
» the continuous development of the existing product portfolio, also in the area of consumables and instruments;
» the development of new products and product platforms based on the available basic technologies and
» digital networking of systems and equipment to increase diagnostic and treatment efficiency and improve treatment outcomes for patients through optimized workflows.

Brands and patents

The Company invests in innovations and solutions and protects its innovations with patents. As in the prior year, the Carl Zeiss Meditec Group currently owns more than 900 patent families worldwide. An average of more than two patents a week were granted for the Carl Zeiss Meditec Group in fiscal year 2023/24. Although the protection for a patent varies from country to country, the Company still strives to protect products in the various markets as comprehensively as possible with patents. As a number of products have already been on the market for some time, patent protection does not always extend to the basic functionality of these products, but also to specific features and enhancements that protect beneficial solutions.

In addition, the Company has 197 (prior year: 194) registered brand families (as of 30 September 2024). These include, among others, product names, slogans, images, logos and other specific characteristics of the Company.

FINANCIAL STATEMENTS OF CARL ZEISS MEDITEC AG

Carl Zeiss Meditec AG is the parent company of the Carl Zeiss Meditec Group. Its results are influenced to a large extent by its subsidiaries. The development of business is generally subject to the same opportunities and risks as the Carl Zeiss Meditec Group. The outlook for the Carl Zeiss Meditec Group also largely mirrors the expectations for Carl Zeiss Meditec AG, due to the links between Carl Zeiss Meditec AG and its subsidiaries and due to the importance of Carl Zeiss Meditec AG within the Carl Zeiss Meditec Group. Therefore, the foregoing statements and the following forecasts regarding revenue and EBIT of the Carl Zeiss Meditec Group also apply for Carl Zeiss Meditec AG.

Carl Zeiss Meditec AG's utmost priority is to secure the Company's long-term and successful development and to ensure it has the necessary liquidity. A key benchmark for this is the management of profitable growth at Group level.

Preparation of the financial statements

The following annual financial statements of Carl Zeiss Meditec AG have been prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB).

The income statement was prepared using the total cost format.

Summary of business development

Carl Zeiss Meditec AG ended fiscal year 2023/24 with sales growth; it was therefore not possible to continue the growth trend of previous years in the fiscal year under review.

Revenue fell by -4.5% year-on-year and was therefore slightly below the development of the Carl Zeiss Meditec Group as a whole. Exchange rate fluctuations had no material effect overall on the development of sales. EBIT (sales plus changes in inventories, other own work capitalized, other operating income less cost of materials and personnel expenses, depreciation, amortization and write-downs and other operating expenses) fell by €-98.4m compared to the prior year (€301.3m) to €202.8m. The EBIT margin thus decreased by 6 percentage points, from 20.3% in the prior year to 14.3%. This means that the original EBIT target, roughly matching that of the previous year, was not achieved.

Income statement according to HGB

	Appendix	**2023/24 1 Oct 23 to 30 Sep 24**	2022/23 1 Oct 22 to 30 Sep 23
		€k	€k
Revenue	16	**1,418,434**	**1,485,204**
Decrease (prior year: increase) in finished goods and work in progress		-21,765	39,297
Other own work capitalized		24,160	26,014
Other operating income	17	70,230	95,338
Cost of materials		-602,405	-686,647
a) Cost of raw materials, consumables and supplies, and of purchased merchandise		-597,250	-678,570
b) Cost of purchased services		-5,155	-8,077
Personnel expenses		-295,282	-256,526
a) Wages and salaries		-233,264	-203,448
b) Social security, post-employment and other employee benefit costs		-62,018	-53,078
» thereof for pensions		-26,690	-22,673
Write-downs on intangible assets and property, plant and equipment		-30,194	-27,015
Other operating expenses	18	-360,352	-374,407
Income from long-term equity investments	19	0	2,283
» thereof from affiliated companies		0	2,283
Expenses from loss transfers	20	-2,661	-542
Income from long-term loans		4,130	1,979
» thereof from affiliated companies		4,130	1,562
Other interest and similar income		30,251	17,318
» thereof from affiliated companies		14,375	17,094
Write-downs of long-term financial assets and securities classified as current assets		-7,910	-4,931
Interest and similar expenses	21	-9,184	-1,615
» thereof to affiliated companies		-8,941	0
Result before tax		**217,452**	**315,750**
Taxes on income	22	-62,112	-95,834
Result after tax		**155,340**	**219,916**
Other taxes	23	341	-377
Net income for the fiscal year		**155,681**	**219,539**

Results of operations

Revenue decreased by -4.5% year-on-year to €1,418.4m (prior year: €1,485.2m). Overall, currency translations had no material effect on the change.

The decline in other operating income is mainly attributable to a significant decrease in foreign currency gains. Other operating expenses decreased mainly as a result of foreign currency losses.

The cost of materials fell by 12.3%, while personnel expenses rose by 15.1%. The main reason for the decline in the cost of materials was the lower revenue and changes in the product mix. In terms of personnel expenses, the wage adjustments and the increase in the number of employees continued to have a cost-increasing effect.

Expenses from loss transfers originated from the subsidiary Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany. Further information on this can be found in the notes to the annual financial statements of Carl Zeiss Meditec AG in the note on "Income from profit and loss transfer agreements".

Other operating expenses of € 216.9 million (prior: €193m) are attributable to services purchased within the Group and externally, including in connection with the DORC acquisition and management contracts, for example for IT services and in preparation for the S/4HANA transition. In addition, €29.0m (prior year: € 27.1 million) was incurred for license and patent costs and €21.9m (prior year: €23.8m) for consulting costs. A further €21.1m (prior year: €57.5m) is attributable to exchange rate effects realized or resulting from the valuation. Due to a change in expectations, there was a write-down of financial assets mainly related to shares in the Precise Bio, Inc., Winston-Salem, USA, investment.

In addition to the effect of pension obligations, the increase in interest and similar income in the financial result was mainly due to the monies invested with the treasury of Carl Zeiss AG. Interest and similar expenses result mainly from taking out a loan from an affiliated company of the ZEISS Group of €400,000k which is used to partially finance the acquisition of DORC.

Balance sheet

Assets	Note	**30 Sep 2024**	30 Sep 2023
		€k	€k
A. Fixed assets	4	**1,846,050**	**832,599**
I. Intangible fixed assets		22,268	36,088
II. Tangible fixed assets		81,370	86,093
III. Long-term financial assets		1,742,412	710,418
B. Current assets		**638,576**	**1,389,240**
I. Inventories	5	316,744	317,497
II. Receivables and other assets	7	321,784	1,071,696
III. Cash-in-hand and bank balances	8	48	47
C. Prepaid expenses	9	**2,913**	**2,760**
Total assets		**2,487,539**	**2,224,599**

Equity and liabilities			
A. Equity	10	**1,677,440**	**1,769,964**
Subscribed capital		89,441	89,441
Nominal amount of treasury shares		-1,905	0
I. Subscribed capital		87,536	89,441
II. Capital reserve		954,942	954,942
III. Revenue reserves		0	2,940
IV. Net retained profits		634,962	722,641
B. Special reserve for investment subsidies	11	**455**	**595**
C. Provisions	12	**200,488**	**224,067**
D. Liabilities	13	**607,784**	**228,315**
E. Deferred income	14	**1,372**	**1,658**
Total liabilities		**2,487,539**	**2,224,599**

Net assets and financial position

Pursuant to German commercial law (HGB), the total assets of Carl Zeiss Meditec AG amounted to € as of €2,487.5m as of 30 September 2024. This corresponds to an increase of 11.8% compared with the prior year (€2,224.6m).

Financial assets increased primarily due to the acquisition of DORC Topco B.V., Zuidland, Netherlands. Furthermore, the issue of loans to Carl Zeiss Meditec S.A.S. And HYALTECH Ltd. resulted in an increase. This was offset by write-downs on investments in Precise Bio, Inc.

Inventories remained almost the same, at €316.7m, compared with the prior-year figure of €317.5m.

Cash and cash equivalents consist exclusively of bank balances. Cash is deposited with or taken out from the treasury of Carl Zeiss AG and recognized under Liabilities to from affiliated companies after the acquisition of DORC.

Retained earnings increased by the net profit for the year in the amount of €155.7m, less the dividend paid in the amount of €98.2m and less the portion from the share buy-back in the amount of €145.2m.

The provision decreased mainly due to the decline in other provisions to €200.5m (prior year: €224.1m). Liabilities increased primarily due to the loan taken out from the ZEISS Group to partially finance the acquisition of DORC Topco B.V., Zuidland, Netherlands.

The debt ratio (ratio of borrowed capital to equity) increased to 48.3% as of 30 September 2024 (prior year: 25.7%).

Cash inflows generated from operating activities provide important sources of financing for Carl Zeiss Meditec AG. The Company can also create additional liquidity by issuing new shares on the capital market. Furthermore, the Company has the option to assume loans, either from the treasury of Carl Zeiss AG or from banks. Carl Zeiss Meditec AG addresses the general interest rate risk as part of its overall financial risk management . It currently considers this risk to be negligible.

The Company's management considers Carl Zeiss Meditec AG's net assets and financial position to be solid. This is also contributing toward the achievement of the Company's objectives, which are focused on sustainable growth.

Employees

As of 30 September 2024, Carl Zeiss Meditec AG had 2,467 employees. This number does not include Management Board members.

Appropriation of profits

Fiscal year 2023/24 closes with net income of €155,680,305.60. The Management Board proposes utilizing the net retained profits of €634,961,547.36 for fiscal year 2023/24 as follows:

» Payment of a dividend of €0.60 per no-par value share for 87,536,079 no-par value shares: €52,521,647.40.
» Carryforward of residual profit to new account €582,439,899.96.

Declaration on corporate governance (pursuant to Section 289f HGB, 315d HGB) and corporate governance report

The declaration on corporate governance (pursuant to Section 289a HGB and 315 (5) HGB) includes the declaration of conformity pursuant to Section 161 AktG, relevant information on corporate governance practices applied which go beyond the statutory requirements, in addition to information on where these are publicly accessible and a description of how the Management and Supervisory Boards work, as well as the composition and mode of working of their committees. This information is available on our website at www.zeiss.com/meditec-ag/investor-relations/corporate-governance.html.

The sustainability management system of the Carl Zeiss Meditec Group is integrated in the sustainability strategy of the ZEISS Group.

In a separate non-financial Group report, the Carl Zeiss Meditec Group provides information in accordance with section 315 b and section 289b et seq. HGB and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation") on significant non-financial aspects for fiscal year 2023/24 of the Carl Zeiss Meditec Group. This report covers the necessary aspects for understanding the business development, results of operations and position of the Group as well as the impact of its business on the environment and society. This separate non-financial report is available in German and English at https://www.zeiss.com/meditec-ag/en/investor-relations/financial-publications.html#geschaefts-berichte.

OPPORTUNITY AND RISK REPORT

A group with global operations faces a large number of entrepreneurial risks and opportunities that can have a sustained impact on business success. The assessment of opportunities and risks and conscientious handling of entrepreneurial uncertainty are an important part of corporate governance within the Carl Zeiss Meditec Group.

Risk management

The central risk management system of the Carl Zeiss Meditec Group stipulates uniform regulations and processes for the early detection, assessment and management of risks. In the subsidiaries and at Group level, risk management coordinators are responsible for applying the policies and procedures. The management of the subsidiaries identifies and manages operating and strategic risks. Risks from non-controlling interests are also taken into account. Risks and opportunities arising from general social requirements for companies and megatrends such as digitalization, sustainability and demographic change are also regularly examined. Overall responsibility lies with the Management Board, which regularly assesses risks and their management at Group level together with the Group Risk Manager. The Management Board and Supervisory Board review the appropriateness of and monitor the risk management system.

Risk management is an integral part of corporate governance within the Carl Zeiss Meditec Group, and is based on the following key components: a **risk reporting system** (including an early detection system), an **internal control system** and a **compliance management system**.

Risk reporting system

This is a clearly structured, traceable feedback loop which encompasses all of the Company's activities, is integrated in its organizational structure and its control and reporting processes, and comprises a systematic and ongoing process for the identification, assessment, management/control, as well as the documentation and communication of any risks. Any relevant information can therefore be immediately passed on to the responsible decision makers. The main features of this system are as follows:

» The risk reporting system exclusively records risks. It integrates all fully consolidated subsidiaries. Risks arising from investee companies, including at-equity investments, are recognized by the subsidiary that holds the investment.
» The business risks are assessed and categorized according to their potential implications over the period of their existence, and according to their probability of occurrence and damage potential. The period of assessment is a maximum of five years. The risks are evaluated in respect of their effect on earnings before interest and tax.
» Regular risk reports are provided to the Management Board, the management of the subsidiaries and other decision-makers within the Company on the basis of specified thresholds. Significant risks arising at very short notice are reported to this responsible group immediately.
» On this basis, the Group takes and evaluates appropriate measures to avoid identified risks, reduce their probability of occurrence or reduce the potential economic damage they could cause. The measures to reduce risks and the residual risks derived from these are regularly updated and documented.

Internal control system

The internal control system of the Carl Zeiss Meditec Group is based on the COSO Enterprise Risk Management Model (COSO ERM model). The Group’s integrated enterprise risk management system covers strategic and operational risks. There are key risks and defined control mechanisms for central processes, the effectiveness of which is assessed annually by the relevant specialist departments and adjusted where necessary. The results of the regular evaluation of the controls are reported to the Management Board of the Carl Zeiss Meditec Group, monitored and incorporated into the execution of strategic and operational activities.

Risk assessment within the internal control system goes beyond pure financial risks. Key business processes other than accounting are identified and critical controls are defined for the relevant business processes by the specialist departments. Key business processes in the Carl Zeiss Meditec Group include the areas of organizational structure, human resources, research and development, purchasing, production planning, logistics, export control, complaints management, compliance, IT security, information processing, data protection, risk management and sustainability. The Management Board is confident that the internal control system is appropriate and effective[14].

Internal control system relating to the Group accounting process

The accounting-related part of the internal control system ensures that key accounting processes are carried out properly and economically, that business transactions are recorded completely and punctually in accordance with the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS), thereby establishing a basis for reliable external reporting. The part of the internal control system specifically related to accounting falls under the responsibility and supervision of the Chief Financial Officer of the Carl Zeiss Meditec Group.

The internal control system and, as a consequence, the accounting-related part of the internal control system of the Carl Zeiss Meditec Group is supplemented by the risk reporting system. The risk reporting system includes systematic early identification of relevant operational and strategic risks. In terms of Company and Group accounting, the risk reporting system helps ensure the completeness and accuracy of the consolidated financial statements and reporting as issued to external recipients.

The accounting-related part of the internal control system is reviewed by Internal Auditing as part of regular audit procedures. In addition, the Group auditor audits accounting-related processes and financial statements of significant subsidiaries included in the consolidated financial statements and specified in the scope.

[14] The Management Board's assessment of the appropriateness and effectiveness of the internal control and risk management system is based on the German Corporate Governance Code (GCGC) and goes beyond the statutory requirements for the management report. In this respect, the information is excluded from the audit of the management report by the auditor.

Compliance management system

The internal control system and the risk reporting and early warning system are supplemented by a compliance management system which focuses on the Company's risk situation.

The compliance management system of the Carl Zeiss Meditec Group and the requirements for appropriate action are integrated into all major business processes. The core element of the Group's compliance management system is a comprehensive internal Code of Conduct. This is based on various aspects including prevention, recognition and reaction and is a compilation of principles and guidelines for responsible conduct. The Code of Conduct applies to all employees and is available for inspection on the Company's website. In addition to conventional anti-corruption regulations to ensure fair competition, prevent the granting and acceptance of advantages and avoid conflicts of interest, a variety of other principles of action are regulated, for example to ensure fair treatment of employees and business partners, the handling of business secrets and private data, insider regulations, handling of company property, occupational health and safety and protection of the environment and others.

Compliance managers at the subsidiaries and at Group level are responsible for applying the guidelines and directives and for communicating violations or suspected violations to the management.

Management and further development measures as well as training programs help to ensure that the compliance principles are known and observed throughout the Group and that the compliance management system is aligned with the Company's current risk situation. We also encourage our employees to take part in discussions with colleagues and managers on the subject of compliance and to raise concerns about specific business processes. These concerns can also be addressed in consultations with internal compliance officers. In addition, there are telephone and web-based whistleblower communication channels that are available not only to all employees worldwide, but also to third parties, and which fulfill the requirements of the German Corporate Governance Code and the German Supply Chain Due Diligence Act.

Further to providing comprehensive advice on the compliance components mentioned above, the work of the compliance function in the past financial year focused primarily on the following topics:

» Implementation of non-routine investigations in response to appropriate indications
» Regular liaison between the Segment Compliance Office and the Local Compliance Officers

The Compliance Officer for the Group reports regularly and also, if necessary, on an ad hoc basis to the Management Board. The Management Board is informed about key issues relating to the compliance function in regular meetings with the Group Compliance Officer. The Management Board receives a detailed compliance report once a year. This Annual Report provides the Management Board with an overview of the company-wide compliance risk situation and the development of the compliance modules in relation to the three basic functions of compliance (prevention, detection and response). In the final meeting of the year, the Compliance function also reports to the Audit Committee of the Supervisory Board of the Carl Zeiss Meditec Group on behalf of the Management Board.

The entire compliance management system is constantly updated to bring it in line with company-specific risks and various local legal requirements. The findings from internal consultations and investigations and the dialogue with the global compliance organization, for example, are used to derive measures for the further development of the system.

The effectiveness of the system is ensured by regular evaluations and inspections. It is also subject to monitoring by Internal Auditing.

Certified quality management
A vital part of early risk detection is the Group's certified quality management system. Clearly structured and documented quality management processes ensure not only transparency, but are now a prerequisite in most markets for obtaining regulatory approval for medical devices. The quality management system employed by the Carl Zeiss Meditec Group was certified by DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen and complies with the US standard for Good Manufacturing Practice (“GMP”), 21 C.F.R. part 820, Quality System Regulation.

Monitoring system
The Management Board is responsible for ensuring an appropriate and effective internal control system and for continuously improving it. The Audit Committee of the Supervisory Board monitors the effectiveness of risk management, the internal control system, including the accounting process and the compliance management system. It also uses the Internal Auditing system for this purpose, whose tasks it also monitors and controls at the same time.

Risks will be managed as effectively as possible through a combination of internal control system, risk reporting and early warning system and compliance management system. Internal Audit prepares an annual risk-oriented audit plan. It conducts spot checks to determine whether the internal guidelines for the Group's entire control and risk management system are being adhered to. This monitoring function also includes checking the functionality and effectiveness of the defined controls. Standardized risk control matrices, which are subject to continuous further development, are used for this purpose. In terms of key Group-wide controls, we also use structured assessments as described in the internal control system chapter. These are also verified by Internal Audit as part of its site audits. The Management Board, the Supervisory Board and above all the Audit Committee are kept informed about the regular audits carried out by Internal Audit. They receive regular reports on the current status and results of the audit as well as on the progress towards mitigation of the findings. Internal Audit conducted audits at selected subsidiaries and on Group functions in the 2023/24 fiscal year based on the risk-oriented audit plan. Specific measures for the further development of the control system were agreed with the audited areas. Implementation of these measures is also continuously monitored by Internal Audit.

Assessment of risk-bearing capacity
The risk-bearing capacity of the Carl Zeiss Meditec Group is the difference between the aggregate total risks and the risk coverage potential. The risks are assessed using distribution functions and the risks are aggregated using a Monte Carlo simulation. The risk coverage potential is calculated as the sum of the planned earnings before interest and income taxes for the current fiscal year and the lower of equity and current assets. Risk-bearing capacity is at risk if the risk coverage potential in the aggregation of all risks is exceeded with a probability of 1%.

Major opportunities

The Carl Zeiss Meditec Group is a leading medical technology company specializing in innovative products and solutions for ophthalmology and surgical microscopy. The company benefits from a continuously growing health care sector, particularly in the fields of ophthalmology and surgical procedures, which increases the demand for high-quality medical devices. By investing substantially in research and development, the Carl Zeiss Meditec Group is able to drive technological innovation, such as the integration of artificial intelligence (AI) into diagnostic and treatment devices, in order to gain a competitive edge. The Carl Zeiss Meditec Group has a high ratio of research and development expenditure to revenue by industry standards (2023/24: 16.6%) which could enable the Cmpany to gain additional market share by means of the resulting innovations.

Demographic change, in particular the ageing population, leads to an increase in eye diseases, which is boosting demand for surgical interventions and thus for the products of Carl Zeiss Meditec Group. Growth markets also offer great potential, whereby access to new markets can be facilitated through partnerships or local production facilities. Digitalization in the healthcare sector also opens up new business opportunities.

Strategic acquisitions can expand the product portfolio and integrate new technologies that promote growth. Overall, the Carl Zeiss Meditec Group has a wide range of opportunities to further consolidate its position as market leader through strategic measures and investments.

The Chinese market offers the Group additional opportunities that the company can exploit. China has been one of the fastest growing markets for medical technology in recent years and has specific characteristics that can be advantageous for the Carl Zeiss Meditec Group. With the increasing urbanization and rising income of the population, the demand for high-quality healthcare services is growing.

In China, the prevalence of eye diseases is also increasing, particularly due to lifestyle changes and environmental and demographic factors. In particular, there is a high prevalence of myopia (short-sightedness) in the young population, while the older population is increasingly affected by conditions such as cataracts and retinal diseases. This creates an increased demand for the diagnostic and surgical solutions offered by the Group. The Chinese government is actively promoting the development of the health care sector through various initiatives and programs. New business opportunities arise for the Group from investments in health care infrastructure and improved access to medical care.

The introduction of innovative products based on state-of-the-art technology could be well received on the Chinese market. Through strategic partnerships or joint ventures with local companies, the Carl Zeiss Meditec Group can strengthen its market presence in China and benefit from local knowledge and networks.

In contrast to risk management, opportunities are not systematically quantified in the Carl Zeiss Meditec Group.

Significant risks

The Carl Zeiss Meditec Group analyzes and assesses risks systematically. Special emphasis is placed on potential economic effects and on probability of occurrence. In this way, the risks are quantified and classified. Due to the broad portfolio and the Group’s global presence, the strategic and operational risks are highly diversified.

Quantitative data is based on a net perspective after application and full implementation of measures, and relates to the risk assessment period. The measures implemented are outlined in the sections on the individual risks. The qualitative information on the probabilities of occurrence corresponds to the following quantitative likelihood limits:

» Very low likelihood: 0% to 5%
» Low likelihood: more than 5% to 25%
» Medium likelihood: more than 25% to 50%
» High likelihood: more than 50% to 75%
» Very high likelihood: more than 75% to 100%

Ukraine war
The war in Ukraine had a significant impact on the Carl Zeiss Meditec Group's risk situation in the previous year. These risks were significantly reduced in the fiscal year under review. The resourcing of procurement materials and components from a Belarusian supplier to other suppliers was successfully completed in the fiscal year ended. Supply chains as a whole have also been stabilized.

The rise in inflation caused by the war in Ukraine has since returned to normal levels and price increases have largely been absorbed by passing them on to customers and through internal efficiency measures.

The war is also having an impact on sales, especially on sales and services in Russia itself. However, the distribution of the Carl Zeiss Meditec Group's products in Russia is currently only partially affected by existing sanctions. This could change, however, if sanctions are tightened in future. In order to continue to provide patients and the population in Russia high-quality ophthalmological treatment, the Carl Zeiss Meditec Group has decided not to break off its business relations with Russia.

Overall, the residual risks posed by the war in Ukraine with a low likelihood of occurrence are estimated to be in the low single-digit million euro range. However, this information is only intended to classify the effects and is not supplementary to the risks described in the paragraphs below.

Economic and political environment

As a company with global operations, the Carl Zeiss Meditec Group is exposed to developments that pose a risk to the global economy. Therefore, the general global political situation, especially in our major markets (USA, China and Germany), major natural disasters, macroeconomic development and market trends in individual regions of the world may have diverse effects on the Carl Zeiss Meditec Group's chances of success in all business segments.

The global economic environment, which had already become more volatile over the last few years, resulting in greater overall economic risks, has once again deteriorated due to the COVID-19 pandemic and most recently the war in Ukraine and the conflict in Israel. The Carl Zeiss Meditec Group's business was only affected to a very moderate extent by the wars and conflicts in Ukraine and the Middle East in the fiscal year under review. These factors and an additional decline in demand in many sectors led to the first signs of recession in Germany, some EU countries and the USA in the past fiscal year. In Germany, the sharp rise in energy prices is also contributing to this. China, too, is experiencing an economic slowdown.

Apart from the aforementioned influences, economic development may also be curbed by reduced stability of the EU, as well as a general economic downturn. Furthermore, an increasingly protectionist economic policy is being observed in key markets in which the Carl Zeiss Meditec Group operates, such as the USA and China, the future direction of which is difficult to predict. Escalating trade tensions and conflicts between China, the USA and the EU may impact global growth in general and the growth of the Carl Zeiss Meditec Group, especially in these countries. There are also local risks and instabilities in growth markets, such as Turkey or South America, which may cause global chain reactions.

The increased inflation caused the costs of production factors, production and sales of the Carl Zeiss Meditec Group's products to rise. In some cases, it was possible to pass these increased costs on to customers. In other cases, however, these cost increases also had to be cushioned by efficiency measures, and there is a risk that this will not succeed in full. Conversely, the fact that inflation fell to a normal level in the fiscal year under review had a risk-reducing effect.

In addition, interest rates had risen sharply in the previous years. The slight interest rate cuts in the second half of the fiscal year under review only had a slight risk-reducing effect, especially as it is not clear what the interest rate policy in the future will be. Interest rates remain high, raising the interest burden on customers who use external financing to purchase the Group's products. In markets where such borrowing is more common, such as the USA, this rise in interest rates may lead to a reluctance to buy and thus to lower revenues for the Group in those markets.

In China, the Volume-Based Procurement Directive is increasingly being applied to tenders from public hospitals. According to this approach, high purchasing volumes in terms of quantities are put out to tender, but with lower prices per unit. This may lead to a reduction in the Group's sales per product in the context of a winning tender. On the other hand, due to higher volumes there is an opportunity to achieve a more positive result overall through greater fixed cost degression.

This trend in the overall economic situation may have an adverse effect on the economic situation of our customers and their demand for the Carl Zeiss Meditec Group's products, which may in turn have an adverse effect on sales and earnings. The early warning system for risks established by the Company and the monitoring of overall economic developments enables these risks to be identified in good time to allow countermeasures to be initiated. In addition, the international presence of the Carl Zeiss Meditec Group, which is to be further expanded, means it is less affected by regional crises, and the highly differentiated product and customer structure of the Company, which is also to be strengthened, limits its sales risks. Furthermore, the Group is working on making its cost base more efficient. In the past fiscal year in particular, it started to implement stringent cost reduction measures and is now attempting to pass price increases on to the market. According to current estimates, there are currently risks with medium likelihood of occurrence in the mid double-digit million euro range in the overall economic environment.

Market and competition

The Carl Zeiss Meditec Group is exposed to intense and growing competitive pressure in both strategic business units. Besides the market entry of new competitors, there is also a risk, in the event of significant exchange rate fluctuations, of competitors from the beneficiary countries being able to offer their products at considerably lower prices in the market, and therefore improving their competitive position. Some competitors are better at dealing with competitive pressure, due to their higher total turnover and the financial resources they have at their disposal.

In addition, existing competitors may be bought up by large, financially strong companies, or form alliances with each other, which may lead to even greater competitive pressure, lower selling prices, margin pressure and/or the loss of market shares. The Company prepares itself for such risks by continuously observing and analyzing the market, in order to be able to react with the necessary foresight.

Health insurance funds, insurance companies or government health schemes reimburse the costs of certain medical treatments carried out using products of the Carl Zeiss Meditec Group. Changes in health care and reimbursement policy in Germany or abroad and, in particular, austerity measures as a result of the weakening economy, may lead to the denial or reduction of reimbursements, which could reduce the demand for the Carl Zeiss Meditec Group’s products. In the case of new products for which reimbursement cannot yet be predicted with certainty, demand may be considerably dampened by the financial situation of consumers. Refractive surgery is generally an elective procedure, which patients pay for themselves. Demand therefore depends on general economic development. In addition, on the customer side, and particularly in the private health care sector, there is a noticeable increase in the formation of regional and national purchasing alliances, as well as clinic chains. Such a trend may lead to a fall in selling prices in this customer segment.

Collectively, these market and competition-related risks with a medium likelihood of occurrence may impact the Group's earnings by an amount in the low double-digit million euro range. On the other hand, the demographic trend in industrialized countries and economic development in the rapidly developing economies, as well as the increasing requirements placed on medical devices for diagnosing and treating age-related eye diseases, present growth opportunities for the Company. In addition to continuously optimizing manufacturing costs and process efficiency, the Carl Zeiss Meditec Group has also been investing heavily in research and development for many years. In recent years, this has increasingly extended to digital applications aimed at exploiting organic growth opportunities and increasing market shares. In addition, the Group is seeking to expand its product portfolio through internal research and development activities as well as external acquisitions in order to stay ahead of other competitors and to be an efficient partner for its customers by strengthening its key account approach. The acquisition of DORC in the fiscal year under review further expanded the product portfolio and customer base.

Sales market Russia

Distribution of the Carl Zeiss Meditec Group’s products in Russia continues to be only partially affected by existing sanctions. Please refer to our statements in the section "Ukraine War". The risks with a low likelihood of occurrence for this sales market are in the lower single-digit million euro range. The Group is attempting to compensate for possible losses in the Russian and Ukrainian markets by strengthening other markets.

Sales market China

The continued positive business development of the Carl Zeiss Meditec Group is heavily influenced by the dynamic development of the sales market in China and China’s strong contribution to earnings, particularly in the area of refractive surgery. Due to its size, demographics and a rising level of prosperity of the population, this market may continue to have a significantly positive effect on the Carl Zeiss Meditec Group’s results in future. However, there are risks with regard to net assets and results of operations to the extent that an increasing number of regional competitors are entering the market and China is increasingly pursuing a protectionist policy in the field of medical technology, which could lead to a reduction in revenue and market shares of the Carl Zeiss Meditec Group. A similar effect could result from significant weakening of the Chinese economy.

The Carl Zeiss Meditec Group is trying to mitigate these risks by increasingly expanding production capacities in China itself, which are not affected in the event of any protectionist measures. The development of other markets is also being intensified to increase geographic diversification.

The risks for this sales market are currently in the lower double-digit million euro range have a medium likelihood of occurrence. Further risks regarding this sales market are also listed under "Economic and political environment".

Risks in procurement and production

The Group ensures compliance with national and international standards, guidelines and legal requirements with regard to its supply chain through an integrated management system that addresses the issues of quality, the environment, and occupational health and safety.

In some cases, the Carl Zeiss Meditec Group uses components from external suppliers to manufacture its products in all business segments. The increase in the prices of commodities, energy and materials, the growing complexity of purchased parts and the limited number of suppliers (single source) for certain technologies could have negative implications for the production, sale and quality of the Company’s products.

The war in Ukraine increased the procurement risk to the Carl Zeiss Meditec Group in the previous years. The procurement risk from a Belarusian supplier, in particular, became reality. This risk was fully mitigated in the fiscal year under review, mainly by sourcing purchased parts from other suppliers. Overall, the supply chains, which were strained by the war in Ukraine and the aftermath of the COVID-19 pandemic, have returned to normal.

The Group continues to work on stabilizing supply chains and reducing the dependence on individual suppliers in order to minimize the associated economic impact, among other things. Opportunities arising from the bundling of procurement activities are also being exploited. Furthermore, the Carl Zeiss Meditec Group selects its suppliers according to specific processes and criteria. By implementing consistent supply chain measures, such as qualifying its suppliers, identifying secondary suppliers and preparing a strategic stockpiling plan, the Carl Zeiss Meditec Group protects itself against supplier dependencies and changes on the commodities market.

The Carl Zeiss Meditec Group and the ZEISS Group have close contractual relationships in some areas. This relates in particular to the procurement of IT services, the licensed use of the "ZEISS" brand and agreements with distribution companies of the ZEISS Group. This distribution network provides major opportunities, which are rooted particularly in the close-meshed coverage worldwide and efficient market development.

The impact of supplier risks on earnings is in the high single-digit million euro range with a medium likelihood of occurence.

Sustainability risks

For the Carl Zeiss Meditec Group, sustainability and business success are inextricably linked. Sustainable value creation is an integral part of business activities, which aim to provide innovative solutions, contribute to the positive development of society and enable long-term profitable growth.

The Group regularly reviews the various sustainability and human rights’ guidelines and directives adopted for the European Union and specific countries to check for potential violations and risks in the Group's subsidiaries.

The ban on the use of per- and polyfluorinated substances (PFAS) planned by the European Union has been identified as a significant risk. These substances are contained in many of the Group's products and in manufacturing processes and a replacement is currently only available or technically feasible for a small number of these substances. Although the regulations provide for long transition periods, these still represent a challenge if substitute substances have to be developed in this time and then be implemented in the Group's products and processes and renewed long-term approval of these products has to be obtained in various markets.

If this ban is adopted, this could have material adverse effects on the net assets, financial position and results of operations of the Carl Zeiss Meditec Group, and likewise for the Group’s competitors, due to the fact that the products concerned would no longer be able to be sold or their conversion may be significantly delayed. The impact of these effects is currently in the low-double-digit million euro range. In the fiscal year under review, the probability of this risk occurring was reduced from a low to a very low probability, as there are signs of a significant decline in the acceptance of a regulation in the planned form at EU level and in the member states. However, if the ban is actually implemented, the Group will work on measures such as building up safety stocks and evaluating, analyzing and implementing alternative substances.

Innovation risks

The business success and reputation of the Carl Zeiss Meditec Group rely heavily on the rapid development of innovative products and solutions. New trends and current scientific and research findings can trigger technology shifts and new customer requirements, and make new business models necessary. Should the Carl Zeiss Meditec Group lose touch with technological developments on the market, react too late to trends or technological advancements, this could weaken its competitive position. There is also a risk of products of the Group being completely superseded by alternative technologies, procedures or treatment methods, thus reducing demand, which could result in losses in revenue and earnings. Potential for optimization in the Company's own production processes can further increase these risks. The negative impact these risks with a low likelihood of occurrence could have on earnings equates to an amount in the mid-single-digit million euro range.

In order to exploit opportunities in this area in good time and keep the probability of occurrence and the economic impact of this risk low in all segments, the Carl Zeiss Meditec Group invests in research and development and upstream areas of products with a technological edge and unique selling points and in the expansion of its strategy as a solutions provider. Furthermore, developments in digital solutions are increasingly being driven forward and production and distribution processes continuously optimized.

Personnel risks

Demographic change and the shortage of skilled staff for technical jobs as well as the differing training and qualifications standards around the globe are creating new challenges when it comes to filling job vacancies. Unfilled positions could limit the technological advancement and sale of the products and services it offers in all segments. The Carl Zeiss Meditec Group is countering this with its recruitment strategy and employee development and successor planning, thus keeping the probability of occurrence low. In order to retain skilled employees in the long term, the Carl Zeiss Meditec Group offers various social benefits depending on the location – these include, for example, health promotion and child care services. The management currently expects these risks with a medium likelihood of occurrence to have very minor effects on the net assets, financial position and results of operations of the Carl Zeiss Meditec Group in the low single-digit million euro range.

Risks of information technology

The Carl Zeiss Meditec Group continuously reviews and exploits the opportunities of digitalization. This creates many new possibilities to offer customers additional services. At the same time, the Group constantly updates its existing information technology (IT) systems, and its IT protection and security systems. Functioning and adequately documented IT systems are also a prerequisite for obtaining product approvals in certain countries. Risks that, in the event of damage, could result in an interruption of business processes due to IT system failures or the loss or falsification of data, are therefore identified and evaluated across the entire life cycle of the applications and IT systems. Contingency plans for business interruptions have been drawn up and are constantly being optimized. Analyses were carried out and measures were taken in this area in particular during the fiscal year under review, to prevent cyber attacks and virus attacks causing damage to the IT infrastructure of Carl Zeiss Meditec AG and medical devices at the customer. The management works continuously to improve its IT security due to a considerable increase in the threat from cybercrime. Depending on the nature and scope of potential successful cyber attacks, these could have material adverse effects on the Carl Zeiss Meditec Group’s net assets, financial position and results of operations. Some of the Group’s IT systems are operated by external partners. The Group has defined standards for these service providers with regard to the hardware and software used, as well as data security. The Carl Zeiss Meditec Group monitors the implementation of and compliance with these standards.

Risks in this area with a low likelihood of occurrence are in the low single-digit million euro range.

Product approval

As the Carl Zeiss Meditec Group sells its products worldwide, statutory regulations have to be taken into consideration when manufacturing and launching products in the market, especially where explicit regulatory approvals and certifications are required. Although these requirements are incorporated into all stages of development, production and distribution, there is no guarantee that such approvals will be granted at all or in time for the planned launch in the market or that the Group's numerous registrations will still exist or be renewed in the future. This may lead to revenue losses and, in the case of delayed product launches, to competitive disadvantages. In addition, registration requirements could become more stringent in future, also due in particular to increasing protectionist tendencies in various countries.

In order to be able to identify such developments in good time and respond appropriately, the Company monitors developments and approval procedures in this area very closely as part of its quality management system. This is especially the case right now with regard to the new EU medical devices directive, which entered into force in 2017. The validity of the transitional provisions has once again been extended. When problems arise in approval procedures, the Group relies on close communication with the regulatory authorities and works on the outstanding issues in a focused manner. Any residual risks that remain move within the single-digit million euro range. They are estimated having a medium likelihood of occurrence.

Quality and product liability risk

There is a fundamental risk with some of the medical devices and system solutions and implants manufactured by the Company that, in spite of all reasonable measures being taken by the certified quality management system and compliance with all legal requirements, malfunctions may result in injury to or adverse effects for the patient. This may be due, among other things, to components and raw materials purchased from external suppliers not meeting the specified quality requirements. Although no significant product liability claims have been made against the Company to date, no assurance can be given that the Company will not be faced with such claims in the future. This may damage the Group's reputation in the long term and lead to considerable legal costs, irrespective of whether a claim for damages ultimately materializes. Risk liability claims can be particularly high, especially in the USA, not to mention the costly recall campaigns that may be required.

The Company covers itself against potential product liability claims by taking out product liability insurance. The possibility cannot be completely excluded that the Carl Zeiss Meditec Group's existing insurance coverage may not be sufficient to cover potential claims. In addition, the Company is focused on resolving any quality problems that arise in a customer-friendly manner and as quickly as possible. Any residual risks that remain with a medium likelihood of occurrence are in the mid-single-digit million euro range.

Infrastructure risks

Uncontrollable environmental influences, such as natural disasters or terrorist attacks, may result in an interruption to business operations at the affected locations, and may prevent the Company from providing regular production, distribution and other services in these regions and generating the expected earnings. All business segments could be affected by this. It could also have adverse effects on customers domiciled in the affected region and on their willingness to invest, as well as the local suppliers there and their willingness to supply.

The Company's headquarters, with major research and development departments and other key Group functions, are located in Germany, a region with a comparatively low risk of natural disasters. A second major site is located in the Greater San Francisco area in the USA, a region with an increased risk of earthquakes. In order to minimize potential damage, the Carl Zeiss Meditec Group has set up a crisis management system, and has also developed local and central plans for maintaining the functionality of critical business processes (business continuity plans).

Risks from interruption of production may, in addition to the reasons already mentioned, also result from the failure of production facilities due to technical defects. The Carl Zeiss Meditec Group is trying to minimize the risk of such outages through regular maintenance, replacement of technically obsolete equipment and appropriate emergency management.

In the context of the war in Ukraine and the resulting conflicts between Germany and the European Union with Russia, Germany is switching its energy supply to energy sources which are independent of Russia. During this transition phase there may be shortages or outages in the supply of electricity, gas and oil which could lead to disruptions in the energy supply to the European locations of the Carl Zeiss Meditec Group or its suppliers in this region. The Group is working on counteracting potential outages of this kind through alternative energy and heat generation measures and by building up safety stocks of important consumables for customers.

Risks in this area amount to a low single-digit million euro amount. They are estimated having a medium likelihood of occurrence.

Legal risks, patents and intellectual property

The Company's competitiveness depends on the protection of its technological innovations against exploitation by third parties. Violations of intellectual property and patent protection may compromise any technological and thus competitive advantages in all business segments. The expiry of property rights, particularly patents, as well as the geographical limitation of property rights could result in new or existing competitors exploiting the inventions of the Carl Zeiss Meditec Group to enter the market or strengthen their market position. Furthermore, in spite of the measures taken, third parties may still attempt to copy or partly copy products of the Company, since the unauthorized use of intellectual property is generally difficult to monitor and copyright laws only provide for limited protection.

The Company employs a property rights strategy to protect its technologies and products. If ZEISS patent and brand rights are infringed by third parties, the Group takes legal steps to counter the associated high financial risk. Considering the importance of innovation for the Company, such cases can be expected in future, even though they have rarely arisen in the past. When developing products and technologies, the Carl Zeiss Meditec Group checks whether the rights of a third party could be affected, develops non-protected solutions, if necessary, and acquires the requisite licenses and rights, or seeks other solutions by legal contract. Overall, the management does not expect risks in the area of patents and intellectual property to have any material effects on the Carl Zeiss Meditec Group's net assets, financial position or results of operations.

Legal risks may arise due, among other things, to changes in general legal conditions in the relevant markets and to legal disputes with competitors, business associates or customers. Furthermore, legal disputes may arise as a result of divergent views concerning the fulfillment of subsequent conditional purchase price components of earlier Company acquisitions. Pending litigation with a medium likelihood of occurrence amounts to a high single-digit million figure and is not considered to be a substantial threat for the Carl Zeiss Meditec Group. Should it be necessary, the Carl Zeiss Meditec Group would set up adequate provisions as a precaution. Further details on litigation and arbitration proceedings involving the Carl Zeiss Meditec Group can be found in note "(31) Contingent liabilities and other financial commitments" in the accompanying notes to the consolidated financial statements.

As a listed medical technology company with global operations, the Carl Zeiss Meditec Group is subject, in the countries in which the Group operates, to a large number of laws, regulations and guidelines. In order to ensure compliance with these regulations, these are regularly analyzed for any changes and internal processes and guidelines are adapted, if necessary. The Company has set out the basic principles of correct conduct in business activities in a Code of Conduct, which applies to all employees. In order to avoid breaches of compliance and minimize risks to the Group’s reputation, the Group has established a corporate-wide compliance organization. Regular training measures are also in place to familiarize the employees with internal guidelines and make them aware of the negative effects breaches could have.

The management anticipates effects in the higher million euro range on the net assets, financial position and results of operations of the Carl Zeiss Meditec Group.

Risks from acquisitions

Acquisitions or investments are made to give the Carl Zeiss Meditec Group the opportunity to expand its portfolio of expertise and technology, or to increase its access to regional markets. A further acquisition was made in the area of cataract surgery in March 2022. The acquisition of Preceyes B.V. will enable the Carl Zeiss Meditec Group to strengthen its technological position and product portfolio, particularly in the area of retinal surgery, by means of robotic technologies and implants. The acquisition of Katalyst Surgical LLC and Kogent Surgical LLC, both producers of surgical instruments, followed in April 2022. It is hoped that this acquisition will further expand the Group's position as a solution provider and generate additional recurring sales in the medium term. The investment in Vibrosonic GmbH in January 2023 and the acquisition of Audioptics Medical Inc. in July 2023 expanded the Group’s portfolio in the new area of diagnosis and treatment of ear diseases. In April 2024, the Group acquired DORC, thus broadening its portfolio in the treatment of diseases of the posterior segment of the eye.

Acquisitions bear the entrepreneurial risk of the acquired company not performing as well economically as expected in the market, or of the revenue and earnings targets being pursued with its acquisition not being reached, or of intended synergy effects with the Carl Zeiss Meditec Group not being achievable. Risks in this area with a low likelihood of occurrence amount to a low single-digit million euro amount. The Carl Zeiss Meditec Group tracks the associated risks and opportunities over time. A key element prior to execution of a transaction is a standardized process for mergers & acquisitions, including a due diligence review to assess the business development that can be expected.

The consolidated statement of financial position shows goodwill from acquisitions totaling €982.5m, which is tested annually for impairment in accordance with IAS 36. A total of €952.0m of this goodwill is attributable to the Ophthalmology SBU, and €30.5m to the Microsurgery SBU. The impairment tests carried out during the fiscal year under review did not give any indication of impairment of the goodwill-bearing cash-generating units (CGUs). Based on the development of business, the Group also anticipates positive results from subsequent tests. Due to changes in general economic conditions and changes in business models, impairment losses on goodwill recognized cannot be ruled out. No future impairments are currently expected.

Financial risks

Due to the tense economic situation, there is a latent credit risk concerning business banks at which the Carl Zeiss Meditec Group holds deposits. However, the Company has taken various measures to mitigate risks. For example, it has introduced a monitoring procedure to monitor the current situation in the capital markets. The Company has categorized its financial risks as moderate. The basis for this categorization is the sound financing structure with an equity ratio of 60.6%, the reserve of cash and cash equivalents, and strong cash flows from operating activities. Cash and cash equivalents at the Carl Zeiss Meditec Group are kept in reserve based on a rolling monthly cash forecast within a fixed planning period, and are managed as part of a Group-wide ZEISS cash pool.

The financial risks also include liquidity risks, price fluctuation risks for financial instruments and risks associated with fluctuations in cash flows. These risks and their management are described in note "(36) Financial risk management" in the accompanying notes to the consolidated financial statements. There are no further significant risks beyond the risks already taken into account in the statement of financial position.

Risks relating to the Group accounting process

The main risks associated with the accounting process are that the financial statements may not provide a true and fair view of the net assets, financial position and results of operations as a result of unintentional errors or willful actions, or that there is a delay in publishing these. The accounting would not present a true and fair view of the Company in this case. Deviations are classified as significant if they could individually or collectively influence the economic decisions taken by the recipients of the financial statements based on the financial statements.

In the area of accounting and Group accounting, processes ensure the completeness and accuracy of the financial statements with regularly reviewed, integrated, preventive and detective controls. All of the Group's internal accounting and valuation guidelines are collated in an accounting manual, which is available via the Group's intranet to all of the relevant organizational units and all of the Company's employees, along with the Group-wide financial reporting calendar. In addition, supplementary procedures, standardized reporting formats, IT systems and IT-assisted reporting and consolidation processes support the process for uniform and proper consolidated accounting.

The operative, timely implementation of the systemic requirements is effected by the affected areas of Carl Zeiss Meditec AG and its subsidiaries. These are supported and monitored by the Carl Zeiss Meditec Group Finance department. The Group Finance department is responsible for consolidated reporting, including Group-wide financial and management information, forecasts, budgets and risk reporting. Acts of law, accounting standards and other pronouncements are continuously analyzed with regard to their relevance for and impact on the consolidated and annual financial statements.

Additional disclosures pursuant to Section 289 (2) No. 1 HGB, Section 315 (2) No. 1 HGB

In principle, price fluctuation risks cannot be ruled out. However, the Carl Zeiss Meditec Group counters these risks by focusing on product innovations and optimizing its production costs through cost-cutting and efficiency-enhancing measures. Potential risks of default on trade receivables – particularly given the worsening global debt situation and a potential risk of bad debt losses as a result – are minimized by means of an active credit control system. The Carl Zeiss Meditec Group also regularly sets up adequate provisions to cover such risks. On the whole, however, we consider this to be a limited risk. The ratio of valuation allowances on trade receivables to consolidated revenue was 0.3% in the fiscal year under review (prior year: 0.4%).

The Carl Zeiss Meditec Group's financial situation can be considered sound. Cash and cash equivalents amounted to €20.3m as of the end of the reporting period on 30 September 2024. Added to this are credit balances recognized as receivables from the treasury of Carl Zeiss AG, in the amount of €116.7m. The Group also generated cash flows from operating activities of €247.3m in the fiscal year under review. From a current perspective there are therefore no significant liquidity risks.

All cash and cash equivalents, including the balances with the Group treasury of Carl Zeiss AG, are deposited at banks. Should it come to a loss of individual banks – due in particular to an increasingly unstable macroeconomic situation – the balances held there may be endangered. The Carl Zeiss Meditec Group counters this risk by continuously monitoring the solvency of the banks with which it has a business relationship, and by spreading its assets among several banks via the treasury of Carl Zeiss AG.

As a company with global operations, the Carl Zeiss Meditec Group is exposed to the effects of exchange rate fluctuations. In order to hedge against this currency risk, the Carl Zeiss Meditec Group concludes currency forward contracts based on planned transactions in foreign currency. These contracts generally span a period of up to one year. Based on current exchange rate fluctuations, currency effects may continue to impact the financial result depending on the extent of the fluctuations. The notes to the financial statements contain further details on currency forward contracts.

Overall assertion of the Company’s risk and opportunity situation

At the time of preparation of this report, there were no discernible risks that could jeopardize the continued existence of the Carl Zeiss Meditec Group. Risk-bearing capacity is not at risk. The overall assessment shows a lower risk situation in terms of amount compared to the previous year, which is due in particular to normalized supply chains and mitigated supplier risks in the wake of the Ukraine conflict, the flattening of inflation and the reduced probability of a possible ban on forever chemicals (PFAS). The Management Board continues to see a solid foundation for further development of the Group and uses a systematic strategy and planning process to provide the necessary resources to exploit any opportunities that arise. The risk management system, with its risk reporting and early detection components, internal control system and compliance management system, was assessed as appropriate and effective in the past fiscal year.

DISCLOSURES PURSUANT TO SECTION 289 A AND 315 A HGB

Carl Zeiss Meditec AG's subscribed capital amounts to €89,440,570.00 and is composed of 89,440,570 no-par value ordinary bearer shares (no-par value shares), each with a theoretical interest in the share capital of €1 per no-par value share. Each share entitles the bearer to one voting right and an equal share in Company profits.

Other shares or shares with special rights that grant supervisory powers do not exist. Nor are there restrictions on the part of Carl Zeiss Meditec AG concerning the voting rights or transfer of shares. Furthermore, the Management Board is not aware of any other agreements concluded, for example, between individual shareholders.

Carl Zeiss Meditec AG is aware of the following direct and indirect holdings in the capital of Carl Zeiss Meditec AG that exceed ten percent of the voting rights. Carl Zeiss AG, Oberkochen, Germany, holds, both directly and indirectly, a total of 59.1% of the voting rights in Carl Zeiss Meditec AG. This corresponds to 52,893,270 no-par value shares. These include 6.8% of the voting rights or 6,074,256 no-par value shares in Carl Zeiss Meditec AG, which Carl Zeiss AG holds indirectly via its wholly owned subsidiary Carl Zeiss Inc., White Plains, USA.

Employees of Carl Zeiss Meditec AG or its affiliated companies pursuant to Section 15 et seqq. AktG, who participated in the Company via employee share plans concerning the share capital of Carl Zeiss Meditec AG in prior years, exercise their control rights directly like all other shareholders of the Company.

Pursuant to Section 179 and Section 133 AktG, an amendment to the Articles of Association requires a resolution by the Annual General Meeting which, in turn, requires a simple majority of the votes cast and a majority comprising at least three quarters of the share capital represented at the time the resolution is passed. The Articles of Association may specify a different capital majority; in the case of an amendment to the purpose of the Company, however, only a larger capital majority may be specified. Art. 25 of Carl Zeiss Meditec AG's Articles of Association states that in cases for which the law requires a majority of the share capital represented at the time of resolution, a simple majority of the share capital represented is sufficient, provided that a greater majority is not mandatory by law. Pursuant to Art. 28 of the Articles of Association of Carl Zeiss Meditec AG, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the version. This complies with Section 179 (1) Sentence 2 AktG.

The legal provisions concerning the appointment and dismissal of members of the Management Board are set forth in Section 84 and Section 85 AktG. In compliance with this, Art. 6 (2) of the Articles of Association of Carl Zeiss Meditec AG stipulates that the Supervisory Board shall be responsible for appointing and dismissing the members of the Management Board. Pursuant to statutory provisions, a member of the Management Board may only be dismissed for compelling reasons.

Pursuant to Art. 4 (5) of the Articles of Association of Carl Zeiss Meditec AG, the Company has an Authorized Capital. Accordingly, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the share capital, on one or several occasions in the period until 29 March 2027, by up to a total of €26,500,000.00 (Authorized Capital 2022). New no-par value bearer shares may be issued against cash and/or contributions in kind for this. The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of shareholders in the following cases:

» to balance out fractional amounts,
» if the capital increase is effected against cash contributions and the new shares, for which the subscription rights are excluded, are equivalent to no more than 10% of the share capital, neither on the date the increase becomes effective, nor on the date this authorization is exercised, and the issuing price of the new shares is not significantly lower than the market price of shares of the same type and structure already publicly quoted. Sales of own shares on the basis of other authorizations pursuant to Section 186 (3) sentence 4 AktG must be taken into account in the restriction to 10% of the share capital.
» for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts thereof or interests in a company.

The Management Board is authorized, subject to the approval of the Supervisory Board, to specify the further details of capital increases from Authorized Capital.

By resolution of the Annual General Meeting of Carl Zeiss Meditec AG on 21 March 2024, the authorization to acquire treasury shares granted by the Annual General Meeting on 6 August 2020, insofar as it had not already been exercised, was revoked and replaced by a new authorization. This authorization is valid until 20 March 2029. The shares may be purchased, subject to the approval of the Supervisory Board:

» to offer them for purchase to employees of the Company and the companies affiliated with the Company within the meaning of Section 15 et seqq. German Stock Corporation Act (AktG) – noting that the right of shareholders to subscribe to own shares is excluded – or
» as a (part-)consideration within the scope of business combinations or to acquire companies, investments in companies or parts of companies and other assets, for example, land or buildings or receivables from the Company or companies affiliated with it within the meaning of Section 15 et seqq AktG – whereby the right of shareholders to subscribe to own shares is also excluded – or
» to recall them.

This authorization is limited to the purchase of shares of up to 10% of the share capital existing at the time of the resolution or - if this value is lower - at the time the authorization is exercised. The shares shall be purchased at the stock exchange. The consideration paid by the Company per share (excluding incidental purchase costs) may not be more than 10% above or below the closing rate of the shares in Xetra trading (or an equivalent successor system to the Xetra trading system) at the Frankfurt Stock Exchange on the previous day of trading. At no time may the purchased shares, together with other own shares held by the Company and ascribable to it pursuant to Section 71a et seqq. AktG, exceed 10% of the share capital.

Between 9 February 2024 and 9 August 2024, 1,904,491 shares were acquired for a total of €149,999,973.11 (excluding incidental acquisition costs), resulting in an average share purchase price of €78.7612. This corresponds to 2.1293% of the share capital of Carl Zeiss Meditec AG. The share buyback price was therefore in a range between € 60.2364 and € 121.9240 per share.

The Company has not entered into any significant agreements contingent upon a change of control following a takeover bid.

Nor has the Company concluded any compensation agreements with the members of the Management Board or employees for the event of a takeover bid.

OUTLOOK

Future conditions for business development

Macroeconomic conditions[15]

According to the International Monetary Fund (IMF) forecast from the World Economic Outlook Update of October 2024, at 3.2%, global growth will not change significantly in 2025, thus remaining below the historical average (2000-2019) of 3.8%. In the growth markets, growth is expected to remain stable at around 4.2% for the years 2024 and 2025. The momentum of growth in the Chinese economy is expected to slow slightly from 4.8% in calendar year 2024 to around 4.5% in the following year.

Global inflation will steadily decline, according to the IMF's forecasts. Global headline inflation is expected to fall from an average of 6.7% in 2023 to 5.8% in 2024, with advanced economies returning to their inflation targets earlier than emerging and developing economies. By the end of 2025, the inflation rate is expected to be around 3.5%, which would be below the global average of 3.6% for the years 2000-2019.

The IMF believes that the rise in interest rates compared with previous years, combined with inflation, may lead to increased payment defaults and to restraint in consumption and investment. Overall, this could impair economic growth.

Future situation in the medical technology industry[16]

The medical technology market is an integral part of the health care sector. In principle, further market growth can be expected, as the factors responsible for this, such as the ageing population or the potential for technological progress, are sustainable in the long term. Customer preferences around the world are diverse and depend on the country, the healthcare system and the medical professionals. Some markets require high-quality, innovative devices with advanced technologies and functions, while in others the focus is on cost-effective solutions.[17]

In addition, the acceleration of digitalization in the medical technology sector, with new advances in data analysis, opens up further opportunities for the future of the industry. The convergence

[15] IMF, World Economic Outlook, October 2024
[16] EY, Pulse of the industry medical technology report 2024
[17] Statista Markets Insights, August 2024

of these technological advances with the increased demand for personalized, flexible care approaches forms the basis for a new vision of the future of health care, which can also be termed the intelligent health ecosystem. This presents a major opportunity for the Company to help design digital products and solutions in health care and to thus contribute to better treatment outcomes. In the Company's view, the integration of medical technology and information technology shall continue at a fast pace.

This is offset by geopolitical upheavals, the slow recovery of trade, a changing regulatory environment, and persistent global inflation. These factors have contributed to uncertainties in the medical technology industry. Rapidly evolving technologies, the increasingly more sophisticated demands of consumers for more personalized and more convenient health care, the pressure to change payment models due to the aging population and the increase in chronic diseases are all long-term trends that will have an inevitable and significant impact on the industry and will ultimately lead health care leaders to rethink how health care will be delivered in the future.

A promising model for health care will be based on an ecosystem-wide cooperation and smooth data exchange between stakeholders. This data exchange is to take place via seamless integration of virtual and digital supply channels, enabled by convergence of new technologies and data. The rise of these new technologies in the medical technology industry is well known. In a generally weak year for the industry, the pace of innovation for these cutting-edge technologies has accelerated further. In order to adapt to the changing environment, visionary strategies and new approaches to care are needed to create an intelligent health care infrastructure at any time, anywhere, that goes beyond traditional institutional care channels.

Future development in the strategic business units of the Carl Zeiss Meditec Group

Ophthalmology strategic business unit

The Ophthalmology SBU recorded sideways revenue compared with the prior year on a currency-adjusted basis. The acquisition of DORC, which was consolidated for the first time on 3 April 2024, had a supporting effect here, whereas the planned reduction in inventories in the Chinese distribution channel for surgical consumables and the price pressure from the introduction of volume-based-procurement of intraocular lenses in China had a negative impact. In the equipment business, there was a reluctance to invest among various customer groups – particularly in the North American market. Overall, management is expecting that Carl Zeiss Meditec AG's market share in the Ophthalmology SBU didn't change significantly in fiscal year 2023/24. However, it should be noted that Carl Zeiss Meditec AG's high share of equipment business compared to the market average and the high share of its revenue in China had a negative impact in the reporting period compared to competitors with a higher share of consumables business.

Renewed growth is expected in fiscal year 2024/25, at least to the same extent as the underlying market. However, the restrictive investment climate in the equipment business and in elective procedures, which is dependent on the general consumer climate, is likely to have a slowing effect. From today's perspective and excluding currency effects, moderate growth in the mid-single-digit percentage range is expected, including the first full-year consolidation of DORC. The order backlog has fallen sharply compared to the previous year, while production times in the equipment business have largely normalized compared to previous years. However, since the fourth quarter of the past fiscal year in particular, Carl Zeiss Meditec AG has succeeded in achieving growth in order entry again despite the current uncertainties.

EBIT and EBITA are expected to increase slightly in the 2024/25 fiscal year. The EBIT and EBITA margins are expected to remain stable or increase slightly.

Microsurgery strategic business unit

In the fiscal year 2023/24, the Microsurgery strategic business unit recorded a decline in revenue due to a reluctance to invest among various customer groups, particularly in the North American market.

The Company expects the Microsurgery strategic business unit to continue to make significant contributions to earnings in future, and is optimistic that it will grow at a faster rate than the underlying market in the upcoming fiscal year. From today's perspective and without taking currency effects into account, the market will develop sideways in the 2024/25 fiscal year. The order backlog has fallen sharply compared to the previous year, while production times in the equipment business have largely normalized compared to previous years.

EBIT and EBITA in fiscal year 2024/25 are expected to be at least at roughly the comparable level as in the prior year. EBIT- and EBITA margin are expected to develop sideways.

Future selling markets

The Company sees particularly promising business prospects for the long term in the APAC region, due to the rapid economic growth there. In the medium term, Carl Zeiss Meditec AG also sees opportunities for further growth in the North American market, due to the targeted expansion of market shares in the surgical consumables business.

Future research and development

The Carl Zeiss Meditec Group invests continuously in research and development projects, in which efficient and targeted development processes play a key role. The Company searches for new technologies and market trends, in order to subsequently become established on the market with new solutions. To achieve this, regional market conditions and the needs of the customers are involved in the development process from the outset. Investments in digitalization play an important role in this. R&D expenditure is expected to remain more or less unchanged in fiscal year 2024/25 (2023/24: €343.1m).

Future investments

The investment ratio of the Carl Zeiss Meditec Group has been largely consistent over the past few years. Even the investments required to realize growth targets shall not significantly change the current investment ratio in the coming fiscal year. The Company plans to invest around 5% to 6% of its revenue in property, plant and equipment and in intangible assets in fiscal year 2024/25 (2023/24: 7.4%).

Future dividend policy

Carl Zeiss Meditec AG pursues a long-term and earnings-oriented dividend policy. The Company's management plans to propose to the Annual General Meeting the distribution of a reduced dividend of €0.60 per share for the past fiscal year. The dividend ratio would therefore be 29.9% (prior year: 33.9 %). The proposed dividend is, however, still around one third of earnings per share. The slight reduction in the payout ratio compared to the usual distribution policy is intended to achieve accelerated equalization of the net financial debt that has arisen primarily as a result of the DORC acquisition.

Future employee development

Qualified and highly motivated employees are essential for the Company's success: they are necessary to be able to continue to work innovatively and profitably in future. It is crucial to keep investing in the further development of existing employees in future, and to recruit well qualified specialists and managers. The Company therefore expects employee growth in the coming periods to correlate with the Company’s business development.

Future financial position

The DORC acquisition resulted in net financial debt for the first time in the history of Carl Zeiss Meditec AG. Previously, the Company had significant cash and cash equivalents at its disposal, which were invested in the Group treasury at interest-bearing rates. Against this backdrop, significantly lower interest income and rising interest expenses are expected for 2024/25 (mainly for the ZEISS Group loan of €400m at an interest rate of 3.66% p.a.).

For 2024/25, Carl Zeiss Meditec AG expects at least stable or slightly increasing operating cash flow and free cash flow due to active working capital management. As a result of this and the possibility of using other financing instruments and sources if required, the management judges the Carl Zeiss Meditec Group's financing capacity to be satisfactory.

Future opportunities

The global medical technology market is characterized by fundamentally sustainable growth. This applies to both ophthalmology and microsurgery and assures us of good selling conditions for the Company. Additional opportunities are provided by our product range, which is to be expanded further in the fiscal year ahead. Our strong financial profile, which shields the Company's development against external influences, should also have a positive effect. Future development shall also include external growth opportunities in some areas. In a systematic process Carl Zeiss Meditec AG continuously looks for strategically meaningful acquisitions. It is not possible at this point to gauge with certainty how feasible such opportunities might be.

Overall assertion on future development

At the time of publication of this Management Report, the management of the Carl Zeiss Meditec Group continues to expect a difficult global macroeconomic environment for the coming fiscal year and does not anticipate a rapid recovery in the investment climate for devices or any decrease in the pressure on consumer spending for elective procedures – although the underlying long-term development trends for the market already described remain fundamentally positive. The Company sees major ongoing uncertainty factors ahead, including high interest rates, inflation, consumer behavior influenced by fears of recession as well as geopolitical conflicts and the associated risk of new trade sanctions and currency fluctuations.

A crucial advantage for even greater stability of our overall business is a higher proportion of revenue with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. A share of around 47% was achieved in fiscal year 2023/24. The significant increase in the 2023/24 fascial year was due, among other things, to the first-time consolidation of DORC, whose revenue mainly stems from consumables. By contrast, the one-off planned reduction of refractive consumables inventories in the Chinese distribution channel of the Carl Zeiss AG sales company in the first half of 2023/24 and the price decline due to the introduction of volume-based-procurement in the market for intraocular lenses in China had a dampening effect. In the medium term, a further increase in the proportion of recurring revenue is expected.

Assuming that the above-mentioned uncertainty factors do not worsen, the Carl Zeiss Meditec Group expects moderate revenue growth for fiscal year 2024/25.

EBIT is expected to grow at least slightly in the 2024/25 fiscal year, and the EBIT margin should be at least slightly higher. EBITA and EBITA margin are expected to be stable or slightly higher in fiscal year 2024/25 (fiscal year 2023/24: EBITA €248.9m, EBITA margin 12.0%). The cost containment measures ("Resilience" program) remain in place in order to keep the cost trend before consolidation of DORC roughly stable; New product launches such as the KINEVO® 900 S and possible further VISUMAX® 800 approvals offer additional potential for business development over the course of the year.

In the following years, a gradual increase in the EBITA margin is targeted. In the long term, the Company expects to return to an EBITA margin in the range of around 16-20%. (2023/24: 12.0%). This will be supported by the increasing proportion of recurring revenue.

In terms of free cash flow for fiscal year 2024/25, Carl Zeiss Meditec Group is targeting an stabil figure or a slight increase. The Company expects Economic Value Added® (EVA®) to at least decline moderately in the coming fiscal year compared to 2023/24, in particular due to the higher cost of capital in connection with the first full-year consolidation of DORC.

Should there be any significant changes in the economic environment currently forecast over the course of the fiscal year, and should it thus become necessary to amend the statements on the development of business from today's perspective, these amendments shall be published promptly and shall specify our expectations in more detail.

The outlook for the Carl Zeiss Meditec Group also largely mirrors the expectations for Carl Zeiss Meditec AG, due to the links between Carl Zeiss Meditec AG and its subsidiaries and due to the importance of Carl Zeiss Meditec AG within the Carl Zeiss Meditec Group. The foregoing explanations therefore also apply for Carl Zeiss Meditec AG.

FINAL DECLARATION OF THE MANAGEMENT BOARD ON THE DEPENDENT COMPANY REPORT PURSUANT TO SECTION 312 (3) AKTG

As a group company within Carl Zeiss AG, Carl Zeiss Meditec AG has prepared a dependent company report pursuant to Section 312 German Stock Corporation Act (AktG). Based on the circumstances in which the legal transactions listed in the dependent company report pursuant to Section 312 AktG on relationships with associated companies were carried out or measures were taken or omitted, the Company received appropriate consideration for the legal transactions and was not disadvantaged by the fact that measures were taken or omitted.

DECLARATION ON CORPORATE GOVERNANCE (PURSUANT TO SECTION 289F, 315D HGB) AND CORPORATE GOVERNANCE REPORT

The declaration on corporate governance (pursuant to Sections 289f HGB and 315d HGB) includes the declaration of conformity pursuant to Section 161 AktG, relevant information on corporate governance practices applied which go beyond the statutory requirements, in addition to information of where these are publicly accessible and a description of how the Management and Supervisory Boards work, as well as the composition and mode of working of their committees. In addition, disclosures are made concerning the stipulation of targets for the proportion of women on the Management Board and within the next two levels of management below the Management Board, including the deadlines for attaining these targets, and concerning compliance with the minimum proportions of women and men on the Supervisory Board.

The Declaration on Corporate Governance is available at www.zeiss.com/meditec-ag/investor-relations/corporate-governance.html.

Jena, 2 December 2024

Dr. Markus Weber President and CEO	Justus Felix Wehmer Member of the Management Board

Remuneration report

Remuneration report

In accordance with the requirements of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) pursuant to Section 162 AktG (version dated 22 December 2020), the Management Board and Supervisory Board of Carl Zeiss Meditec AG report on the remuneration granted and owed to the members of the Management Board and Supervisory Board for fiscal year 2023/24. The remuneration is considered granted if it has actually accrued to the member of the executive body and has thus been transferred to their assets (accrual principle). The contents of the remuneration report summarize the key elements of the remuneration system that was adopted by the Annual General Meeting on 21 March 2023. Furthermore, the contents of the report conform to the regulatory requirements of the German Stock Corporation Act and are also guided by the recommendations of the German Corporate Governance Code (DCGC) in its version dated 28 April 2022.

The Management Board and Supervisory Board have resolved, in addition to the legally required formal audit, to also engage PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to perform an audit of the content of the disclosures.

The Company's success is directly linked to the performance of the Management Board and is thus also reflected in the variable remuneration in line with the "Pay for Performance" principle.

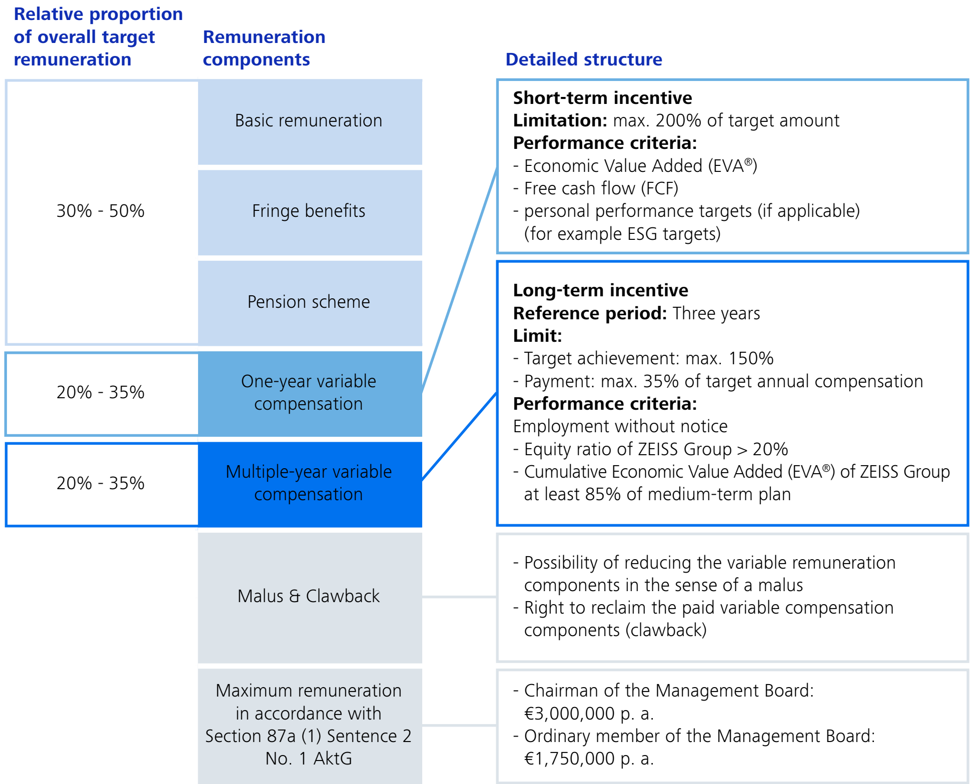
REMUNERATION OF THE MANAGEMENT BOARD

I. Main principles of the Management Board remuneration system

The members of the Management Board are remunerated based on Section 87 AktG in conjunction with Section 87a AktG, as well as the remuneration system adopted by the Annual General Meeting. According to this, the Supervisory Board determines the remuneration, which comprises fixed and variable components, and payments in kind. The Supervisory Board's General Committee proposes the amount and structure of the remuneration to be paid to the Management Board, and these are then approved by the Supervisory Board as a whole.

The current remuneration system for the members of the Management Board of Carl Zeiss Meditec AG was adopted by the Annual General Meeting on 21 March 2023 with a majority of 78.28% of the share capital represented, and has since applied for all new Management Board service contracts. Overall, the remuneration report received a sufficiently high level of approval from investors (75.60%). As a result, the Supervisory Board believes that the existing remuneration system has received substantial and sufficient approval.

The new remuneration system can be found on Carl Zeiss Meditec AG's website at AG. https://www.zeiss.de/content/dam/meditec-ag/financial-communication/hauptversammlung-2023/7_afx_hv-to_2023.pdf.



The structure of the remuneration of the Management Board of Carl Zeiss Meditec AG is designed to contribute to the implementation of corporate governance aimed at increasing value in the long term. The remuneration system is intended to set incentives for the implementation of the corporate strategy by simultaneously ensuring a long-term commitment of the members of the Management Board. Similarly, the remuneration system is geared to the long-term successful development of the Company as a whole and is also aimed at the short to medium-term objectives of the Group. The objectives that have been set are in line with the envisaged development of the Company and aim to make the achievement of these objectives measurable. The granting of a multi-year variable remuneration component is intended to give consideration to the objective of long-term and sustainable development. The sustainable development of the Company can also be linked in particular to targets agreed personally for the members of the Management Board, which may also include non-financial targets. However, no personal or non-financial targets were agreed in fiscal year 2023/24.

II. Maximum remuneration

The remuneration system provides for an upper limit on the total annual remuneration for each member of the Management Board (maximum remuneration) as an absolute value. The maximum remuneration limits the payments to be made to a member of the Management Board from the contractually agreed remuneration. The maximum remuneration comprises the basic remuneration and the short-term and long-term variable remuneration, plus any other fringe benefits. The pension commitment included in the fixed remuneration components is also included in the calculation of the maximum remuneration together with the service cost incurred in the fiscal year.

The maximum remuneration (including pension contributions and fringe benefits) stipulated by the Annual General Meeting 2023 for the members of the Management Board amounts to €3,000k per fiscal year for the Chairman of the Management Board and €1,750k for ordinary members of the Management Board.

Compliance with the maximum remuneration is reviewed annually. Compliance with the maximum remuneration can only be finally determined once all contractually agreed remuneration components for a financial year under the remuneration system applicable at that time have been paid out. The Supervisory Board of Carl Zeiss Meditec will therefore review the final amount to be paid in light of the maximum remuneration for the first time in fiscal year 2024/25 after the end of the first assessment period of the long-term variable remuneration of the remuneration system approved in 2021.

III. Appropriateness & conventionality

The appropriateness of the remuneration paid to the Management Board is based on the responsibilities of the individual members of the Management Board and the financial situation and market environment of the Company, as well as performance shown and expected in the future.

The appropriateness is reviewed based on an external comparison of the conventionality of the remuneration with similar companies. The comparison group is essentially composed of the companies listed in the MDAX of the German stock exchange with a comparable free float market capitalization and in a similar industry. Other factors such as the size of the workforce may also be included in the comparison. A vertical comparison with the remuneration of a defined comparison group (e.g. workforce) in the Company was omitted. Due to the global structure of the Company, the Supervisory Board does not consider such a comparison expedient.

IV. Remuneration components in detail

The Supervisory Board has set the target remuneration for the members of the Management Board for fiscal year 2023/24 as follows. The remuneration of the Chairman of the Management Board is based on the remuneration system approved by the 2021 Annual General Meeting.

Target remuneration for fiscal year 2023/24 in k€

	Dr. Markus Weber President and CEO			Justus Felix Wehmer Member of the Management Board		
	Target remuneration	Minimum value	Maximum value	Target remuneration	Minimum value	Maximum value
Remuneration not related to performance						
Fixed remuneration	435.0	435.0	435.0	344.7	344.7	344.7
Fringe benefits	9.1	9.1	9.1	14.5	14.5	14.5
Pension cost	188.0	188.0	188.0	36.2	36.2	36.2
Total	**632.1**	**632.1**	**632.1**	**395.4**	**395.4**	**395.4**
Performance-related remuneration						
Short-term incentive	290.0	-	580.0	229.8	-	459.6
Long-term incentive	145.0	-	290.0	159.3	-	310.7
Total	**435.0**	**-**	**870.0**	**389.1**	**-**	**770.3**
Total remuneration	**1,067.1**	**632.1**	**1,502.1**	**784.5**	**395.4**	**1,165.7**

1. Remuneration not related to performance

Fixed remuneration

The fixed remuneration comprises a fixed basic remuneration not related to performance and is not contingent upon the achievement of specific targets. It is paid monthly on a pro rata basis as a salary.

In fiscal year 2023/24, this amounted to a total of €435.0k (prior year: €425.6k) for Dr. Markus Weber and to €344.7k (prior year. €333.0k) for Justus Felix Wehmer.

Fringe benefits

There are fringe benefits for the members of the Management Board, such as the provision of a company vehicle (including a driver for the President and CEO), a company pension, contributions to an individual private pension scheme, medical and nursing insurance and the assumption of costs for other insurance policies, as well as accommodation and moving costs, including brokers' fees.

Fringe benefits amount to €23.6k in the fiscal year under review. This amount does not include any costs for the driver service, as this was not used in the fiscal year.

In addition, Carl Zeiss Meditec AG has taken out financial loss liability insurance (Directors and Officers insurance, D&O) for the members of the Management Board. This provides for an excess of 10 percent of the damages up to a maximum of one-and-a-half times the annual fixed remuneration.

Pension commitments (IFRS)

The members of the Management Board receive a commitment to a purely employer-funded company pension, i.e. the defined benefit commitments of the ZEISS Group apply. For each fiscal year, depending on the success of the ZEISS Group, a contribution of between 1% and 5% of the basic income is converted into a pension module based on interest and age-related annuity factors. The monthly pension is determined from the sum of all pension modules acquired during the period of service. The service cost for Justus Felix Wehmer for the past fiscal year amounts to €36.2k.

The Chairman of the Management Board is entitled to a defined benefit plan from Carl Zeiss AG dependent on final salary, which is subject to annual interest. Carl Zeiss Meditec AG is charged 75% of the service cost on a pro rata basis by Carl Zeiss AG. In fiscal year 2023/24, the service cost for Dr. Markus Weber amounted to €188.0k.

The appropriation to the pension provisions or pension funds should be stated annually with respect to the retirement benefit commitments for the members of the Management Board. The expenses relating to pension commitments attributable to the individual members of the Management Board are presented in the following overview.

Individualized breakdown of the pension commitments to the members of the Management Board of Carl Zeiss Meditec AG

	Fiscal year	Service cost	Present value of pension commitment, total
		€k	€k
Dr. Markus Weber	**2023/24**	188.0	-
	2022/23	186.8	-
Justus Felix Wehmer	**2023/24**	36.2	350.1
	2022/23	39.3	251.1

Dr. Markus Weber's pension entitlement is directly from Carl Zeiss AG, which recognizes it as a corresponding obligation; Carl Zeiss Meditec AG bears the proportion of the costs for his period of service with the Company.

2. Performance-related variable remuneration

The variable remuneration of the Management Board is tied to the Company's success and is based on target agreements agreed individually with each member of the Management Board.

The sustainable and successful corporate development of Carl Zeiss Meditec AG is promoted by granting a multi-year variable remuneration component and by considering personal performance targets in the one-year variable remuneration. Personal performance targets in this context may also include non-financial targets, such as sustainability criteria (Environmental, Social, Governance – ESG criteria).

The variable remuneration consists of two components – a short-term-oriented variable remuneration (short-term incentive) and a long-term-oriented variable remuneration (long-term incentive). The amount of both of these components depends on the achievement of agreed performance targets, which are based on the key performance indicators Economic Value Added (EVA®) and Free Cash Flow (FCF).

The (single-year) short-term incentive (STI) is based on the achievement of quantitative targets within one fiscal year and is paid out after the end of that year.

The second component of the variable remuneration, the long-term incentive (LTI), focuses on profitable and sustainable Company growth. The LTI is therefore based on a multi-year term. For each tranche granted, the achievement of targets is determined at the end of a three-year period and the amount resulting from a predefined calculation method is paid out.

For the respective maximum amount, 200% of the targets for the one-year variable remuneration and 150% of the targets for the multi-year variable remuneration must be achieved for the ordinary member of the Management Board and 200% for the Chairman of the Management Board.

In the current fiscal year 2023/24, the variable remuneration components paid to Dr. Markus Weber amounted to €187.3k (STI for the 2022/23 fiscal year). The amount paid to Justus Felix Wehmer was €445.8k (€265.5k STI for the 2022/23 fiscal year, LTI tranche €180.3k).

Short-term incentive

Short-term incentive

	Measurement period: 1 year			
	Success targets			
Target value ×	Free cash flow	Economic Value Added	Personal if applicable Including non-financial targets	= Payment (cap 200%* of target value)

The STI is primarily determined based on the successes achieved in the fiscal year and is granted entirely in cash. Prior to the start of a fiscal year, the Supervisory Board sets targets for the respective fiscal year. The target amount of the STI for 100% target achievement is determined based on the fixed remuneration, i.e., the value corresponds to two thirds of the fixed remuneration For fiscal year 2023/24, the target remuneration (target achievement of 100%) ranges from €229.8k to €290.0k.

In the first Supervisory Board meeting after the end of the fiscal year, the Supervisory Board shall determine the actual achievement of the STI target by the respective Management Board member. In addition, personal targets may be weighted on a proportionate basis in the STI – these may also include non-financial targets (e.g. ESG targets), which serve to promote sustainable corporate development. However, no personal or non-financial targets were agreed in fiscal year 2023/24. The achievement of the STI target is measured against the key performance indicators EVA® and FCF as well as any relevant personal targets.

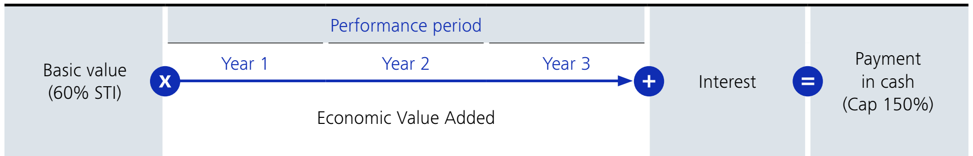
Corresponding targets are also applied to employees in upper management in order to achieve consistency of the target system in the Company. Achievement of the STI target may exceed 100%. The maximum (cap) is contractually agreed on an individual basis and should not exceed 200%. The STI is generally paid out in cash several weeks after the calculation in December.

The overall target achievement for Justus Felix Wehmer was determined using the EVA® and FCF (Carl Zeiss Meditec) indicators, each with a weighting of 30%, and the EVA® indicator (Carl Zeiss Group) with a weighting of 40%. The target achievement for fiscal year 2023/24 was determined by the Supervisory Board to be approx.116% for EVA®, approx.16% for FCF (Carl Zeiss Meditec) and 200% for EVA® (Carl Zeiss Group), resulting in an overall target achievement of approx.120%.

The calculation of the overall target achievement for Dr. Markus Weber is based on the EVA® and FCF (Carl Zeiss Meditec) indicators, each with a weighting of 50%. For the 2022/23 fiscal year, the Supervisory Board determined EVA® target achievement of approx. 116% and FCF achievement of approx. 16%. In total, this resulted in an overall achievement of approx. 66%. resulting in an overall achievement of approx. 66%.

Long-term incentive

Long-term incentive



To calculate the LTI, firstly a base value is determined. This amounts to 60% of the individual short-term variable target remuneration for the fiscal year that precedes the beginning of the term of an LTI tranche, weighted with the target achievement level of the EVA® performance indicator (Carl Zeiss Group) This is followed by a three-year interest phase. The interest rate is calculated per fiscal year on the basis of the consolidated profit margin (IFRS; Carl Zeiss Group) as a percentage of revenue (adjusted for non-recurring effects). Since fiscal year 2022/23, this can amount to a maximum of 10% p.a. (previously 16%).

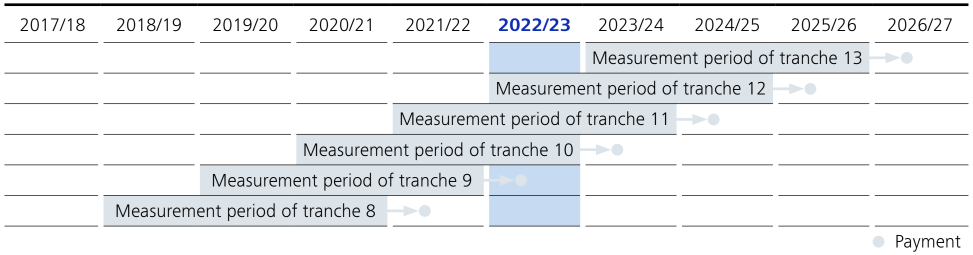
At the end of the performance period, a performance factor is determined which is based on the EVA® (Carl Zeiss Group) indicator. The final amount paid out is based on the level of achievement of the previously agreed financial targets. The medium-term financial planning for the first performance year defines the target. In order to calculate the total payout, the respective LTI base value, including accrued interest, is multiplied by the level of target achievement (performance factor). Overachievement of the target up to 150% is possible. A minimum fulfillment of 85% is required for each payout.

Tranche 10 was paid out in fiscal year 2023/24 (fiscal year 2020/21 – 2022/23). In accordance with the remuneration system applicable in fiscal year 2020/21, a base value of €81.2k was calculated for Justus Felix Wehmer. This was determined as a percentage (40%) of the STI amount paid out in fiscal year 2019/20. The interest and the performance factor were calculated at the end of the respective fiscal year. The interest rate for tranche 10 was 16% and the performance factor was set at 150% by the Supervisory Board. This resulted in a payout amount of €180.3k.

Contrary to the LTI calculation above, a different rule applies for the President and CEO. The base value for the President and CEO is 50% of the assessment basis (two thirds of the respective fixed salary). At the end of the performance period, target achievement is calculated based on the previously agreed financial targets for the performance indicator EVA® for the entire assessment period, derived from the medium-term financial planning. Contrary to ordinary members of the Management Board, no interest is paid on the base amount. The currently agreed target amount for 100% target achievement is €145.0k for tranche 13. Overachievement up to 200% is possible. In principle, the multi-year variable remuneration should not exceed the amount of fixed salary.

In fiscal year 2023/24, no LTI tranche was paid out to Dr. Markus Weber as the assessment periods have not yet elapsed since his appointment.

Scheduling profile of agreed LTIP tranches



3. Shareholding regulation

The members of the Management Board do not hold any Carl Zeiss Meditec AG shares and do not receive any share-based compensation. The Supervisory Board is satisfied that the present structure of the remuneration, in particular the long-term incentive, due to the focus on the key performance indicators EVA® and FCF, on the one hand, and the structure of the LTI, on the other, has proven successful and is in line with the Company's interests.

4. Remuneration-related legal transactions

Benefit commitments from third parties

In the past fiscal year, no commitments from third parties were granted or promised to any members of the Management Board in respect of their activities as a member of the Management Board.

Termination benefits

The service contracts of the members of the Management Board are limited to a maximum term of five years in accordance with Section 84 (1) AktG. In the event of termination of a Management Board contract, any outstanding variable remuneration components are generally paid out in a lump sum as soon as target achievement in the fiscal year has been determined.

If a Management Board contract is terminated during the course of a fiscal year, the STI will be paid on a pro rata basis based on the period of time served. A pro rata LTI entitlement only exists upon retirement. The variable remuneration shall not be awarded if the service contract is terminated without notice for good cause attributable to the member of the Management Board.

In the event of early termination due to the dismissal of the Management Board member pursuant to Section 84 (3), a severance payment will be paid. This will amount to a maximum of two years' remuneration or the remuneration owed for the remainder of the service contract, whichever is lower ("severance cap"). A retroactive non-competition clause may be agreed. In this case, the severance payment shall be offset against a compensation payment.

If the termination is effected by way of a mutually agreed termination agreement, then the total value of the remuneration expected to be owed under the benefit commitments for the original remaining term of the employment contract will be paid out, but only up to a maximum of two years' remuneration.

Benefits in excess of this severance payment are excluded. Benefits in the event of change of control are not provided for in the remuneration of the Management Board.

Benefit commitments for Management Board members who left office during fiscal year 2023/24

No member of the Management Board left the Company in fiscal year 2023/24.

V. Individualized disclosure

The table below contains the individual disclosure of the remuneration components awarded to the members of the Management Board for fiscal year 2023/24. Remuneration granted is defined as remuneration paid out in fiscal year 2023/24.

Individualized disclosure of the remuneration paid to the members of the Management Board of Carl Zeiss Meditec AG

			Remuneration of the Management Board									
	Fiscal year		Fixed remuneration	Remuneration in kind and other remuneration[1]	Variable remuneration	Overall target-achievement[2]	LTIP	Overall target-achievement[3]	One-time special payment	**Total remuneration acc. to Section 162 AktG**	Pension cost	**Total total remuneration acc. to Section 162 AktG, plus pension cost**
			€k	€k	€k		€k		€k	**€k**	€k	**€k**
Dr. Markus Weber	**2023/24**	absolute	435.0	9.1	187.3	66%	0.0	0%	0.0	**631.4**	188.0	**819.4**
(since 1 Jan 2022)		relative	69%	1%	30%	0%	0%	0%	0%	**100%**	-	**-**
	2022/23	absolute	425.6	9.2	345.7	174%	0.0	0%	0.0	**780.5**	186.8	**967.3**
		relative	55%	1%	44%	0%	0%	0%	0%	**100%**	-	**-**
Justus Felix Wehmer	**2023/24**	absolute	344.7	14.5	265.5	120%	180.3	150%	0.0	**805.0**	36.2	**841.1**
		relative	43%	2%	33%	0%	22%	0%	0%	**100%**	-	**-**
	2022/23	absolute	333.0	15.4	316.5	150%	201.7	137%	0.0	**866.3**	39.3	**905.6**
		relative	38%	2%	37%	0%	23%	0%	0%	**100%**	-	**-**

VI. Comparative presentation of the development of remuneration

The development of the remuneration awarded to the members of the Management Board and the Supervisory Board, the development of earnings and the development of the average employee remuneration are presented in the following table for comparison purposes, for a four-year period from 2020/21 to 2023/24. Remuneration awarded is defined as remuneration paid out in fiscal year 2023/24. For this reason, there is a time lag between the results of operations and the development of remuneration, as the variable remuneration components are not paid out until the following fiscal year. Due to members joining or leaving the respective executive bodies during the fiscal year, the comparison with the corresponding year has limited significance.

[1] Remuneration in kind and other benefits are fringe benefits as described in the section "Remuneration not related to performance".
[2] The overall STI target achievement can range from 0 % (minimum) to 150 % (maximum) for ordinary members of the Management Board and from 0 % (minimum) to 200 % (maximum) for the Management Board Chairman for fiscal year 2022/23.
[3] The overall LTI target achievement can range from 0 % (minimum) to 150 % (maximum) for ordinary members of the Management Board and from 0 % (minimum) to 200 % (maximum) for the Management Board Chairman for fiscal year 2022/23.

	2020/21 vs. 2019/20	2021/22 vs. 2020/21	2022/23 vs.2021/22	2023/24 vs. 2022/23
Officiating members of the Management Board in 2023/24				
Dr. Markus Weber (from 1 Jan 2022)	0%	0%	151%	-19%
Justus Felix Wehmer (from 1 Oct 2018)	-16%	6%	20%	-7%
Officiating members of the Supervisory Board in 2023/24				
Dr. Karl Lamprecht[4] (from 25 Jun 2020)	0%	0%	0%	0%
Renè Denner (from 1 Oct 2019)	0%	-3%	13%	37%
Peter Kameritsch (from 27 May 2021)	0%	0%	166%	0%
Stefan Müller[4] (from 22 Mar 2024)	0%	0%	0%	0%
Isabel De Paoli (from 25 Jun 2020)	0%	-7%	-5%	0%
Torsten Reitze[4] (from 27 May 2021)	0%	0%	0%	0%
Tania von der Goltz (from 10 Apr 2018)	13%	-4%	0%	-17%
Jeffrey Marx (from 6 Mar 2020)	0%	-7%	0%	7%
Brigitte Koblizek (from 30 Mar 2022)	0%	0%	0%	87%
Heike Madan (from 23 Mar 2023)	0%	0%	0%	0%
Dr. Christian Münster (from 23 Mar 2023)	0%	0%	0%	0%
Falk Bindheim (from 23 Mar 2023)	0%	0%	0%	0%
Susan-Stefanie Breitkopf 4(from 2 Nov 2023 to 21 Mar 2024)	0%	0%	0%	0%
Development of earnings/key performance indicators				
EVA®	213%	-4%	-35%	-94%
FCF	105%	-34%	-26%	-35%
Net income of Carl Zeiss Meditec AG (HBG)	92%	-16%	33%	-29%
Average employee remuneration on full-time-equivalent basis				
Workforce Meditec Group (German locations)	12%	0%	5%	2%

[4] The members of the Management Board of Carl Zeiss AG, Dr. Karl Lamprecht, Stefan Müller, Susan-Stefanie Breitkopf and the Managing Director of Carl Zeiss SMT GmbH, Torsten Reitze, have waived remuneration for their work on the Supervisory Board of Carl Zeiss Meditec AG.

VII. Remuneration of former members of the Management Board

There are projected unit credits for pensions for six former members of the Management Board in accordance with IAS 19, in the amount of €1,176.4k for fiscal year 2023/24.

VIII. Clawback & malus

For contracts concluded in accordance with the new remuneration system, the Company has the right, in the case of major infringements of internal guidelines or statutory and contractual obligations and in the case of erroneous consolidated financial statements, to withhold (malus) or reclaim (clawback) variable remuneration components. No variable remuneration components were withheld or reclaimed in fiscal year 2023/24.

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board of Carl Zeiss Meditec AG (the "Supervisory Board") advises and monitors the management activities of the members of the Management Board and performs the duties incumbent upon it by law and under the Articles of Association. It is involved in strategy and planning and all matters of fundamental importance for the Company. In light of these responsible tasks, the members of the Supervisory Board shall receive appropriate remuneration, which shall also take adequate account of the time required to fulfill Supervisory Board duties. In addition, remuneration of the Supervisory Board that is also appropriate in terms of the market environment ensures that the Company will continue to have a stream of qualified candidates for the Supervisory Board at its disposal in future. The appropriate remuneration of the members of the Supervisory Board thus also contributes to the promotion of the business strategy and the long-term development of Carl Zeiss Meditec AG.

The remuneration set forth in Article 19 of the Articles of Association is in line with this objective. Carl Zeiss Meditec AG estimates that the amount and structure of the remuneration paid to the members of the Supervisory Board are normal for the market in a comparison with the remuneration paid to Supervisory Board members of other MDAX companies (peer group comparison).

Basic remuneration of Supervisory Board		
Chairman €60,000	Deputy Chairman €45,000	Member €30,000

Additional remuneration for committee participation			
in €	Audit Committee	General and Personnel Committee	Nominating Committee
Chairman	45,000	-	-
Deputy Chairman	5,000	-	-
Member	5,000	5,000	-
Meeting attendance fee €1,000			

The members of the Supervisory Board are remunerated based on Art. 19 of the Articles of Association. The members of the Supervisory Board receive a fixed remuneration, fringe benefits (consisting of reimbursement of expenses and insurance cover) and, insofar as they perform an activity on committees of the Supervisory Board, remuneration for this committee activity, as well as a meeting attendance fee.

The basic remuneration for each member of the Supervisory Board amounts to €30.0k. The Chairperson of the Supervisory Board receives double this amount and the Deputy Chairperson receives one-and-a-half times this amount. Members of committees receive an additional fixed remuneration of €5.0k. Members of the Nominating Committee and the Chairman of the General and Personnel Committee are exempt from this rule. The Chairman of the Audit Committee also receives one-and-a-half times the basic remuneration. In addition, each Supervisory Board member attending a Supervisory Board or committee meeting receives an attendance fee of €1.0k.

This exclusively fixed remuneration of the Supervisory Board is appropriate, in the Company's opinion, to take account of the independent advisory and supervisory function of the Supervisory Board; it strengthens the independence of the Supervisory Board members and meets the expectations of numerous investors and voting proxies.

The Company considers this fixed remuneration with no variable performance-related component to be appropriate, not least due to the fact that the workload and risk profile of the Supervisory Board tasks increase in challenging business situations and no false incentives are to be set in such a situation by a remuneration which would then decrease.

This also avoids giving the impression that the Supervisory Board is acting independently in fulfilling its supervisory function, which could be the case with parallel structures for the performance-related remuneration of the Management Board and Supervisory Board. For this reason, the members of the Supervisory Board are not intended to hold shares of the Company.

The table opposite provides an individualized breakdown of the total remuneration paid to each member of the Supervisory Board in fiscal year 2023/24.

Remuneration-related legal transactions in the sense of Section 87a (1) sentence 2 No. 8 AktG were not concluded with the members of the Supervisory Board. As the members of the Supervisory Board are remunerated based on the regulation in the Articles of Association resolved by the Annual General Meeting, the terms and conditions of remuneration and employment of the employees were not taken into consideration when determining the remuneration of the members of the Supervisory Board.

The Company did not pay members of the Supervisory Board any additional remunerations or benefits for personally rendered services (in particular consultancy and agency services) in financial year 2023/24.

Individualized disclosure of the remuneration paid to the members of the Supervisory Board of Carl Zeiss Meditec AG

	Fiscal year	Basic remuneration and committees	Attendance fee	Total remuneration
		€k	€k	€k
Dr. Karl Lamprecht[5]	**2023/24**	0.0	0.0	0.0
(Chairman)	2022/23	0.0	0.0	0.0
Renè Denner	**2023/24**	45.6	10.0	55.6
(Deputy Chairwoman)	2022/23	32.5	8.0	40.5
Peter Kameritsch	**2023/24**	45.0	10.0	55.0
	2022/23	45.0	10.0	55.0
Dr. Christian Müller[5]	**2023/24**	0.0	0.0	0.0
	2022/23	0.0	0.0	0.0
Isabel De Paoli	**2023/24**	30.0	6.0	36.0
	2022/23	30.0	6.0	36.0
Torsten Reitze[5]	**2023/24**	0.0	0.0	0.0
	2022/23	0.0	0.0	0.0
Tania von der Goltz	**2023/24**	37.1	6.0	43.1
	2022/23	45.0	7.0	52.0
Jeffrey Marx	**2023/24**	32.6	6.0	38.6
	2022/23	30.0	6.0	36.0
Cornelia Grandy	**2023/24**	0.0	0.0	0.0
(until 29 Mar 2022)	2022/23	17.3	0.0	17.3
Brigitte Koblizek	**2023/24**	30.0	6.0	36.0
(from 30 Mar 2022)	2022/23	15.2	4.0	19.2
Heike Madan	**2023/24**	18.5	6.0	24.5
(since 23 Mar 2023)	2022/23	0.0	0.0	0.0
Dr. Christian Münster	**2023/24**	18.5	4.0	22.5
(since 23 Mar 2023)	2022/23	0.0	0.0	0.0
Falk Bindheim	**2023/24**	15.9	4.0	19.9
(since 23 Mar 2023)	2022/23	0.0	0.0	0.0

[5] The members of the Management Board of Carl Zeiss AG, Dr. Karl Lamprecht, Dr. Christian Müller and the Managing Director of Carl Zeiss SMT GmbH, Torsten Reitze, have waived remuneration for their work on the Supervisory Board of Carl Zeiss Meditec AG.

Auditor's Report

To Carl Zeiss Meditec AG, Jena

We have audited the remuneration report of Carl Zeiss Meditec AG, Jena, for the financial year from October 1 2023 to September 30 2024 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board
The executive directors and the supervisory board of Carl Zeiss Meditec AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities
Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion
In our opinion, based on the findings of our audit, the remuneration report for the financial year from October 1 2023 to September 30 2024, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG
The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use
We issue this auditor's report on the basis of the engagement agreed with Carl Zeiss Meditec AG. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Leipzig, 2 December 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marcus Nickel	Carl Erik Daum
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Consolidated financial statements

Consolidated income statement (IFRS)
from 1 October 2023 to 30 September 2024

	Note	2023/24	2022/23
		€k	€k
Revenue	**5**	**2,066,127**	**2,089,300**
Cost of sales		-977,497	-883,535
Gross profit		**1,088,630**	**1,205,765**
Selling and marketing expenses		-458,198	-420,279
General and administrative expenses		-111,010	-83,778
Research and development expenses	30	-343,089	-349,278
Other operating result	6	18,119	-4,306
Earnings before interest and taxes (EBIT)		**194,452**	**348,124**
Earnings of investments carried at equity	8	-3,022	-893
Interest income	8	22,396	28,111
Interest expenses	8	-29,424	-15,250
Net interest from defined benefit pension plans	8	877	936
Foreign currency gains (+)/ losses (-), net	8	11,584	38,202
Other financial result	8	44,003	13,334
Earnings before income taxes (EBT)		**240,866**	**412,564**
Income taxes	9	-60,712	-120,555
Consolidated profit		**180,154**	**292,009**
» of which profit/loss attributable to shareholders of the parent company		178,726	290,396
» of which profit/loss attributable to non-controlling interests		1,428	1,613
Earnings per share basic/diluted (in €) (EPS):	**10**	**2.01**	**3.25**

Consolidated statement of comprehensive income (IFRS)
from 1 October 2023 to 30 September 2024

	Note	2023/24	2022/23
		€k	€k
Consolidated profit		**180,154**	**292,009**
Other comprehensive income that may be reclassified to the income statement in subsequent periods:			
Translation differences		-32,988	-54,160
Other comprehensive income not reclassified to the income statement in subsequent periods:			
Remeasurement from equity instruments	25	-9,473	4,249
Deferred taxes from the remeasurement from equity instruments	9	449	-387
Remeasurement from defined benefit pension plans	20	-12,862	3,411
Deferred taxes from the remeasurement from defined benefit pension plans	9	6,575	-1,816
Other comprehensive income (after tax)		**-48,299**	**-48,703**
Comprehensive income for the period		**131,855**	**243,306**
» of which profit/loss attributable to shareholders of the parent company		130,523	243,243
» of which profit/loss attributable to non-controlling interests		1,332	63

Consolidated statement of financial position (IFRS)
as of 30 September 2024

Assets	Note	30 Sep 2024	30 Sep 2023
		€k	€k
Non-current assets			
Goodwill	11	982,505	415,783
Other intangible assets	12	706,850	259,489
Property, plant and equipment	13	353,763	315,773
At-equity investments	14	11,767	12,871
Other investments and shares in affiliated non-consolidated companies	25	8,611	8,584
Loans	25	6,664	6,117
Deferred taxes	9	86,320	63,704
Trade receivables	25	8,560	7,021
Other assets	16, 17, 20, 25	15,677	31,855
		2,180,717	**1,121,197**
Current assets			
Inventories	15	536,556	520,228
Trade receivables	25	209,053	196,916
Trade receivables from related parties	25	229,063	224,535
Treasury receivables	30	116,660	869,990
Tax refund claims		28,159	5,711
Other financial assets	16	19,225	28,168
Other non-financial assets	17	53,482	55,578
Cash and cash equivalents	18	20,285	10,601
		1,212,483	**1,911,727**
		3,393,200	**3,032,924**

Equity and liabilities	Note	30 Sep 2024	30 Sep 2023
		€k	€k
Equity			
Share capital	19	89,441	89,441
Capital reserve	19	620,137	620,137
Retained earnings	19	1,486,423	1,405,901
Treasury shares	19	-150,075	0
Other components of equity	19	-4,229	43,974
Non-controlling interests	19	14,782	13,450
		2,056,479	**2,172,903**
Non-current liabilities			
Provisions for pensions and similar obligations	20	14,899	7,663
Other provisions	21	10,847	7,948
Financial liabilities	22, 25	458,897	96,030
Leasing liabilities	27	126,757	133,880
Other non-financial liabilities	24	18,004	17,815
Deferred taxes	9	138,482	35,039
		767,886	**298,375**
Current liabilities			
Other provisions	21	33,405	21,033
Accrued liabilities	23	160,630	155,237
Financial liabilities	22, 25	19,110	24,182
Leasing liabilities	27	24,590	21,816
Trade payables	25	110,553	157,829
Trade payables to related parties	25	72,989	81,963
Treasury payables	30	64,039	16,736
Income tax payables		9,840	18,883
Other non-financial liabilities	24	73,679	63,967
		568,835	**561,646**
		3,393,200	**3,032,924**

Consolidated statement of changes in equity (IFRS)
from 1 October 2023 to 30 September 2024

	Share capital	Capital reserve	Retained earnings	Treasury shares	Other components of equity			Equity before non-controlling interest	Non-controlling interests	Equity
					from translation differences	from remeasure-ment of defined benefit pension plans	from financial assets measured at fair value through other comprehen-sive income			
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
As of 1 Oct 2022	**89,441**	**620,137**	**1,213,890**	**0**	**95,071**	**-1,308**	**-2,131**	**2,015,100**	**14,991**	**2,030,091**
Consolidated profit	0	0	290,396	0	0	0	0	290,396	1,613	292,009
Other income	0	0	0	0	-52,561	1,546	3,862	-47,153	-1,550	-48,703
Comprehensive income for the period	**0**	**0**	**290,396**	**0**	**-52,561**	**1,546**	**3,862**	**243,243**	**63**	**243,306**
Changes in the basis of consolidation	0	0	0	0	-505	0	0	-505	590	85
Dividend payment	0	0	-98,385	0	0	0	0	-98,385	-2,194	-100,579
As of 30 Sep 2023	**89,441**	**620,137**	**1,405,901**	**0**	**42,005**	**238**	**1,731**	**2,159,453**	**13,450**	**2,172,903**
As of 1 Oct 2023	**89,441**	**620,137**	**1,405,901**	**0**	**42,005**	**238**	**1,731**	**2,159,453**	**13,450**	**2,172,903**
Consolidated profit	0	0	178,726	0	0	0	0	178,726	1,428	180,154
Other income	0	0	0	0	-32,882	-6,297	-9,024	-48,203	-96	-48,299
Comprehensive income for the period	**0**	**0**	**178,726**	**0**	**-32,882**	**-6,297**	**-9,024**	**130,523**	**1,332**	**131,855**
Dividend payment	0	0	-98,204	0	0	0	0	-98,204	0	-98,204
Treasury shares	0	0	0	-150,075	0	0	0	-150,075	0	-150,075
As of 30 Sep 2024	**89,441**	**620,137**	**1,486,423**	**-150,075**	**9,123**	**-6,059**	**-7,293**	**2,041,697**	**14,782**	**2,056,479**

Information on changes in equity can be found in Note 19 "Equity".

Consolidated statement of cash flows (IFRS)
from 1 October 2023 to 30 September 2024

	Note	2023/24	2022/23
		€k	€k
Consolidated profit		180,154	292,009
Income taxes	9	60,712	120,555
Interest income/expenses	8	6,151	-13,797
Earnings of investments carried at equity	8	3,022	893
Result from the change in fair value of contingent purchase price obligations	8, 22	-43,798	-15,187
Depreciation and amortization	12, 13	132,771	74,063
Proceeds from the disposal of intangible assets and property, plant and equipment		313	662
Other non-cash income/expenses		696	5,303
Interest and dividends received		21,060	23,296
Interest paid		-12,283	-3,951
Income tax payments		-116,583	-107,106
Change in inventories	15	24,377	-152,604
Change in trade receivables	25	21,616	-21,178
Change in other assets	16, 17	41,476	-9,699
Change in trade payables		-63,298	47,098
Change in provisions and financial liabilities	20, 21, 22, 23	-15,726	-6,734
Change in other liabilities	24	6,659	17,238
Cash flow from operating activities		**247,319**	**250,861**

	Note	2023/24	2022/23
		€k	€k
Cash outflow for investments in property, plant and equipment	13	-86,814	-65,651
Cash outflow for investments in other intangible assets	12	-65,390	-48,210
Proceeds from the disposal of intangible assets and property, plant and equipment		66	355
Proceeds from disposal of financial assets		0	2,423
Cash outflow for investments in financial assets		-3,904	-21,594
Change in treasury receivables	30	750,016	32,361
Acquisition of consolidated subsidiaries less cash received	3	-1,006,279	-10,664
Cash flow from investing activities		**-412,305**	**-110,980**
Change in current loans	26	206	-8
Receipts from the assumption of loans	26	400,000	0
Change in treasury liabilities	26, 30	47,625	-11,517
Repayment of leasing liabilities	26, 27	-23,303	-22,990
Purchase of own shares	19	-150,075	0
Dividend payment to shareholders of Carl Zeiss Meditec AG	19	-98,204	-98,385
Dividend payment to non-controlling interests		0	-2,194
Cash flow from financing activities		**176,249**	**-135,094**
Effect of exchange rate fluctuation on cash and cash equivalents		-1,579	-1,915
Change in cash and cash equivalents		**9,684**	**2,872**
Cash and cash equivalents as of 1 October	18	10,601	7,729
Cash and cash equivalents as of 30 September	**18**	**20,285**	**10,601**

The following notes are an integral part of the audited consolidated financial statements.

Consolidated notes
for fiscal year 2023/24 (IFRS)

GENERAL PRINCIPLES, ACCOUNTING AND VALUATION PRINCIPLES

1 General principles

Carl Zeiss Meditec AG is a publicly listed stock corporation incorporated under German law and parent company of the Carl Zeiss Meditec Group ("Carl Zeiss Meditec", the "Company", the "Group") with its registered office at Göschwitzer Straße 51-52, 07745 Jena (Germany) and entered in the commercial register of Jena District Court (HRB 205623).

The Group offers end-to-end solutions for the diagnosis and treatment of ophthalmic diseases, including implants and consumables. In microsurgery, the Group provides innovative visualization solutions. The Company's end customers are physicians in various fields and hospitals worldwide.

These consolidated financial statements of Carl Zeiss Meditec AG, consisting of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, are based on the going concern assumption. They have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and the interpretations of the International Financial Reporting Interpretations Committee, as adopted by the EU, and the additional requirements of German Commercial law in accordance with Section 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB). All pronouncements of the International Accounting Standards Board (IASB) whose adoption is mandatory have been considered.

In order to improve clarity and transparency, individual items have been combined in the consolidated statement of financial position and the consolidated income statement and broken down and explained separately in these notes.

The fiscal year of Carl Zeiss Meditec Group starts on 1 October and ends on 30 September.

The consolidated financial statements and group management report prepared as of 30 September 2024 were authorized for publication by the Management Board on 2 December 2024. The consolidated financial statements are published on the internet and in the Federal Gazette (Bundesanzeiger).

Consolidated financial statements for the largest and also the smallest group of associated companies are prepared by Carl Zeiss AG, which is domiciled in 73447 Oberkochen, Germany (Carl-Zeiss-Straße 22). These are published on the internet and in the Federal Gazette.

2 Accounting and valuation policies

The annual financial statements of the entities included in the consolidated financial statements are prepared in accordance with the accounting and valuation policies of the Carl Zeiss Meditec Group. Adjustments are made as necessary where the local GAAP financial statements of individual entities diverge from these policies. Interim financial statements are used for subsidiaries with a balance sheet date (end of reporting period) different from the balance sheet date of the consolidated financial statements.

New and revised reporting standards

The following financial reporting standards were adopted for the first time in the reporting period:

Date of issue	Standard/interpretation	Amendment/new standard or interpretation
18 May 2017	IFRS 17 *Insurance Contracts*	Principles for the recognition, measurement, presentation and disclosure of insurance contracts (supersedes IFRS 4)
12 Feb 2021	Amendment to IAS 1 *Presentation of Financial Statements*	Assistance in deciding which accounting and evaluation policies must be disclosed in the financial statements
12 Feb 2021	Amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	Clarification for better distinction between changes in accounting policies and changes in accounting estimates
7 May 2021	Amendment to IFRS 12 *Income Taxes*	Partial withdrawal of an exception to the recognition of deferred taxes in special cases

Application of the new and revised reporting standards (including Agenda Decisions) had no material effects on the presentation of the net assets, financial position and results of operations.

The other accounting and valuation policies used were the same as in the prior year.

The IASB and the IFRS Interpretations Committee have issued a number of revised and new standards or interpretations, which did not come into effect in the reporting period. The new or revised standards presented in the table below have not been applied early in the present consolidated financial statements of Carl Zeiss Meditec AG and, according to current estimates, will have no material effects on the net assets, financial position and results of operations of the Carl Zeiss Meditec Group. These standards shall be applied when they become mandatory.

Date of issue	Standard/interpretation	Amendment/new standard or interpretation	Effective date	Adopted by the EU
23 Jan 2020 / 15 Jul 2020	Amendment to IAS 1 *Presentation of Financial Statements*	Clarification of the classification of liabilities as current or non-current; postponement of first-time application	Fiscal years beginning on or after 1 January 2024	yes
22 Sep 2022	Amendment to IFRS 16 *Leases*	Specifications for the remeasurement of leases within the scope of sale-and-lease-back for seller-lessee	Fiscal years beginning on or after 1 January 2024	yes
25 May 2023	Amendment to IAS 7 *Statement of Changes in Financial Position* and IFRS 7 *Financial Instruments: Disclosures*	Additional disclosure requirements in connection with supplier financing agreements	Fiscal years beginning on or after 1 January 2024	yes
15 Aug 2023	Amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*	Amendments to the mandatory application of a consistent approach in assessing whether one currency can be translated into another	Fiscal years beginning on or after 1 January 2025	no
9 Apr 2024	IFRS 18 *Presentation and Disclosure in Financial Statements*	Improved reporting on financial performance with main focus on the income statement	Fiscal years beginning on or after 1 January 2027	no
9 May 2024	IFRS 19 *Subsidiaries without public accountability: Disclosures*	Possibility to disclose reduced amount of information for certain subsidiaries under certain conditions	Fiscal years beginning on or after 1 January 2027	no
30 May 2024	Amendments to the classification and measurement of financial instruments (amendments to IFRS 7 and 9)	Changes in the classification of financial assets, derecognition of financial liabilities and disclosures on equity instruments	Fiscal years beginning on or after 1 January 2026	no
18 Jul 2024	Annual improvements Volume 11	Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Fiscal years beginning on or after 1 January 2026	no

Consolidation principles
The consolidated financial statements are based on the annual financial statements as of 30 September 2024 of the subsidiaries included in the consolidated financial statements, which are prepared in accordance with uniform accounting and valuation principles.

Capital consolidation is effected using the purchase method in accordance with IFRS 3 *Business Combinations*. The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values as of the acquisition date. The cost of the interests acquired is offset against the Group's proportionate share in the subsidiary's equity measured at fair value.

The figures for the acquired subsidiaries are incorporated in the consolidated income statement according to their affiliation to the Group, i.e., from their effective acquisition date (possibility to be controlled).

A subsidiary is deconsolidated on the date on which Carl Zeiss Meditec loses control over the entity.

Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item "Non-controlling interests".

Intercompany receivables and liabilities between consolidated entities are netted.

Intercompany profits from intercompany trade are eliminated.

The income tax implications are considered in the course of consolidation by recognizing deferred taxes.

Internal revenue and other intercompany income are offset against the corresponding expenses in the consolidated income statement.

Significant entities where the Group is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method. Associates and joint ventures that are immaterial are generally carried at cost.

When using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*, the shares are initially recognized at cost in the statement of financial position and subsequently measured at amortized cost to reflect changes in the Group's share of the equity (net assets) after the acquisition date and impairment losses.

Currency translation
The consolidated financial statements are prepared in euros, as the majority of the Group's transactions are executed in this currency, and because euro is the functional currency of Carl Zeiss Meditec AG. Unless otherwise specified, all amounts are stated in thousands of euros (€k). Figures are rounded according to proper commercial standards. This may result in rounding differences.

In the financial statements of those entities included in consolidation, transactions in foreign currencies are translated at the relevant exchange rate prevailing on the date of the transaction. Monetary items in foreign currencies are revalued at an average rate at the closing date, with exchange rate gains and losses being recognized through profit or loss in the consolidated income statement under financial result.

The financial statements of the consolidated subsidiaries prepared in foreign currency are translated based on the functional currency concept pursuant to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The assets and liabilities of those foreign subsidiaries whose functional currency is not euro, but, rather, the local currency of the respective subsidiary, are translated using the exchange rate at the date of the transaction. Equity transactions are translated at historic rates of exchange at the transaction date. The items in the income statement, on the other hand, are converted at the average exchange rate for the fiscal year. Any exchange differences arising are recognized through other comprehensive income within other reserves from currency translation. In hyperinflationary economies, currency translation is always at the respective closing rate.

The functional currency of Carl Zeiss Meditec Medikal Cözümler Tic. ve San. A.S., Ankara, Turkey, which is included in the consolidated financial statements, is considered to be hyperinflationary in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* and accounting is prepared according to IAS 29. The price indices published by the Turkish Statistical Institute were used for the indexation of the non-monetary assets and liabilities and the items in the income statement. As of 30 September 2023, the CPI price index was at 1,691 points and increased in the fiscal year under review by 49% to 2,526 points as of 30 September 2024. Gains and losses from the ongoing hyperinflation of non-monetary assets and liabilities and equity in the amount of €-432k were recognized in other financial result in the consolidated income statement.

The following key exchange rates for the consolidated financial statements as of 30 September 2024 were used for currency translation:

		Closing rate		Average rate	
	€1 =	**30 Sep 2024**	30 Sep 2023	**2023/24**	2022/23
China	CNY	7.85	7.74	7.81	7.53
United Kingdom	GBP	0.84	0.86	0.86	0.87
Japan	JPY	159.82	158.10	162.94	148.19
South Korea	KRW	1,469.11	1,425.26	1,457.56	1,404.26
Turkey	TRY	38.27	29.05	34.02	22.80
USA	USD	1.12	1.06	1.08	1.07

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates, assumptions and discretionary decisions. These can affect the measurement of assets and liabilities, the nature and scope of contingencies, and the reported amounts of income and expenses during the reporting period. The assumptions, estimates and discretionary decisions primarily relate to the following matters:

» the Group-wide determination of uniform useful lives is subject to estimates by management;
» the measurement parameters for impairment testing, in particular regarding goodwill (see note 11 “Goodwill”);
» the actuarial parameters on which the calculation of the defined benefit obligations is based (see note 20 “Provisions for pensions and similar obligations”);
» the recoverability of the future tax relief;
» the timing of the capitalization of intangible assets in accordance with IAS 38 *Intangible Assets*;
» the assessment of the expected probability of default when assessing trade receivables and other financial assets;
» the measurement of lease liabilities in accordance with IFRS 16 *Leases*. In determining the lease term, in particular, all facts and circumstances that create an economic incentive to exercise options to extend the lease or not exercise termination options are taken into account;
» the share of revenue comprising contractual fees that are in part variable or contingent on future events;
» the measurement of assets and liabilities within the purchase price allocation;
» the adjustment of the carrying amounts and the determination of the price index from hyperinflation;
» assessment of the method of inclusion of investments in the consolidated financial statements.

In addition, estimates are required when assessing the recoverability of inventories as well as recognizing and measuring provisions and contingent purchase price obligations within the scope of company acquisitions. Actual results may differ from estimates. The estimates and the underlying assumptions are based on empirical values and are reviewed on an ongoing basis. Changes are recognized through profit or loss as and when better information is available.

Current versus non-current classification

In the statement of financial position, assets and liabilities are classified as current or non-current depending on their maturity. Assets and liabilities are generally classified as current if they are expected to fall due within one year. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are presented as non-current items.

3 Reporting entity

The consolidated financial statements comprise the statements of Carl Zeiss Meditec AG and all of its subsidiaries. Subsidiaries are all companies controlled by Carl Zeiss Meditec AG. A company is controlled if the Carl Zeiss Meditec Group is subject to variable returns from its relationship with a company, or has rights to these returns, and can control the relevant activities that influence these returns. Normally, the possibility of control at subsidiaries is based on an indirect or direct voting majority of Carl Zeiss Meditec AG. The consolidated companies are shown in the list of shareholdings and can be found in Section 34 "Other mandatory disclosures pursuant to Section 315e HGB".

Additions to the basis of consolidation

The following entities were included in the consolidated financial statements for the first time:

» D.O.R.C. Deutschland GmbH, Düsseldorf (Germany), from 3 April 2024 (acquisition)
» D.O.R.C. France S.A.R.L., Issy les Moulineaux (France), 3 April 2024 (acquisition)
» D.O.R.C. Dutch Ophthalmic Research Center (International) B.V., Zuidland (Netherlands), from 3 April 2024 (acquisition)
» DORC Topco B.V., Zuidland (Netherlands), from 3 April 2024 (acquisition)
» DORC Bidco B.V., Zuidland (Netherlands), from 3 April 2024 (acquisition)
» Dutch Ophthalmic USA Inc., Exeter (USA), from 3 April 2024 (acquisition)
» MicroVision Inc., Seabrook (USA), from 3 April 2024 (acquisition)
» Peregrine Surgical Ltd., New Britain (USA), from 3 April 2024 (acquisition)

Additions to the basis of consolidation from acquisitions in fiscal year 2023/24

DORC Topco B.V., Zuidland (Netherlands) and its subsidiaries

By way of an agreement of 2 February 2024, effective 3 April 2024, Carl Zeiss Meditec AG, Jena, Germany, acquired 100% of the shares in DORC Topco B.V., Zuidland, Netherlands, (hereinafter: DORC).

DORC specializes in the development, production and distribution of products and procedures in the area of retinal surgical devices and consumables. The EVA NEXUS platform by DORC is the centerpiece of a portfolio that comprises a full range of accessories, instruments and liquids. The platform is one of the leading solutions for vitrectomy (VR) and combines procedures for the treatment of cataracts. This acquisition extends and expands the Carl Zeiss Meditec Group’s broad ophthalmic product portfolio and its offering of digitally connected workflow solutions for the treatment of a wide range of eye diseases.

The purchase price allocation was carried out in the reporting year in compliance with IFRS 3 *Business Combinations*. The purchase price amounts to €1,023.7m, and was paid on 3 April 2024. This consists of a fixed amount of €709.6m and the repayment of external financing from DORC in the amount of €314.1m.

The goodwill from the acquisition primarily results from the anticipated synergy effects from the integration of DORC into the existing business of the strategic business unit (SBU) “Ophthalmology”. As expected, goodwill shall not be deductible for tax purposes.

At the date of preparation of the consolidated financial statements of Carl Zeiss Meditec AG, the allocation of the purchase price to the assets and liabilities of the acquired company was not yet complete, as all information on the assets and liabilities was not yet available.

The preliminary fair values of the identified assets and liabilities at the acquisition date are as follows:

	€k
Identifiable intangible assets	468,706
Property, plant and equipment	19,425
Other investments and shares in affiliated non-consolidated companies	8,611
Deferred taxes	11,618
Non-current assets	**508,360**
Inventories	54,298
Trade receivables	34,296
Other non-financial assets	6,579
Cash and cash equivalents	17,380
Current assets	**112,553**
Other provisions	409
Financial liabilities	8,717
Deferred taxes	118,565
Non-current liabilities	**127,691**
Other provisions	10,338
Accrued liabilities	12,585
Financial liabilities	2,373
Trade payables	16,754
Income tax payables	3,146
Other non-financial liabilities	5,976
Current liabilities	**51,172**
Identifiable net assets	**442,050**
Goodwill from acquisition	581,609
Acquisition costs	**1,023,659**
Cash received	17,380
Cash outflow at the time of acquisition	1,023,659
Actual cash outflow from acquisition	**1,006,279**

Identifiable intangible assets consist mainly of customer relationships amounting to €259.8m, technology acquired and intellectual property amounting to €164.1m and trademark rights amounting to €32.7m.

The trade receivables taken over correspond to the market value.

Incidental acquisition costs of €10.2m were incurred in fiscal year 2023/24. These were recognized under general administrative expenses.

DORC contributed €99.9m to the revenue recognized in the consolidated income statement and €-8.8m to consolidated profit for the period between the time of acquisition and the end of the reporting period. The negative earnings contribution results from the purchase price allocation and the associated effects.

Assuming that the acquisition during the year had already taken place on the first day of the fiscal year, this would have resulted in pro forma consolidated revenue of €2,166.0m and pro forma consolidated earnings of €178.6m. These pro forma figures were prepared solely for comparison purposes. They provide neither a reliable indication of the operating results that would actually have been generated nor of future results.

4 Summarized financial information of material subsidiaries with non-controlling interests

As of this fiscal year, the only material subsidiary with non-controlling interests in the Carl Zeiss Meditec Group is Carl Zeiss Meditec Co. Ltd, Tokyo (Japan), with a non-controlling interest of 49%. In the previous year, Ophthalmic Laser Engines, LLC, Lafayette (USA) (hereinafter: OLE) with its 48% share of non-controlling interests also fell under this definition at the beginning of the year. The company was deconsolidated due to the loss of control in the last financial year and is only included here in the income statement and in the cash flow statement with its pro rata contribution up to the date of deconsolidation.

The financial information of significant subsidiaries with non-controlling interests before consolidation effects (such as eliminations) is as follows:

Condensed income statement and other result:

	2023/24	2022/23	
	Carl Zeiss Meditec Co. Ltd.	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC
	€k	€k	€k
Revenue	82,916	99,686	0
Net income	2,915	3,346	-40
» of which profit/loss attributable to non-controlling interests	1,428	1,640	-19
Other result (recognized in other comprehensive income)	-196	-3,294	133
Total comprehensive income	2,719	52	93
» thereof comprehensive income attributable to non-controlling interests	1,332	25	45

Condensed statement of financial position:

	30 Sep 2024	30 Sep 2023	
	Carl Zeiss Meditec Co. Ltd.	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC
	€k	€k	€k
Non-current assets	7,450	5,361	0
Current assets	46,340	40,569	0
Non-current liabilities	4,880	4,694	0
Current liabilities	20,763	15,807	0
Equity	28,147	25,429	0
» thereof equity attributable to non-controlling interests	14,785	13,453	0

Condensed statement of cash flows:

	2023/24	2022/23	
	Carl Zeiss Meditec Co. Ltd.	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC
	€k	€k	€k
Cash flows from operating activities	3,813	-133	98
Cash flow from investing activities	-83	-40	0
Cash flows from financing activities	-4,050	1,100	-98
Effect of exchange rate fluctuation on cash and cash equivalents	-36	-293	0
Change in cash and cash equivalents	**-356**	**634**	**0**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5 Revenue

Revenue is recognized under IFRS 15 when control over the distinct goods and services is transferred to the customer, i.e. as soon as the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods or services transferred. At Carl Zeiss Meditec, this is normally the case when the goods are delivered. Invoices are usually issued at the same time. The recognition of revenue requires a contractual agreement that creates legally enforceable rights and obligations. Revenue from services, for example under maintenance agreements, is recognized over time since the customer simultaneously receives and consumes the benefits evenly throughout the performance period. If services are not delivered on a straight-line basis, revenue is recognized as and when the services are provided. Revenue is recognized in the amount of the transaction price. This means, the amount of consideration that the company is expected to receive in exchange for the agreed transfer of goods and services. Revenue from royalties that the Group collects as a usage fee (fee for an access right) over the period of use are recognized on an accrual basis according to the economic substance of the underlying contract. In all cases described, revenue is recognized in accordance with the output method, since customers normally use both the services and the licenses evenly throughout the year. The service agreements consist of a defined service (e.g. repair service), which is provided as soon as the customer decides to use it.

Revenue is adjusted for variable price components such as discounts, price reductions, customer bonuses and rebates where applicable. Discounts are generally allocated to the individual performance obligations on the basis of the relative stand-alone selling prices.

In addition to conventional product sales, the Company offers several performance obligations under multiple component arrangements. This can be, for example, the sale of a product combined with a warranty extension, and/or an additional sale of consumables. If a single contract with a customer comprises several performance obligations and the timing of satisfaction of the performance obligations differs, the agreed transaction price is allocated to the separate performance obligations in accordance with the relative stand-alone selling prices.

In addition, the Group generates revenue from leases, which are recognized in accordance with IFRS 16 *Leases*. These relate either to product sales under finance leases (as manufacturer/distributor), in which case the revenue is recognized on the date the product is made available for use, or operating leases, where revenue is recognized on a straight-line basis over the agreed term of the lease.

In connection with the sale of goods, at least the usual statutory warranties are also granted. The expected warranty claims are reflected by the recognition of provisions.

Revenue from the sale of extended warranties that can be purchased separately (service type warranties) is recognized on a pro rata basis over the contractually agreed period of the warranty obligation, and are included in revenue from services.

A financing component is not taken into account for the amount and date of revenue recognition, if the period of time between the transfer of the goods or services and payment by the customer is no more than one year. With the exception of finance leasing, the Carl Zeiss Meditec Group generally does not offer any long-term financing options. The payment term is generally between 30 and 90 days.

Additional costs for contract initiation (mainly sales commissions), for which the write-down period would not be more than one year, are recognized immediately as an expense.

	2023/24	2022/23
	€k	€k
Income from the sale of merchandise	1,877,833	1,905,496
Income from the provision of services (incl. sale of replacement parts)	178,440	177,270
Income from royalties/licenses	880	1,354
Revenue from contracts with customers	**2,057,153**	**2,084,120**
Income from operating leases	4,191	1,496
Income from finance leases	4,783	3,684
	2,066,127	**2,089,300**

Recognized revenue in the amount of €43,044k (prior year: €39,908k) was still carried under contract liabilities at the beginning of the reporting period. Contracts presently still included under current contract liabilities, in the amount of €44,418k (prior year: €43,044k), are expected to result in revenue in the next fiscal year.

The transaction price allocated to (fully or partially unfulfilled) remaining performance obligations arising from contracts pertaining to the provision of services that have an original term of more than one year is expected to result in revenue of €8,051k in fiscal year 2025/26 (prior year for fiscal year 2024/25: €7,698k) and €6,801k in subsequent fiscal years (prior year: €6,675k). In addition, there are performance obligations as order backlog in the amount of €282,864k (prior year: €408,897k).

For a breakdown of revenue by category please refer to the segment reporting and to the notes on regional development in the accompanying management report.

6 Other operating result

In this fiscal year, the "Other operating result" item mainly includes the income from the favorable settlement of the legal dispute in the USA with Topcon Ltd., which was recognized in the SBU "Ophthalmology".

In the prior fiscal year, this item mainly resulted from the income from the deconsolidation of Photono Oy, Helsinki, Finland and Ophthalmic Laser Engines, LLC, Lafayette, USA. Both effects were included exclusively in the SBU “Ophthalmology”.

7 Personnel expenses

	2023/24	2022/23
	€k	€k
Wages and salaries	506,165	437,329
Social security contributions	88,747	71,906
Pension costs	21,348	18,399
	616,260	**527,634**

The employer's statutory pension contribution is included under social security contributions. Total expenses from all additional defined contribution plans in the current fiscal year amounted to €9,764k (prior year: €7,300k).

The table below shows employee numbers and the personnel structure of the Group:

	30 Sep 2024	30 Sep 2023	Average 2023/24	Average 2022/23
Production	2,414	1,981	2,415	1,914
Sales & Marketing	1,536	1,297	1,523	1,272
Research & Development	1,236	1,130	1,239	1,041
Administration	540	415	519	399
Total	**5,726**	**4,823**	**5,696**	**4,626**
Trainees	25	8	15	11

The increase in the number of employees compared to the previous year was mainly due to the DORC acquisition.

8 Financial result

	2023/24	2022/23
	€k	€k
Earnings of investments carried at equity	**-3,022**	**-893**
Interest income	22,396	28,111
Interest expenses	-29,424	-15,250
Net interest from defined benefit pension plans	877	936
Net interest income/loss	**-6,151**	**13,797**
Income from currency effects	10,955	20,595
Expenses from currency effects	-16,462	-38,877
Income from currency-related derivatives	26,195	86,954
Expenses from currency-related derivatives	-9,104	-30,470
Foreign currency gains (+)/ losses (-), net	**11,584**	**38,202**
Other financial result	**44,003**	**13,334**
	46,414	**64,440**

The change in interest income mainly results from the funds invested at Carl Zeiss Financial Services GmbH as part of the Group treasury. Interest income also includes adjustments to the cost of capital for the measurement of conditional purchase price obligations. Interest expenses mainly result from the annual compounding of liabilities from contingent purchase price obligations and the new loan taken out from the ZEISS Group to refinance the DORC acquisition.

The foreign currency gains/losses are influenced in particular by the currency effects from the recognition and measurement of the currency forward contracts as well as the measurement of the primary financial instruments.

The other financial result was mainly influenced by the revaluation of the purchase price obligation from the acquisition of Carl Zeiss Meditec Cataract Technology, Inc., Preceyes B.V. and InfiniteVision Optics S.A.S.

Further information on this can be found in note 22 “Financial liabilities”.

9 Income taxes

Current taxes are recognized for taxes owed on income at the time the Group companies incur them.

Deferred taxes are recognized using the liability method in accordance with IAS 12 *Income Taxes*. Deferred tax assets and liabilities are recognized on all temporary differences between the IFRS carrying amounts and the tax accounts of consolidated entities and on consolidation measures.

Further, deferred tax assets for future economic benefits from unused tax losses and unused tax credits are taken into account if it is probable that they will be used within a defined period. As a capital-market-oriented company, the Group is pursuing a long-term business strategy that has a direct impact on the tax strategy and the forecast period.

In Germany, the Act to Ensure Global Minimum Taxation for Corporate Groups (Minimum Tax Act - MinStG) was promulgated on 27 December 2023. As a company based in Germany, the Carl Zeiss Meditec Group falls within the scope of the regulation. The Act is based on the OECD regulation on global minimum taxation ("Pillar Two"). The Act applies for fiscal years beginning after 30 December 2023, meaning that the Group was not subject to any tax charge from the Minimum Tax Act in the 2023/24 fiscal year.

The project to implement the relevant regulations is not yet complete due to the high level of complexity involved. Based on the analyses of the data for fiscal year 2022/23 and taking into account the transitional exemptions to be utilized for the vast majority of countries, it is assumed that the global minimum taxation will have no material impact on the Carl Zeiss Meditec Group. Deferred taxes in connection with the global minimum taxation are not recognized.

The carrying amount of deferred tax assets is reviewed at every reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. A previously unrecognized deferred tax asset is reassessed and recognized to the extent that it has become probable that future economic benefits will be recovered.

Deferred tax liabilities are recognized for the expected income tax and withholding tax on expected dividend payments by subsidiaries. No deferred tax liabilities are recognized for the retained earnings of subsidiaries, unless corresponding dividend distributions are intended in the foreseeable future.

Deferred taxes relating to items recognized in other comprehensive income are likewise recognized in other comprehensive income and not through profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a Group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Consequently, deferred tax assets and liabilities are netted within consolidated tax groups.

	2023/24	2022/23
	€k	€k
Current taxes	81,606	108,155
Deferred taxes	-20,894	12,400
	60,712	**120,555**

Deferred taxes are determined on the basis of the tax rates that apply or are expected to apply based on the tax laws that have been enacted or substantively enacted in the individual countries at the time of realization. In Germany, a corporate income tax rate of 15.0% currently applies (prior year: 15.0%). Taking into account the solidarity surcharge and the varying trade income tax rates, companies in Germany are subject to a tax rate of 29.87% (prior year: 29.87%). The nominal tax rates outside Germany in the fiscal year range between 21.00% and 34.59% (prior year: 19.00% and 34.59%).

The tax rate applied for the tax reconciliation account is the nominal tax rate of the parent company, Carl Zeiss Meditec AG, Jena, of 29.87%, which applied in the past fiscal year (prior year: 29.87%). Deferred taxes on interim profits are calculated in each case using the current or future tax rate applicable for the receiving Group company. This results in a tax rate ranging from 21.00% to 34.59% (prior year: 19.00% to 34.59%). The change in the lower end of the range is due to a tax increase in the UK, where our British subsidiary is based. The current lower limit results from the Portuguese subsidiary.

The tax reconciliation account is as follows:

	2023/24	2022/23
	€k	€k
Earnings before income taxes	**240,866**	**412,564**
Expected income tax expense	71,947	123,233
Differences from differing tax rates	1,374	-913
Effect of changes in tax rates	-164	824
Effects from non-deductible expenses	2,490	1,374
Effects from tax-free income	-11,788	-1,511
Prior-period effects	-216	-158
Net retained earnings of subsidiaries intended for disbursement	637	209
Recognition and measurement of deferred tax assets	-1,980	-1,411
Permanent effects	-1,227	-628
Other	-361	-464
Actual income tax expense	**60,712**	**120,555**
Effective tax rate	25.2%	29.2%

When determining the amount of deferred tax assets, key estimation-related decisions need to be made concerning the expected time of occurrence, the amount of future taxable income, and future tax planning strategies. Based on the planned business development in subsequent years, it is assumed that the deferred tax assets will retain their value.

Deferred tax assets and liabilities as of 30 September 2024 are allocated to the individual balance sheet items as follows:

	30 Sep 2024		30 Sep 2023	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
	€k	€k	€k	€k
Intangible assets	22,627	164,536	9,116	53,359
Property, plant and equipment	3,331	5,728	2,906	5,922
Long-term financial assets	2,429	103	1,629	118
Inventories	23,317	1,453	24,232	1,902
Trade receivables	1,014	101	1,103	1,218
Other assets	1,615	2,178	2,279	6,087
Provisions for pensions and similar obligations	32,396	1,772	24,212	0
Other provisions	8,108	2,165	4,173	1,572
Trade payables	71	158	71	24
Other liabilities	30,348	76	24,535	338
Retained earnings	0	934	0	297
Unused tax losses	1,786	0	5,246	0
Total deferred taxes	**127,042**	**179,204**	**99,502**	**70,837**
Offsetting	40,722	40,722	35,798	35,798
Deferred taxes (net)	**86,320**	**138,482**	**63,704**	**35,039**

The increase in deferred tax liabilities on intangible assets is mainly due to the acquisition of DORC and the identification of intangible assets as part of the purchase price allocation. See section 3 "Reporting entity".

Deferred tax liabilities were carried in the amount of €40,920k in the fiscal year under review (prior year: €8,205k) for net retained earnings of subsidiaries intended for disbursement in the amount of €934k (prior year: €297k). The Group did not carry as liabilities deferred tax liabilities of €23,251k (prior year: €12,510k) on retained earnings and other distributable components of equity of subsidiaries of €1,540,851k (prior year: €827,841k), because, from today’s perspective, these amounts are to remain permanently invested.

The unused tax losses mainly result from the US subsidiaries and can be used indefinitely. Loss carryforwards of a subsidiary in the USA amounting to €4,383k were already written off in full in previous years, as it cannot be assumed that they will be used in the future. For the Chinese subsidiaries in Guangzhou and Suzhou, which were loss-making in both the current and previous fiscal year, deferred taxes on loss carryforwards amounting to €1,200k are estimated to be recoverable, as they can be offset against planned positive earnings contributions in the foreseeable future. Deferred taxes in the amount of €6,559k on loss carryforwards were not recognized as it cannot be assumed that they will be used in the future.

10 Earnings per share

Earnings per share were calculated by dividing the consolidated profit attributable to shareholders of the parent company by the weighted-average number of ordinary shares issued during each individual accounting period.

	2023/24	2022/23
Consolidated profit attributable to shareholders of the parent company (€k)	178,726	290,396
Weighted average of issued shares	88,851,061	89,440,570
Earnings per share basic/diluted (in €)	**2.01**	**3.25**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

11 Goodwill

Goodwill is not amortized and is therefore recognized at cost less any impairment losses. The allocation of existing goodwill to cash-generating units or groups of cash-generating units (CGUs) is carried out in accordance with IAS 36.80. Accordingly, the relevant goodwill is allocated within the Group independently of other individual assets and liabilities; rather, it is allocated to the smallest group of cash-generating units which is expected to benefit from the synergy effects of the business combination.

An annual impairment test is required for goodwill. Goodwill is monitored at Carl Zeiss Meditec for internal management purposes at the level of the SBUs. The impairment test is therefore performed at SBU level and thus in accordance with IAS 36.80 for a group of CGUs.

An impairment exists when the carrying amount of the group of cash-generating units exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use – determined for the group of cash-generating units in each case. An impairment loss would be recognized in the income statement immediately.

The carrying amount of a group of cash-generating units includes all assets that stimulate the flow of cash, i.e., that contribute to the creation of a salable goods or services. This means that all non-operating items and interest-bearing borrowings are excluded from the calculation.

In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax risk-adjusted discount rate based on the discounted cash flow method. The discount rates are calculated using the parameters risk-free base interest rate, risk premium (market risk premium, country risk and beta factor), borrowing costs and tax effect, and reflect the capital structure of the cash-generating unit. The pre-tax discount rate applied for cash flow forecasts is around 13% (prior year: around 13%).

The detailed planning period for the future cash flows generally covers three fiscal years and is based on the financial plans approved by Company management or management forecasts on the development of sales, costs and earnings. These are determined based on historical values, budgets for the following year and the future strategic orientation of the strategic business unit (medium-term planning). In addition, external information sources, such as market studies and the results of market surveys and publications are used in order to take macroeconomic trends into account to a reasonable extent. The cash flow projections resulting from the management's financial forecasts, to determine the value in use, do not contain any cash flows from future restructuring measures or enhancements or improvements to increase earnings power. In order to determine the future development of working capital, specific ranges are currently applied for each SBU. At the same time, the earnings for the respective planning year are adjusted for the expected depreciation and amortization, and corrected for any asset additions, for the purpose of calculating free cash flows – insofar as the investments for this had already begun at the time of the impairment test.

For the following fiscal years (perpetuity), the cash flows of the third detailed planning year are rolled forward taking into account appropriate growth. A cash flow growth rate of 1.0% (prior year: 1.0%) is used for this.

At the time of publication of the Annual Report, the management of the Carl Zeiss Meditec Group continues to expect a difficult global macroeconomic environment for the coming fiscal year and does not anticipate a rapid recovery in the investment climate for devices or significant pressure on consumer spending for elective procedures - although the underlying long-term development trends for the market remain fundamentally positive. Nevertheless, the Company sees major ongoing uncertainty factors ahead, including high interest rates, inflation, consumer behavior influenced by fears of recession as well as geopolitical conflicts and the associated risk of new trade sanctions and currency fluctuations. More details can be found in the risk report within the management report.

A crucial advantage for even greater stability of our overall business is a higher proportion of revenue with case-number-dependent products and services, since there is generally less fluctuation in these areas than in the capital goods business, for example. A share of around 47% was achieved in fiscal year 2023/24. The significant increase in the 2023/24 fiscal year was due, among other things, to the first-time consolidation of DORC, whose revenue mainly stems from consumables. By contrast, the one-off planned reduction of refractive consumables inventories in the Chinese distribution channel of the Carl Zeiss AG sales company in the first half of 2023/24 and the price decline due to the introduction of government procurement systems in the market for intraocular lenses in China had a dampening effect. In the medium term, a further increase in the proportion of recurring revenue is expected.

Assuming that the above-mentioned uncertainty factors do not worsen, the Carl Zeiss Meditec Group expects moderate revenue growth for fiscal year 2024/25. Cost planning also considers strategic aspects as well as price trends in the procurement markets.

EBIT should grow at least slightly in the fiscal year 2024/25, and the EBIT margin should be at least slightly higher. EBITA and EBITA margin are expected to be stable or slightly higher in fiscal year 2024/25 (fiscal year 2023/24: EBITA €248.9m, EBITA margin 12.0%).

The aim is to gradually increase the EBITA margin in subsequent years. In the long term, the company expects to return to an EBITA margin of around 16-20%. (2023/24: 12.0%). This will be supported by the increasing proportion of recurring revenue.

Renewed growth is expected in fiscal year 2023/24 in the SBU "Ophthalmology", at least to the same extent as the underlying market. However, the restrictive investment climate in the equipment business and in elective procedures, which is dependent on the general consumer climate, is likely to have a slowing effect. From today's perspective and excluding currency effects, moderate growth in the mid-single-digit percentage range is expected. This includes the first full-year consolidation of DORC. The order backlog has fallen sharply compared to the previous year, while production times in the equipment business have largely normalized compared to previous years. However, since the fourth quarter of the past fiscal year in particular, Carl Zeiss Meditec AG has succeeded in achieving growth in incoming orders again despite the current uncertainties. EBIT and EBITA are expected to increase slightly in the 2024/25 fiscal year. The EBIT and EBITA margins are expected to remain stable or increase slightly.

The Company expects the strategic business unit “Microsurgery” to continue to make significant contributions to earnings in future, too, and is optimistic that it will grow at a faster rate than the underlying market in the fiscal year ahead. From today's perspective and without taking currency effects into account, the market will develop sideways in fiscal year 2024/25. The order backlog has fallen sharply compared to the previous year, while production times in the equipment business have largely normalized compared to previous years. EBIT and EBITA in fiscal year 2024/25 are expected to be at least at roughly the same level as in the prior year. EBIT and EBITA margin are expected to develop sideways.

The Carl Zeiss Meditec Group completed its annual scheduled impairment testing of goodwill on 30 June 2024. This testing did not indicate any need for impairment based on the values in use. Nor did any significant events arise up until the end of the reporting period that could lead to a change in this assessment as of the end of June.

The sensitivity analyses for the individual impairment tests carried out by the Company for the two SBUs Microsurgery and Ophthalmology relate to the changes in the valuation parameters capitalization interest rate, long-term growth rate and future cash flows (EBIT expectation) deemed possible by the management. An increase in the capitalization interest rate after taxes by one percentage point and a reduction in the long-term growth rate for the perpetuity period by half a percentage point, as well as a decrease of EBIT or EBIT margin by ten percent in the last detailed planning year were assumed for these analyses. Neither of these sensitivity analyses results in a need for impairment.

The goodwill of the two SBUs developed as follows:

	SBU "Ophthalmology"	SBU "Microsurgery"	Total
	€k	€k	€k
As of 30 Sep 2022	**405,144**	**24,504**	**429,648**
Additions	0	9,166	9,166
Translation differences	-21,380	-1,651	-23,031
As of 30 Sep 2023	**383,764**	**32,019**	**415,783**
Additions	581,609	0	581,609
Translation differences	-13,411	-1,476	-14,887
As of 30 Sep 2024	**951,962**	**30,543**	**982,505**

The additions to the goodwill of the SBU "Ophthalmology" in 2023/24 result from the acquisition of 100% of the shares in DORC Topco B.V., Zuidland (Netherlands). The translation differences are mainly due to exchange rate effects of goodwill in USD. They also include the effects of the inflation adjustment of the carrying amounts of goodwill in TRY.

12 Other intangible assets

In accordance with IAS 38 *Intangible Assets*, internally generated intangible assets are recognized only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably.

These assets are recognized at acquisition or production cost and depreciated on a straight-line basis over their useful lives. In the case of intangible assets acquired within the scope of a business combination, the acquisition costs correspond to their fair values at their date of acquisition. The major part of amortization is contained in cost of sales.

Development costs are capitalized if and as soon as all of the criteria set forth in IAS 38.57 are satisfied. Essentially, fulfillment of these criteria is based on certain milestones in the internal development process. Development costs are recognized at the amount of total expenses incurred.

An agile approach to development is pursued in most digital development projects. In general, no specific milestones can be used as a benchmark for meeting the criteria under IAS 38.57, which is why the criteria are reviewed on an ongoing basis.

If there are no development costs, the expenses are recognized through profit or loss as research costs in the period in which they arise, and are not capitalized retrospectively at a later date.

Carl Zeiss Meditec AG performs development work and sets new technological standards. That is why only a small portion of development costs is capitalized in the Carl Zeiss Meditec Group, as the criteria for recognition as part of the cost of an intangible asset are not all satisfied until a relatively late stage.

The costs directly attributable to development, including appropriate development-related overheads, are recognized as part of the cost of an asset.

The fair values of trademark, patent and technology rights or similar assets, which were acquired within the scope of a business combination, are determined according to the relief from royalty method or the multi-period excess earnings method (MEEM). In the relief from royalty method, an analogy is used, whereby the financial contributions (cash flows) of an intangible asset due to royalties are estimated, which the owner of this asset is then spared from paying, contrary to the alternative of licensing a similar asset with an equivalent use. This involves determining the fictitious royalty payments that would be payable if the respective intangible asset were owned by a third party. In the MEEM method, hypothetical lease payments for so-called supporting assets are deducted from the EBITDA attributable to the asset over its term. These residual cash flows are then condensed to present value, taking taxes into account.

Depreciation is based on the following ranges of useful lives:

	Useful life
Trademark rights	2 to 15 years
Software	1 to 10 years
Licenses, patents and industrial rights	1 to 19 years
Customer relations	9 to 15 years
Development costs	3 to 16 years
Miscellaneous other intangible assets	3 to 10 years

Intangible assets not yet ready for use are tested for impairment at least once a year or if there are specific indications of impairment. The recoverable amount of the asset is determined in order to calculate any necessary impairment.

The recoverable amount is the higher of the fair value less costs to sell and the value in use – determined for the individual asset in each case.

In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax risk-adjusted discount rate based on a discounted cash flow method. For details on calculation of the discount rate and the underlying cash flow planning, see Section 11 "Goodwill".

The net carrying amount of the capitalized development costs relates to internally developed technologies and procedures that have not yet been completed in the amount of €178,580k (prior year: €152,236k). The Carl Zeiss Meditec Group completed its annual scheduled impairment testing of intangible assets not yet ready for use. This testing did not indicate any need for impairment based on the values in use.

The amortization of development costs in the current fiscal year includes for the first time write-downs of €31,468k on technologies and developments already in use that were identified as part of the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. The allowances are recognized in the cost of goods sold in the SBU "Ophthalmology". The need for impairment resulted from reduced expectations regarding the future earnings contributions of the acquired technologies. The recoverable amount of €11,537k corresponds to the values in use, where as the underlying capitalization interest rate is largely based on that of the group of CGUs.

Due to the size of the customer base acquired as part of the purchase price allocation for DORC, the presentation of other intangible assets was revised and customer relationships were separated accordingly. In contrast, the licenses and patent and technology rights categories could be consolidated for reasons of materiality. The previous year's presentation has been adjusted accordingly.

	Trademark rights	Software	Licenses, patents and industrial rights	Customer relations	Development costs	Miscellaneous other intangible assets	Total
	€k	€k	€k	€k	€k	€k	€k
Acquisition and production costs as of 1 Oct 2023	**8,911**	**46,339**	**51,764**	**6,154**	**373,643**	**28,389**	**515,200**
Changes in the basis of consolidation	32,700	6,797	900	259,800	164,094	4,415	468,706
Additions	0	217	365	0	63,872	906	65,360
Disposals	0	-4	-14	0	0	-2	-20
Reclassifications	0	535	0	0	0	-535	0
Translation differences	-93	-991	-393	-10	-11,570	-869	-13,926
As of 30 Sep 2024	**41,518**	**52,893**	**52,622**	**265,944**	**590,039**	**32,304**	**1,035,320**
Amortization as of 1 Oct 2023	**8,798**	**42,743**	**47,537**	**6,092**	**127,460**	**23,081**	**255,711**
Additions	1,538	2,678	1,179	9,342	66,059	63	80,859
Disposals	0	-4	-14	0	0	0	-18
Reclassifications	0	0	0	0	0	0	0
Translation differences	-87	-1,013	-273	-7	-5,855	-847	-8,082
As of 30 Sep 2024	**10,249**	**44,404**	**48,429**	**15,427**	**187,664**	**22,297**	**328,470**
Net carrying amount as of 30 Sep 2024	**31,269**	**8,489**	**4,193**	**250,517**	**402,375**	**10,007**	**706,850**
Acquisition and production costs as of 1 Oct 2022	**9,061**	**47,259**	**54,008**	**6,076**	**331,850**	**30,519**	**478,773**
Changes in the basis of consolidation	0	0	-1,476	0	10,633	-1,678	7,479
Additions	0	569	128	86	46,127	1,444	48,354
Disposals	0	0	-74	0	0	0	-74
Reclassifications	0	252	24	0	0	-276	0
Translation differences	-150	-1,741	-846	-8	-14,967	-1,620	-19,332
As of 30 Sep 2023	**8,911**	**46,339**	**51,764**	**6,154**	**373,643**	**28,389**	**515,200**
Amortization as of 1 Oct 2022	**8,910**	**42,005**	**48,140**	**5,980**	**107,018**	**26,293**	**238,346**
Changes in the basis of consolidation	0	0	-1,004	0	-391	-1,678	-3,073
Additions	26	2,412	1,033	112	26,530	53	30,166
Disposals	0	0	-22	0	0	0	-22
Reclassifications	0	6	0	0	0	-6	0
Translation differences	-138	-1,680	-610	0	-5,697	-1,581	-9,706
As of 30 Sep 2023	**8,798**	**42,743**	**47,537**	**6,092**	**127,460**	**23,081**	**255,711**
Net carrying amount as of 30 Sep 2023	**113**	**3,596**	**4,227**	**62**	**246,183**	**5,308**	**259,489**

13 Property, plant and equipment

Property, plant and equipment except for right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses in accordance with IAS 16 *Property, Plant and Equipment*. In the case of property, plant and equipment acquired within the scope of a business combination, the acquisition costs correspond to the fair values of the assets at their acquisition date. The cost of self-constructed assets includes direct costs and a portion of materials and production overheads. Depreciation is charged on a straight-line basis over the asset’s useful life.

Depreciation is based on the following ranges of useful lives:

	Useful life
Buildings and leasehold improvements	2 to 40 years
Technical equipment and machinery	2 to 21 years
Other equipment, furniture and fixtures	1 to 23 years

The scheduled depreciation amounts and any impairment losses and write-ups recorded in the period on property, plant and equipment are recognized in the consolidated income statement according to the functions for which the assets are used.

The Carl Zeiss Meditec Group has purchase commitments towards suppliers for property, plant and equipment in the amount of €24,299k (prior year: €31,567k).

	Land, buildings and leasehold improvements	Technical equipment and machinery	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
	€k	€k	€k	€k	€k
Acquisition and production costs as of 1 Oct 2023	**208,387**	**97,399**	**177,261**	**65,110**	**548,157**
Changes in the basis of consolidation	8,879	2,750	7,796	0	19,425
Additions	14,800	6,204	23,265	57,654	101,923
Disposals	-6,633	-4,526	-12,283	-21,909	-45,351
Reclassifications	1,555	7,155	1,861	-10,571	0
Translation differences	-4,296	-1,174	-2,926	-410	-8,806
As of 30 Sep 2024	**222,692**	**107,808**	**194,974**	**89,874**	**615,348**
Amortization as of 1 Oct 2023	**60,417**	**53,219**	**118,748**	**0**	**232,384**
Additions	23,198	9,104	19,610	0	51,912
Disposals	-2,944	-4,420	-11,393	0	-18,757
Translation differences	-1,320	-850	-1,784	0	-3,954
As of 30 Sep 2024	**79,351**	**57,053**	**125,181**	**0**	**261,585**
Net carrying amount as of 30 Sep 2024	**143,341**	**50,755**	**69,793**	**89,874**	**353,763**
» thereof leased property, plant and equipment (rights of use)	126,790	0	15,606	0	142,396
Acquisition and production costs as of 1 Oct 2022	**181,882**	**82,477**	**159,566**	**34,846**	**458,771**
Changes in the basis of consolidation	-730	0	-164	0	-894
Additions	56,741	9,254	24,506	42,702	133,203
Disposals	-23,353	-764	-4,027	-214	-28,358
Reclassifications	128	9,091	2,494	-11,713	0
Translation differences	-6,281	-2,659	-5,114	-511	-14,565
As of 30 Sep 2023	**208,387**	**97,399**	**177,261**	**65,110**	**548,157**
Amortization as of 1 Oct 2022	**64,801**	**49,043**	**108,782**	**0**	**222,626**
Changes in the basis of consolidation	-730	0	-160	0	-890
Additions	20,914	6,366	16,617	0	43,897
Disposals	-23,144	-566	-3,424	0	-27,134
Reclassifications	0	-59	59	0	0
Translation differences	-1,424	-1,565	-3,126	0	-6,115
As of 30 Sep 2023	**60,417**	**53,219**	**118,748**	**0**	**232,384**
Net carrying amount as of 30 Sep 2023	**147,970**	**44,180**	**58,513**	**65,110**	**315,773**
» thereof leased property, plant and equipment (rights of use)	134,481	0	14,785	0	149,266

14 At-equity investments

At the end of the fiscal year, the Group continued to hold 25% of the shares in Photono Oy, based in Helsinki, Finland, to enable it to participate in a development project.

The Group also held 21.7% of the shares in Vibrosonic GmbH, based in Mannheim, Germany, in order to participate in a development project.

In addition, unchanged from the previous year, the Group held 50% of the shares in Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd. based in Wuxi, China. This is a joint venture established for the purpose of providing development services in accordance with IFRS 11, which is accounted for using the equity method. In the fiscal year under review it had an average of 23 employees.

The tables for the combined balance sheet and statement of comprehensive income contain financial information on investments accounted for using the equity method on a 100% basis.

	2023/24			2022/23		
	Photono Oy	**Vibrosonic GmbH**	**Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd.**	Photono Oy	Vibrosonic GmbH	Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd.
Condensed statement of financial position:	€k	€k	€k	€k	€k	€k
Non-current assets	1,157	9,193	10,014	1,626	8,442	5,546
Current assets	181	5,080	3,139	160	3,786	6,976
» of which cash and cash equivalents	162	4,437	1,531	139	3,217	919
Non-current liabilities	1,592	8,433	0	1,592	7,832	0
» of which financial debt	1,592	8,433	0	1,592	7,832	0
Current liabilities	98	494	5,342	90	543	27
» of which financial debt	4	0	0	6	0	0
Net assets	**-366**	**5,344**	**7,811**	**104**	**3,853**	**12,495**
Group share in %	25.0	21.7	50.0	49.0	18.8	50.0
Carrying amount	61	7,738	3,968	403	6,224	6,244

	2023/24			2022/23		
	Photono Oy	**Vibrosonic GmbH**	**Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd.**	Photono Oy	Vibrosonic GmbH	Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd.
Condensed statement of comprehensive income:	€k	€k	€k	€k	€k	€k
Revenue	0	5	0	0	0	0
Scheduled depreciation and amortization	0	-192	-1,581	-1	-136	-331
Interest income	0	18	98	0	19	14
Interest expenses	-29	-601	0	0	-484	0
Income taxes	77	-4	0	0	-5	0
Other comprehensive income after tax	**-308**	**-3,008**	**-4,454**	**-87**	**-2,307**	**-790**
Other income	0	0	0	0	-3	0
Total comprehensive income	**-308**	**-3,008**	**-4,454**	**-87**	**-2,310**	**-790**

15 Inventories

Materials and supplies as well as merchandise are measured at costs of purchase, which are generally determined using the average cost method. Work in progress and finished goods are measured at costs of conversion. In addition to direct materials as well as direct labor, costs of conversion include an appropriate portion of materials and production overheads as well as production-related depreciation and production-related administrative expenses. In addition, the costs of company retirement benefits, the Company's social establishments and the Company's voluntary social benefits are also included to the extent that these can be allocated to the production area.

Write-downs are recorded on inventories when the costs of purchase or conversion exceed the estimated net realizable value. The net realizable value is the estimated price that could be obtained in the ordinary course of business, less the estimated costs of completion, selling costs and other costs (if necessary, e.g. warehousing). If the reasons for a write-down no longer apply, it is reversed to the lower of cost or estimated net realizable value.

Inventories comprise the following:

	30 Sep 2024	30 Sep 2023
	€k	€k
Raw materials, consumables and supplies	270,745	229,104
Unfinished goods	47,188	57,620
Finished goods	267,319	282,441
Advances paid	393	613
Total inventories, gross	**585,645**	**569,778**
Valuation allowances	-49,089	-49,550
Total inventories, net	**536,556**	**520,228**

The carrying amount of inventories carried at their net realizable value totaled €229,674k as of 30 September 2024 (prior year: €251,877k). Impairment losses amounting €24,222k (prior year: €25,726k) were recognized through profit or loss. Reversals in the amount of €6,313k (prior year: €4,960k) were recognized through profit or loss. The reversals of impairment losses in fiscal year 2023/24 were mainly due to a lower impairment requirement compared to the previous year. The cost of materials amounted to €658,680k and €626,477k, respectively, for fiscal years 2023/24 and 2022/23. These expenses are calculated according to the total cost format and include the costs of raw materials and supplies and purchased goods and services, plus any valuation allowances.

16 Other financial assets

	30 Sep 2024	30 Sep 2023
	€k	€k
Plan assets for pension commitments	7,165	23,273
Derivative financial instruments	6,424	23,806
Plan assets for accrued flexitime	7,825	7,619
Credit card receivables	313	1,092
Debit balances of accounts payable	1,056	944
Receivables from the ZEISS Group	82	191
Commission receivable	140	148
Receivables from the reversal of contracts	7,505	0
Receivables from suppliers	2,676	1,071
Other receivables	1,292	1,288
	34,478	**59,432**

Of the total other financial assets, €15,253k (prior year: €31,264k) have a remaining term of more than one year.

For further details on plan assets for pension obligations, please refer to note 20 "Pension provisions and similar obligations".

17 Other non-financial assets

	30 Sep 2024	30 Sep 2023
	€k	€k
Receivables from tax office/other tax receivables	33,263	39,493
Prepaid expenses	14,425	10,126
Advances paid	4,612	5,975
Other receivables	1,606	575
	53,906	**56,169**

The receivables from the tax office mainly include advance VAT payments. Of the total other financial assets, €424k (prior year: €591k) have a remaining term of more than one year.

18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks as well as all investments with an original term of less than 3 months, which are only subject to minor risks of valuation changes. The carrying amounts of cash and cash equivalents essentially correspond to their fair values due to their short-term maturity.

	30 Sep 2024	30 Sep 2023
	€k	€k
Bank balances	20,276	10,591
Cash	9	10
	20,285	**10,601**

19 Equity

Share capital
As in the prior fiscal year 2022/23, the share capital of Carl Zeiss Meditec AG is composed of 89,440,570 no-par value shares bearing equal rights, each with a theoretical value of €1, and was fully paid in. Ownership of the shares carries with it the right to vote at the Annual General Meeting and the right to participate in any dividend distributions resolved.

Authorized capital
By way of a resolution of the Annual General Meeting on 30 March 2022 and entry in the commercial register on 6 April 2022, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the Company, on one or several occasions until 29 March 2027, by a total of up to €26,500k (26,500,000 no-par value shares) by issuing new, no-par value bearer shares against cash and/or contributions in kind (Authorized Capital 2022). The Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in certain cases.

Capital reserve
The capital reserve contains the amounts obtained in excess of the theoretical value from the share issue.

Revenue reserves
Under the German Stock Corporation Act (Aktiengesetz), the dividend available for distribution to the shareholders is dependent upon equity as reported in the financial statements of Carl Zeiss Meditec AG in accordance with the German Commercial Code (HGB). Dividends may only be resolved and paid from any retained earnings that exist (after transfer to statutory reserves). As of 30 September 2024, the annual financial statements of Carl Zeiss Meditec AG showed a net profit of €634,962k (prior year: €722,641k). A dividend of €1.10 per no-par value share was paid out from consolidated net profit for fiscal year 2022/23. The proposed dividend for fiscal year 2023/24 is €0.60 per no-par share, which, for the current number of shares, corresponds to a distribution volume of €52,522k. The proposed dividend is subject to shareholder approval at the Annual General Meeting and is therefore not recognized as a liability in the consolidated financial statements.

Treasury shares
By resolution of the Annual General Meeting of Carl Zeiss Meditec AG on 21 March 2024, the authorization to acquire treasury shares granted by the Annual General Meeting on 6 August 2020, insofar as it had not already been exercised, was revoked and replaced by a new authorization. Accordingly, the Management Board of Carl Zeiss Meditec AG is authorized to acquire treasury shares in the company until 20 March 2029. The authorization is subject to the proviso that the shares acquired on the basis of this authorization, together with other shares in the company which the company has already acquired and still holds or which are attributable to it, do not at any time account for more than 10% of the subscribed capital of Carl Zeiss Meditec AG. Although treasury shares are regarded as being in circulation from a legal viewpoint, they do not yield any dividends or voting rights.

By the end of the share buy-back program on 9 August 2024, 1,904,491 shares had been purchased at an average price of 78.76 per share and reported as an offsetting item in equity under "Treasury shares".

Other reserves
The other reserves mainly comprise the differences arising from the currency translation of the annual financial statements of foreign subsidiaries recognized in other comprehensive income. This item also contains the measurement effects recognized in equity from the change in actuarial assumptions for the valuation of defined benefit pension plans and financial assets in the category “at fair value through other comprehensive income”.

Non-controlling interests
The item non-controlling interests comprises the holdings of other shareholders in the equity of Carl Zeiss Meditec Co. Ltd., Tokyo (Japan). The change in this item was mainly due to the result achieved and currency translation.

20 Provisions for pensions and similar obligations

The companies within the Group have various pension plans. In addition, some foreign subsidiaries have agreed to provide post-employment healthcare benefits on a certain scale.

Payments for defined contribution plans including contributions to statutory pension funds are recognized as an expense for the period in which they are generated.

Defined benefit obligations are measured in accordance with IAS 19 *Employee Benefits* using the projected unit credit method allowing for expected future adjustments to salaries and pensions.

The provisions for pensions and similar obligations at German Group entities are determined based on actuarial principles and using the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. The provisions for pensions and similar obligations at entities outside Germany are determined using the relevant local basis for calculation and local parameters.

The interest rate used to calculate the present value of the obligations is generally determined based on the yields on top-rated fixed-interest corporate bonds in the respective currency zone. In principle, bonds with at least an “AA” rating are considered. The expected income from plan assets and expenses from the interest cost of the obligations are netted and recognized under interest income.

External funds invested to cover defined benefit obligations are measured at fair value and offset against the corresponding obligations. If the fair value of the plan assets exceeds the corresponding obligations, the excess amount is recognized under financial assets.

Changes in the portfolio and variances in actual trends compared to the assumptions used for calculation purposes, as well as changes in the assumptions for the measurement of defined benefit obligations, result in actuarial gains and losses, which are recognized directly in other reserves within equity and thus directly affect the consolidated statement of financial position and the consolidated statement of comprehensive income.

The balance of the defined benefit obligation and plan assets (net defined benefit obligation or net plan assets) is discounted using the interest rate on which the measurement of the defined benefit obligation is based. The resulting net interest cost or income is recognized in the interest expenses or interest income in the consolidated income statement. Service cost is disclosed in the earnings before interest and taxes (EBIT).

The Carl Zeiss Meditec Group offers employees with unlimited employment contracts the option of using untaxed compensation to make provision for old age. Depending on the terms of their contract, the employees may convert up to three monthly salaries each year. The amounts converted are paid into an employer’s pension liability insurance policy and the associated benefits are pledged to the employees. The amount and timing of the receivables from the employer’s pension liability insurance matches those of the benefits payable to employees. As the receivables are pledged, they generally satisfy the requirements for plan assets and are presented on a net basis. If the future benefits under the employer’s pension liability insurance are higher than the benefit obligation to the employee, the employee receives the higher amount.

The amount is dependent on the age of the employees at the time of conversion of their compensation and the employees’ decision on whether to have the deferred compensation paid out as a one-off payment or as a pension. In addition to the conversion of compensation, the deferred compensation system may include invalidity and surviving dependents' benefits, depending on the model chosen.

The most important defined benefit pension plans and post-employment medical care plans for the Carl Zeiss Meditec Group are described below. These plans are subject to actuarial risks such as longevity risks, interest rate risks and capital market risks and vary depending on the legal, tax and economic conditions in the country concerned.

Germany

The currently applicable benefit regulation for employees in Germany is an employer-funded benefit comprising retirement, disability and survivor benefits. As a general rule, employees are entitled to these benefits after they have been with the company for at least five years.

The defined benefit plan is a modular system in which a pension module is calculated and fixed for each fiscal year. The amount of the contribution is based on the employee's income and the Company's performance in the respective fiscal year, with a basic contribution guaranteed. The contribution is converted into a pension module according to age-related factors. The acquired pension modules are added together and paid out as a lifelong pension.

In order to reduce the risks associated with defined benefit pension plans, in particular longevity, pay increase and inflation, the benefits are funded via external plan assets. Since 2006 the Company has had a Contractual Trust Arrangement (CTA) with the independent trustee Carl Zeiss Pensions-Treuhand e.V. for the pension entitlements of the active employees at that time. Allianz Global Investors Advisory GmbH, whom the trustee commissioned to manage the special fund, invests the special fund in the capital market according to the investment principles prescribed by the trustee.

In addition to the employer-funded benefit, employees in Germany also have the option to participate in the Deferred Compensation plan. This is a defined benefit plan funded by the deferral of a certain amount of salary, for which the Company takes out reinsurance policies.

USA

The benefit entitlement for employees in the USA is regulated via three pension schemes. These are employer-financed benefit commitments which, depending on their structure, include retirement and survivor benefits and medical benefits.

Two plans relate exclusively to retirement benefits and were drawn up on 31 December 2012 for new employees, as well as to serve additional claims. This is a commitment based on the average salary immediately prior to drawing up the plan. The general legal and regulatory terms and conditions of the plans are based on the U.S. Employee Retirement Income Security Act (ERISA). There is a regulatory requirement in these defined benefit plans that prescribes a minimum level of funding in the amount of the administrative costs and any other anticipated costs, in order to avoid benefit restrictions.

The third major plan regulates medical and survivor benefits. Similar to the plans described above, this plan has also been drawn up already and consists only of benefits to beneficiaries who entered the retirement phase up until 31 October 2006. This plan is not subject to any legal or regulatory minimum funding requirements of any kind.

These closed defined benefit plans give rise to actuarial risks, such as investment risk, interest rate risk and longevity risk.

The plan assets are managed in a trust. As the funding employer, the Group has delegated supervision of the assets to an investment committee. The members of the investment committee have a fiduciary duty under U.S. law and the trust agreement to act in the exclusive interest of the beneficiaries. The committee has defined the principles and objectives of asset management in an investment strategy, including the stipulation to diversify the investment of the trust, in order to adequately mitigate concentration risks. The trustee of the trust, who is responsible for managing the assets within the confines of the law, acts only according to the specifications of the investment committee and has no autonomous decision-making authority over the plan assets.

Japan

The Company provides employees in Japan with an employer-funded benefit plan offering retirement benefits within the scope of a Retirement Allowance Plan. This defined benefit plan is a modular system in which a pension module is calculated and fixed for each fiscal year. The amount of the contribution is based on the employee's income and the Company's performance in the respective fiscal year. The benefit is paid in the form of a one-time payment upon retirement.

This defined benefit plan gives rise to actuarial risks, such as interest rate risk, longevity risk, as well as the risk associated with pay increases.

The reconciliation of the funding status to the amounts reported in the consolidated statement of financial position is as follows:

	30 Sep 2024	30 Sep 2023
	€k	€k
Present value of obligations funded by plan assets	192,758	152,965
Plan assets	192,037	176,238
Funding status	**721**	**-23,273**
Present value of obligations not funded by plan assets	7,013	7,663
Carrying amount	**7,734**	**-15,610**
» thereof in: Other assets	7,165	23,273
» thereof in: Provisions for pensions and similar obligations	14,899	7,663

The following amounts are recognized in the income statement for defined benefit plans:

	2023/24	2022/23
	€k	€k
Service cost	11,583	11,099
Net interest income	-877	-936
Net expenditure in the fiscal year recognized in the income statement	**10,706**	**10,163**
Remeasurements (income (-)/expense (+) from plan assets, excluding amounts already included in interest)	-13,691	5,453
Actuarial gains (-)/losses (+)	26,553	-8,864
Result recognized in other comprehensive income	**12,862**	**-3,411**
Actual income (-)/expense (+) on plan assets	-21,002	-1,249

The current service cost of €11,583k (prior year: €11,099k) is carried under both cost of goods sold and functional costs, depending on the allocation of personnel expenses to the functional areas.

The defined benefit obligation and the fair value of plan assets are composed of the following:

	30 Sep 2024			30 Sep 2023		
	Defined benefit obligation (DBO)	**Fair value of plan assets**	**Net asset value/liability**	Defined benefit obligation (DBO)	Fair value of plan assets	Net asset value/liability
	€k	€k	€k	€k	€k	€k
Germany	181,718	172,788	8,930	140,941	158,029	-17,088
USA	12,084	19,249	-7,165	13,067	18,209	-5,142
Japan	4,128	0	4,128	4,330	0	4,330
Other	1,841	0	1,841	2,290	0	2,290
Carrying amount	**199,771**	**192,037**	**7,734**	**160,628**	**176,238**	**-15,610**
» thereof in: Other assets			7,165			23,273
» thereof in: Provisions for pensions and similar obligations			14,899			7,663

During the reporting period, the present value of defined benefit pension obligations changed as follows:

	2023/24	2022/23
	€k	€k
As of 1 Oct	**160,628**	**158,220**
Service cost	11,583	11,099
Interest expense	6,434	5,766
Benefit payments	-4,501	-4,356
Actuarial gains (-)/losses (+) based on demographic assumptions	-847	-153
Actuarial gains (-)/losses (+) based on financial assumptions	25,853	-10,150
Actuarial gains (-)/losses (+) based on empirical assumptions	1,547	1,439
Additions/disposals	-183	546
Translation differences	-743	-1,783
As of 30 Sep	**199,771**	**160,628**

The table below shows a detailed reconciliation of the change in the fair value of plan assets:

	2023/24	2022/23
	€k	€k
As of 1 Oct	**176,238**	**177,494**
Interest income	7,311	6,702
Remeasurements (income (-)/expense (+) from plan assets, excluding amounts already included in interest)	13,690	-5,453
Employer contributions	254	2,471
Employee contributions	-264	516
Withdrawals for pension payments	-4,148	-3,857
Translation differences	-1,044	-1,635
As of 30 Sep	**192,037**	**176,238**

For the coming fiscal year the Group intends to pay a contribution of €291k (prior year: €292k) into the defined benefit plans.

The plan assets serve exclusively to fulfill the defined benefit obligations. The funding of these benefit obligations is a provision for future cash outflows, which in some countries is based on existing legal requirements, while other countries provide such funding on a voluntary basis.

The Group's objective is to cover the pension obligations in Germany in full, within a medium-term period, by means of additions to capital and a positive capital market return. To this end, the Group shall make regular annual contributions to the plan assets. The Carl Zeiss Meditec Group controls and monitors the financial risks arising from the outsourcing of pension obligations. Mainly pensions, shares and similar securities are employed, which, due to a broad spread in terms of currency and investment region, should generate an attractive return, as well as an appropriate reduction of risk. The outsourced funds are allocated by asset category based on analyses conducted by the trustee in concert with the Group and the appointed asset management company. In order to review the external funding strategy at regular intervals and make adjustments, an Asset-Liability-Matching (ALM) study is also regularly prepared in collaboration with an external consultant.

The portfolio of plan assets comprises the following:

	30 Sep 2024	30 Sep 2023
	€k	€k
Developed markets	34,604	34,850
Growth markets	11,487	11,024
Equity instruments (shares)	**46,091**	**45,874**
Government bonds	3,790	3,218
Corporate bonds	53,619	42,327
Other	2,651	12,368
Debt instruments (bonds, notes)	**60,060**	**57,913**
Real estate and real estate funds	**24,452**	**25,064**
Alternative investments	**37,652**	**30,799**
Cash and cash equivalents	**23,782**	**16,588**
Total plan assets	**192,037**	**176,238**

Price quotations for the stocks and stock funds as well as pensions and pension funds are almost exclusively in an active market; for the other investments, there are no market quotations.

The plan assets (real estate and real estate funds) include properties used by the Company in the amount of €19,726k (prior year: €20,330k).

Actuarial assumptions are necessary for all defined benefit pension schemes. In addition to life expectancy – which is determined in Germany using the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck and, in other countries, based on comparable country-specific mortality tables – the following approaches were selected for the actuarial calculations:

	Germany		USA		Japan	
	30 Sep 2024	30 Sep 2023	**30 Sep 2024**	30 Sep 2023	**30 Sep 2024**	30 Sep 2023
	%	%	%	%	%	%
Actuarial interest	3.40	4.10	4.70	5.60	1.14	1.13
Salary trend	3.00	3.00	0.00	0.00	2.97	2.97
Rate of pension progression	2.25	2.25	0.00	0.00	0.00	0.00

The assumptions underlying the calculation of the defined benefit obligation (DBO) regarding actuarial interest rates, salary and pension progression trends and mortality rates vary depending on the economic and other conditions in the country in which the plans exist. The actuarial interest rates were determined on a company-specific basis at the end of the respective reporting period, in accordance with the average weighted term (duration) of the pension obligations using matching maturities and currencies. The calculation of pensions is linked to employee turnover. Depending on the respective plan, the pensionable age was set at 62 to 65.

Due to inflation, the expected pension adjustment for pensioners as at 1 January 2025 will be approx. 14% with a three-year adjustment cycle. No adjustment backlog is taken into account for pensioners whose adjustment date is after 2025. In order to take this over-inflation into account in the valuation, a premium of 2.5% was applied to all pensioners with an adjustment in accordance with the consumer price index.

Changes in the definitive actuarial assumptions would affect the defined benefit pension obligation as follows:

Change in present value of defined benefit obligations (DBO)	€k
Actuarial interest	
» Change by +0.5%	-18,927
» Change by -0.5%	22,088
Salary trend	
» Change by +0.5%	876
» Change by -0.5%	-798
Rate of pension progression	
» Change by +0.5%	4,388
» Change by -0.5%	-4,018

The presented sensitivity analyses take into account the change in one parameter ceteris paribus, while maintaining the calculation method. The variation ranges set for the valuation assumptions were selected such that the respective assumption will not move outside the range within one year, with a probability of 60% to 90%.

In order to examine the sensitivity of the defined benefit obligation to a change in the assumed life expectancy, the projected mortality rates were reduced, within the scope of a comparative calculation, to the extent that the reduction leads to an increase in life expectancy of roughly one year. The defined benefit obligation as of 30 September 2024 would therefore have been €5,778k higher.

The following pension payments are projected for the next ten years for the defined benefit plan obligations existing as of the end of the reporting period:

	30 Sep 2024	30 Sep 2023
	€k	€k
In the next fiscal year	4,685	4,243
In the second fiscal year	4,829	4,585
In the third fiscal year	5,071	5,125
In the fourth fiscal year	5,537	5,247
In the fifth fiscal year	5,845	5,853
In the sixth to tenth fiscal year	38,092	35,107

The weighted duration of the pension obligations (Macaulay duration) was 21.6 years as of 30 September 2024 (prior year: 19.6 years). The duration is an expression of the commitment period of the invested capital for the pension obligations and is dependent on the payment profile and the interest rate level.

21 Other provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, present (legal or constructive) obligations to third parties arising from past events are disclosed within other provisions if it is probable that an outflow of resources will be required and can be measured reliably.

	Personnel and social	Ongoing operations	Other	Total
	€k	€k	€k	€k
As of 1 Oct 2023	**5,701**	**14,822**	**8,458**	**28,981**
Additions in the basis of consolidation	409	10,338	0	10,747
Additions	3,376	13,917	6,879	24,172
Interest yield	46	0	58	104
Reversals	-11	-2,452	-2,228	-4,691
Utilization	-1,223	-12,383	-969	-14,575
Translation differences	-452	-45	11	-486
As of 30 Sep 2024	**7,846**	**24,197**	**12,209**	**44,252**
» thereof current provisions	1,682	23,493	8,230	33,405
» thereof non-current provisions	6,164	704	3,979	10,847
As of 30 Sep 2023	**5,701**	**14,822**	**8,458**	**28,981**
» thereof current provisions	2,012	14,201	4,820	21,033
» thereof non-current provisions	3,689	621	3,638	7,948

Personnel and social commitments

The provisions for personnel and social commitments mostly relate to commitments for partial retirement and anniversary expenses which are carried in their full amount as non-current in accordance with IAS 19.133.

The provisions for partial retirement and anniversaries are measured using a projected unit credit method based on actuarial surveys. Actuarial gains and losses are recognized immediately through profit or loss. The measurement parameters correspond to the economic assumptions for financing the pension commitments. Plan assets for partial retirement obligations were offset at their fair value at the end of the reporting period with the provision for partial retirement.

The fair value of the plan assets was offset against the provision at the end of the reporting period as follows:

	30 Sep 2024	30 Sep 2023
	€k	€k
Present value of partial retirement obligations	2,154	1,339
Fair value of plan assets	743	732
Reported net liability for partial retirement obligations	**1,411**	**607**

Commitments from ongoing operations

Commitments from ongoing operations primarily include warranty provisions. The Company is liable to the purchaser for the perfect functioning of the products sold during the contractually guaranteed period (warranty). Provisions are set up for this based on average values of warranty claims asserted in the past. These provisions are regularly adjusted to reflect actual experience. The appropriation to these warranty provisions is recorded under cost of goods sold.

Other commitments

The provisions for other commitments relate to identifiable individual risks and uncertain commitments, e.g. for litigation risks, risks from product recalls, asset retirement obligations in buildings or taxes unrelated to income. The provisions for litigation risks are measured mainly on the basis of potential claims arising from pending lawsuits and government clawbacks. The provisions for asset retirement obligations include the estimated costs mainly for the removal of leasehold improvements and the restoration of the leased property to its original state.

22 Financial liabilities

Financial liabilities are normally measured at amortized cost using the effective interest method.

	30 Sep 2024	30 Sep 2023
	€k	€k
Loans from related parties (incl. accrued interest)	402,481	0
Liabilities from contingent purchase price components	64,272	96,030
» thereof Carl Zeiss Meditec Cataract Technology, Inc., Reno, USA	0	28,428
» thereof Preceyes B.V., Eindhoven, Netherlands	20,103	25,313
» thereof Kogent Surgical LLC, Chesterfield, USA	25,121	23,638
» thereof Audioptics Medical Inc., Halifax, Canada	10,320	9,770
» thereof InfiniteVision Optics S.A.S., Strasbourg, France	4,113	5,511
» thereof Katalyst Surgical LLC, Chesterfield, USA	3,551	3,370
» thereof Peregrine Surgical Ltd., New Britain (USA)	1,064	0
Currency forward contracts	3,756	12,609
Credit accounts receivable	5,160	10,048
Other financial liabilities	2,338	1,525
	478,007	**120,212**

Of the total other financial liabilities, €458,897k (prior year: €96,030k) have a remaining term of more than one year.

The liabilities from contingent purchase price components shown in the table include the fair value of the performance-related components of the purchase price and result mainly from acquisitions in recent years.

The change in liabilities from contingent purchase price components mainly resulted from the remeasurement of all contingent purchase price obligations due to reduced expectations regarding the future earnings contributions of the acquired business, in particular due to time delays, amounting to €-43,798k. As part of this revaluation, the purchase price liability in connection with the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. was derecognized in full through profit or loss. In addition, the purchase price components were revalued for all companies due to a change in capital costs, in the amount of €+4,287k. A contingent purchase price liability for Peregrine Surgical Ltd. was added in this fiscal year. This was already present in the DORC opening balance sheet and resulted from an acquisition in previous years.

All purchase price components and obligations include the interest accrued to date and, if the obligation is denominated in a foreign currency, the associated currency effects from translation.

23 Accrued liabilities

	30 Sep 2024	30 Sep 2023
	€k	€k
Christmas bonus, special payments, and other personnel-related liabilities	107,006	94,441
Outstanding invoices	38,676	50,731
Commissions/bonuses	6,725	6,814
Audit fees	1,782	1,010
Other accrued liabilities	6,441	2,241
	160,630	**155,237**

24 Other non-financial liabilities

	30 Sep 2024	30 Sep 2023
	€k	€k
Contract liabilities	59,270	57,417
Liabilities from taxes not related to income	13,390	12,801
Liabilities from social security	3,926	3,143
Wage withholding tax	10,113	3,913
Government grants	1,753	2,086
Miscellaneous other non-financial liabilities	3,231	2,422
	91,683	**81,782**

Of the total other non-financial assets, €18,004k (prior year: €17,815k) have a remaining term of more than one year. The contract liabilities presented in the table relate to advance payments received on orders in the amount of €8,120k (prior year: €8,939k) as well as deferred revenue due to period-related revenue recognition, in the amount of €51,150k (prior year: €48,478k). The increase in wage withholding tax is mostly due to the acquisition of DORC.

25 Financial instruments and risk management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized in the consolidated statement of financial position as of the date on which the Group becomes a contracting party to the financial instrument. Regular way purchases and sales of financial assets are generally recognized on the settlement date. As of the date of initial recognition, financial assets and financial liabilities are measured at fair value and classified in accordance with the provisions of IFRS 9 *Financial Instruments*.

Trade receivables are recognized when an unconditional right to consideration from the customer exists. Trade receivables that do not contain any significant financing component or for which the Group has applied the practical expedient, are measured at the transaction price determined in accordance with IFRS 15. For more details, please refer to the accounting methods in note 5, “Revenue”.

Fair value generally corresponds to the market or quoted value. If no active market exists, fair value is calculated using generally accepted valuation techniques (for example, using the present value method or option pricing models). Amortized cost corresponds to the cost of the financial liabilities adjusted for repayments, impairment and the amortization of any discounts or premiums.

IFRS 9 divides financial assets into the following measurement categories:

» At amortized cost (AC)
» At fair value through profit or loss (FVPL)
» At fair value through other comprehensive income (FVOCI)

The classification and measurement of financial assets is based on the business model under which the Company holds the instruments, as well as on the specific features of the contractual cash flows from the individual instrument. Classification therefore depends on

» whether the underlying business model is aimed at holding financial assets to collect contractual cash flows (“hold” business model) and
» whether the contractual cash flows are solely payment of principal and interest (SPPI).

The business model is determined based on the corporate management of Carl Zeiss Meditec AG. To this end, the financial instruments are combined into groups, each of which has a consistent underlying business model. All business models that exist within the Carl Zeiss Meditec Group currently meet the criteria for the “hold” business model. The characteristics of the contractual cash flows are reviewed at the level of the individual financial instruments.

Financial assets whose contractual cash flows are solely payments of principal and interest on the principal amount and that are held under a "hold" business model are measured at amortized cost. These are trade receivables, cash and cash equivalents, bank balances, loans, securities and other financial assets. The assets are subsequently measured using the effective interest method. Gains and losses from impairment or derecognition are recognized in the income statement.

Financial assets for which the cash flow condition is not fulfilled or which are held under the "Sell" business model are measured at fair value through profit or loss. Gains and losses from a change in fair value are recognized immediately in the income statement. By definition, this category also includes all derivatives with a positive market value.

For equity instruments, Carl Zeiss Meditec makes use of the option to recognize these financial instruments at fair value through other comprehensive income in individual cases. Currently this option is exercised for all major investments, as the current intention for all these investments is to hold them long term. Measurement at fair value is carried out using the discounted cash flow method.

Subsidiaries, associates and joint ventures, which are not consolidated for reasons of materiality, do not fall within the scope of IFRS 9 and IFRS 7.

Financial assets are subject to default risks, which are taken into account by the recognition of a loan loss provision or, in the case of losses already incurred, by the recognition of an impairment loss. Specific allowances and portfolio-based allowances based on the expected credit loss model are recognized to cover the default risk. The extent of expected losses is categorized according to a 3-stage model (general approach), depending on whether the default risk of a financial instrument has increased significantly since initial recognition. Objective evidence includes delay of payment by more than 90 days, information about financial difficulties of the debtor or insolvency proceedings filed against the debtor. The general approach is used to determine the expected credit losses for all assets except trade receivables.

The fair value of current trade receivables basically corresponds to their nominal value, due to their short-term nature. Non-current, non-interest-bearing receivables and loans are discounted according to normal market conditions. Interest amounts are recognized using the effective interest method.

The Company is a business group with global operations, and as such it is subject to the effects of exchange rate fluctuations. In order to hedge against this currency risk, it concludes currency forward contracts based on planned transactions in foreign currency. These contracts generally span a period of up to one year. In exceptional cases, however, longer terms may be used to secure intragroup loans. The main purpose of the derivative financial instruments is currency hedging. The rules of hedge accounting are not applied and the change in the fair values are accordingly recognized through profit or loss.

The Carl Zeiss Meditec Group exclusively holds currency forward contracts as derivative financial instruments for currency hedging and classifies these as assets and liabilities measured at fair value through profit or loss.

The Carl Zeiss Meditec Group operates a global financial risk management system, which encompasses all subsidiaries and is organized centrally at Group level. The prime objective of the financial risk management system is to provide the necessary liquidity for the operations of companies within the Group and to limit the financial risks.

Due to its use of a range of financial instruments, the Group is exposed to risks which arise particularly as a result of fluctuation in exchange rates, interest rates and changes in the creditworthiness of the contracting partners involved.

The Company's exposure to each of the risks listed above is described below. The possible concentration is also taken into account when considering individual risks. The Group's objectives, strategies and procedures for controlling, and methods for measuring the risks are also described. The risk report within the management report also contains information about the risk management system.

Credit risk

The Group is exposed to a credit risk due to its business operations and financing activities. The following applies to all performance relationships underlying the primary financial instruments: depending on the type and level of the respective service, collateral is required, credit information/ references are obtained and historical data from the business relationship thus far is used, in particular regarding payment behavior, in order to minimize the credit risk. To the extent that credit risks can be identified for the individual financial assets, these risks are covered by valuation allowances. The maximum credit risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.

The following table provides information on the remaining default risk of trade receivables:

	30 Sep 2024	30 Sep 2023
	€k	€k
Trade receivables (gross)	**224,104**	**211,256**
Valuation allowances	-7,118	-8,803
Effects of foreign currency valuation	627	1,484
Trade receivables (net)	**217,613**	**203,937**
» thereof due in more than one year	8,560	7,021

Trade receivables also include leasing receivables in the amount of €9,644k (prior year: 7,979k).

Recognizable default risks are taken into account through specific valuation allowances on trade receivables and are included in the valuation allowances in the amount of €6,490k (prior year: €7,860k). No individual valuation allowances were made on receivables from related parties or treasury receivables.

The risks associated with trade receivables are adequately covered by valuation allowances. The valuation allowances were derived using historical default rates, taking forward-looking statements into account. The resulting valuation allowances developed as follows:

	Valuation allowances on			
	Trade receivables	Receivables from related parties	Treasury receivables	Total
	€k	€k	€k	€k
As of 1 Oct 2023	**8,803**	**791**	**121**	**9,715**
Addition	1,269	531	14	1,814
Utilization	-971	0	0	-971
Reversal	-1,784	-791	-121	-2,696
Translation differences	-199	-1	0	-200
As of 30 Sep 2024	**7,118**	**530**	**14**	**7,662**

	Valuation allowance on			
	Trade receivables	Receivables from related parties	Treasury receivables	Total
	€k	€k	€k	€k
As of 1 Oct 2022	**10,423**	**1,564**	**2,678**	**14,665**
Addition	1,518	789	121	2,428
Utilization	-428	0	0	-428
Reversal	-2,268	-1,564	-2,678	-6,510
Translation differences	-442	2	0	-440
As of 30 Sep 2023	**8,803**	**791**	**121**	**9,715**

The table below shows the gross carrying amounts and the average default rates for trade receivables according to the expected credit loss model:

	Default rates 30 Sep 2024	Default rates 30 Sep 2023	**Gross receivables 30 Sep 2024**	Gross receivables 30 Sep 2023
	%	%	€k	€k
Not past due	0.2	0.2	174,469	162,578
Up to 30 days past due	0.6	0.8	22,398	25,729
31 to 60 days past due	1.1	1.4	9,427	9,825
61 to 90 days past due	1.7	2.0	4,233	4,949
More than 90 days past due	2.2	2.6	13,577	8,175

The measurement of the expected losses considered various macroeconomic forecasts to account for the deviation in the default risk expected by the market – compared with previous years. In general, a complete default is assumed after 365 days overdue. Adjustment of the forward-looking statements to the current environment had no material effect on the average default rates. An increase in this factor in the context of the credit risk by 2%-points would result in an increase in the valuation allowances in the low single-digit million range.

Liquidity risk

The liquidity risk of the Carl Zeiss Meditec Group is defined as not being able to meet its financial obligations (repayment of debt, interest payments). In order to ensure solvency and financial flexibility within the Group, Carl Zeiss Meditec AG forecasts, within a fixed planning period, the funds it will require using a liquidity forecast, and holds a corresponding liquidity reserve in the form of cash and unused lines of credit at the treasury of Carl Zeiss AG.

The following table shows the contractually agreed undiscounted cash outflows for non-derivative financial liabilities:

	End of reporting period	Undiscounted cash flows settled on a gross basis			
		Total	up to 1 year	1 to 5 years	after more than 5 years
		€k	€k	€k	€k
Leasing liabilities	**30 Sep 2024**	168,793	27,924	85,361	55,508
	30 Sep 2023	174,294	25,456	81,725	67,113
Trade payables	**30 Sep 2024**	110,553	110,553	0	0
	30 Sep 2023	157,829	157,829	0	0
Liabilities to related parties	**30 Sep 2024**	72,989	72,989	0	0
	30 Sep 2023	81,963	81,963	0	0
Treasury payables	**30 Sep 2024**	64,039	64,039	0	0
	30 Sep 2023	16,736	16,736	0	0
Outstanding invoices	**30 Sep 2024**	38,676	38,676	0	0
	30 Sep 2023	50,731	50,731	0	0
Other financial accrued liabilities	**30 Sep 2024**	8,507	8,507	0	0
	30 Sep 2023	7,824	7,824	0	0
Liabilities to banks	**30 Sep 2024**	278	278	0	0
	30 Sep 2023	83	83	0	0
Loans from related parties (incl. accrued interest)	**30 Sep 2024**	402,481	2,481	400,000	0
	30 Sep 2023	0	0	0	0
Contingent purchase price obligations	**30 Sep 2024**	80,290	985	40,268	39,037
	30 Sep 2023	146,567	0	68,531	78,036
Other financial liabilities	**30 Sep 2024**	11,910	11,610	300	0
	30 Sep 2023	11,490	11,490	0	0

The table below shows the contractually agreed undiscounted cash outflows for derivative financial instruments with a negative market value:

	End of reporting period	Undiscounted cash flows from derivative financial liabilities with settlement on a gross basis				
		Total	up to 30 days	31 to 90 days	91 to 180 days	181 to 365 days
		€k	€k	€k	€k	€k
Cash inflows	**30 Sep 2024**	94,639	12,984	33,348	48,307	0
	30 Sep 2023	464,408	40,420	47,651	57,092	319,245
Cash outflows	**30 Sep 2024**	98,370	13,543	34,772	50,055	0
	30 Sep 2023	474,868	41,457	49,123	58,543	325,745

Market risk

Currency risk

The currency risk for the Group in the sense of IFRS 7 results from its financial instruments, which arose from its business operations and investing and financing activities. The Company counters a risk that remains after compensation of payments made and received in the same foreign currency mainly by concluding simple currency forward contracts. These transactions mainly relate to the currencies listed in the following table. Carl Zeiss Meditec AG and its subsidiaries are linked to the currency hedging processes of Carl Zeiss AG, Oberkochen via its treasury company, Carl Zeiss Financial Services GmbH. The total foreign currency payments made and received and reported to the treasury by the Group's subsidiaries, generally on a monthly basis, are thus hedged against the euro by means of currency forward contracts at the rate fixed.

The average exchange rates of the currency forward contracts concluded for the major currencies are as follows:

	€1 =	**30 Sep 2024**	30 Sep 2023
China	CNY	7.6003	7.2365
UK	GBP	0.8735	0.8624
Japan	JPY	146.8576	134.6242
South Korea	KRW	1,410.4596	1,372.2754
Taiwan	TWD	33.4345	31.0872
USA	USD	1.0918	1.0810

Derivatives are recognized as freestanding derivatives. The nominal amounts and the market values of the derivative financial instruments are presented in the table below:

	30 Sep 2024		30 Sep 2023	
	Nominal value	Market value	Nominal value	Market value
	€k	€k	€k	€k
Derivatives excluding hedge accounting				
» Derivatives with a positive market value	333,144	4,729	644,251	23,806
» Derivatives with a negative market value	97,801	3,756	466,418	12,609

The carrying amounts of Carl Zeiss Meditec Group's financial assets and liabilities denominated in foreign currencies reflect the level of risk exposure as of the end of the reporting period. The fair values are calculated exclusively using recognized actuarial methods and based on publicly accessible market information.

The tables below provide an overview of the Company's foreign currency financial instruments.

		Total	Thereof: in the following currencies, translated to €,											
		EUR	EUR	AUD	BRL	CAD	CNY	GBP	JPY	KRW	THB	TWD	USD	Other
Assets		**€k**	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
Loans	30 Sep 2024	**6,664**	6,664	0	0	0	0	0	0	0	0	0	0	0
	30 Sep 2023	**6,117**	6,117	0	0	0	0	0	0	0	0	0	0	0
Trade receivables	30 Sep 2024	**217,613**	215,685	0	0	0	0	0	0	0	0	0	1,928	0
	30 Sep 2023	**203,937**	202,661	0	0	0	0	0	0	0	0	0	1,276	0
Receivables from related parties	30 Sep 2024	**229,063**	63,276	3,135	2,198	5,740	102,647	4,819	0	1,995	6,136	6,163	13,238	19,716
	30 Sep 2023	**224,535**	29,488	4,236	2,045	7,443	115,023	6,221	0	12,365	5,726	8,412	15,091	18,485
Assets-side currency hedges	30 Sep 2024	**4,729**	0	0	0	84	1,508	0	102	1,076	0	763	385	811
	30 Sep 2023	**23,806**	0	579	0	24	13,632	138	5,269	1,390	406	969	490	909
Total assets	**30 Sep 2024**	**458,069**	**285,625**	**3,135**	**2,198**	**5,824**	**104,155**	**4,819**	**102**	**3,071**	**6,136**	**6,926**	**15,551**	**20,527**
	30 Sep 2023	**458,395**	**238,266**	**4,815**	**2,045**	**7,467**	**128,655**	**6,359**	**5,269**	**13,755**	**6,132**	**9,381**	**16,857**	**19,394**
Equity and liabilities														
Trade payables	30 Sep 2024	**110,553**	99,191	0	0	0	44	69	2,255	0	0	1	8,917	76
	30 Sep 2023	**157,829**	140,616	0	0	0	61	434	1,736	0	0	0	14,968	14
Liabilities to related parties	30 Sep 2024	**72,989**	67,281	343	356	0	2,461	372	0	36	20	229	959	932
	30 Sep 2023	**81,963**	74,493	99	89	0	3,970	273	0	589	17	38	1,091	1,304
Liabilities-side currency hedges	30 Sep 2024	**3,756**	0	464	0	6	67	625	60	2	818	85	0	1,629
	30 Sep 2023	**12,609**	0	191	0	444	7,092	270	317	198	44	349	1,792	1,912
Total liabilities	**30 Sep 2024**	**187,298**	**166,472**	**807**	**356**	**6**	**2,572**	**1,066**	**2,315**	**38**	**838**	**315**	**9,876**	**2,637**
	30 Sep 2023	**252,401**	**215,109**	**290**	**89**	**444**	**11,123**	**977**	**2,053**	**787**	**61**	**387**	**17,851**	**3,230**

The upper table does not contain any intragroup assets or liabilities. These were merely taken into consideration for sensitivity analysis purposes. In order to better present the currency risks that exist, the effects of hypothetical fluctuations in the relevant currencies on net income for the year and equity are presented below based on a currency sensitivity analysis. If, hypothetically, the euro had been 10% stronger (or weaker) as of the end of the reporting period against the main foreign currencies used by the Group – ceteris paribus – earnings before taxes and equity would have been affected as follows:

		Carrying amount	Effects of currency risks on net income	
		EUR	+10%	-10%
Assets		€k	€k	€k
Loans	30 Sep 2024	6,664	0	0
	30 Sep 2023	6,117	0	0
Trade receivables	30 Sep 2024	217,613	224	-224
	30 Sep 2023	203,937	127	-127
Receivables from related parties	30 Sep 2024	229,063	-19,531	19,531
	30 Sep 2023	224,535	-22,034	22,034
Assets-side currency hedges	30 Sep 2024	4,729	32,249	-32,249
	30 Sep 2023	23,806	52,429	-52,429
Total assets	**30 Sep 2024**	**458,069**	**12,942**	**-12,942**
	30 Sep 2023	**458,395**	**30,522**	**-30,522**
Equity and liabilities				
Trade payables	30 Sep 2024	110,553	1,094	-1,094
	30 Sep 2023	157,829	1,675	-1,675
Liabilities to related parties	30 Sep 2024	72,989	2,115	-2,115
	30 Sep 2023	81,963	2,962	-2,962
Liabilities-side currency hedges	30 Sep 2024	3,756	9,693	-9,693
	30 Sep 2023	12,609	43,045	-43,045
Total liabilities	**30 Sep 2024**	**187,298**	**12,902**	**-12,902**
	30 Sep 2023	**252,401**	**47,682**	**-47,682**

The most significant effect of currency risks resulted, as of 30 September 2024, from the assets-side and liabilities-side currency hedges in CNY, KRW, JPY and USD. The effects of currency risks shown in the items receivables from and liabilities to affiliated companies are also particularly attributable to CNY and USD. Effects on equity due to exchange rate fluctuations only arise due to the translation of the financial statements. In addition, fluctuations in the GBP and CAD by +10% or -10% would have affected the earnings on intragroup loans by €-2.4m and +€2.4m, respectively.

Interest rate risk

The Group holds interest-bearing financial instruments mainly via its short-term cash and cash equivalents, loans and treasury receivables - primarily from Carl Zeiss Group cash management of Carl Zeiss Financial Services GmbH, Oberkochen. The Carl Zeiss Meditec Group also holds non-current, interest-bearing financial receivables and liabilities and leasing receivables and liabilities. In this fiscal year, Carl Zeiss Meditec AG has also received a long-term loan from the ZEISS Group in the amount of €400,000k, which has a fixed interest rate and therefore carries no interest rate risk.

An interest sensitivity analysis is based on the following assumptions: changes in market interest rates on primary financial instruments with fixed interest rates will only have an effect on income if these are measured at fair value. As a result, all financial instruments carried at amortized cost with fixed interest are not subject to any risks of interest rate fluctuation within the meaning of IFRS 7. In addition, forex derivatives are not subject to any major risk of interest rate changes and thus do not impact interest rate sensitivities.

As of the end of the reporting period, the Company mainly holds fixed-interest financial instruments measured at fair value. The general interest rate risk is countered as part of overall financial risk management, by regularly monitoring significant items and their inherent interest rate risks with the aim of limiting these, if necessary. At the present time, this risk can be considered negligible.

Carrying amounts and fair values by category

The following table shows the carrying amounts, corresponding to the fair values in all items, of the recognized financial instruments by measurement category.

	Valuation category IFRS 9	Carrying amount 30 Sep 2024	30 Sep 2023
		€k	€k
Primary financial instruments			
Assets			
Trade receivables	AC	217,613	203,937
Receivables from related parties	AC	229,063	224,535
Treasury receivables	AC	116,660	869,990
Investments	FVOCI	0	8,584
Loans	AC	6,664	6,117
Other financial assets	AC	13,064	4,734
Cash	AC	20,285	10,601
Equity and liabilities			
Trade payables	AC	110,553	157,829
Trade payables to related parties	AC	72,989	81,963
Treasury payables	AC	64,039	16,736
Outstanding invoices	AC	38,676	50,731
Other financial accrued liabilities	AC	8,507	7,824
Liabilities to banks	AC	278	83
Loans from related parties (incl. accrued interest)	AC	402,481	0
Contingent purchase price obligations	FVPL	64,272	96,030
Other financial liabilities	AC	7,220	11,490
Derivative financial instruments			
Assets			
Options	FVPL	1,695	0
Currency hedges	FVPL	4,729	23,806
Equity and liabilities			
Currency hedges	FVPL	3,756	12,609
Thereof aggregated by valuation category pursuant to IFRS 9			
Amortized cost (AC)		1,308,092	1,646,570
Fair value through other comprehensive income (FVOCI)		0	8,584
Fair value through profit or loss (FVPL)		74,452	132,445

For a comparison of the valuation categories with the items in the statement of financial position the following reclassifications should be noted:

Classification acc. to IFRS 7	Category according to IFRS 9	Statement of financial position item
Trade receivables	AC	Trade receivables
Receivables from related parties	AC	Trade receivables from related parties
Treasury receivables	AC	Treasury receivables
Investments	FVOCI	Other investments and shares in affiliated non-consolidated companies
Loans	AC	Loans
Other financial assets	AC	Other non-current assets Other financial assets
Assets-side currency hedging contracts	FVPL	Other non-current assets Other financial assets
Options	FVPL	Other financial assets
Cash	AC	Cash and cash equivalents
Trade payables	AC	Trade payables
Trade payables to related parties	AC	Trade payables to related parties
Treasury payables	AC	Treasury payables
Outstanding invoices Other financial accrued liabilities	AC	Accrued liabilities
Other financial liabilities	AC	Financial liabilities
Liabilities to banks	AC	Financial liabilities
Loans from related parties (incl. accrued interest)	AC	Financial liabilities
Contingent purchase price obligations	FVPL	Financial liabilities
Liabilities-side currency hedging contracts	FVPL	Financial liabilities

Fair value measurement
Financial instruments are measured at fair value based on a three-level fair value hierarchy:

Level 1: The fair value is determined on the basis of quoted, unadjusted market prices on active markets.

Level 2: The fair value is determined on the basis of market data such as share prices, exchange rates or yield curves in accordance with market-related valuation methods (e.g. present value method or option pricing model).

Level 3: The fair value is determined using models based on unobservable market data (e.g. discounted cash flow method).

The decision on classification is made on the reporting date. The interest rates applied across the various maturities and foreign currencies range from -0.3% to +16.2% (prior year: -0.7% to +12.6%).

The following table shows the fair values of the financial instruments and the respective classification:

		Category 1	Category 2	Category 3	**Total**
		€k	€k	€k	**€k**
Financial assets measured at fair value through other comprehensive income	**30 Sep 2024**	0	0	0	**0**
	30 Sep 2023	0	0	8,584	**8,584**
Financial assets measured at fair value through profit or loss	**30 Sep 2024**	0	4,729	1,695	**6,424**
	30 Sep 2023	0	23,806	0	**23,806**
Financial liabilities measured at fair value through profit or loss	**30 Sep 2024**	0	3,756	64,272	**68,028**
	30 Sep 2023	0	12,609	96,030	**108,639**

The development of financial instruments allocated to level 3 of the fair value hierarchy is presented in the table below:

	Investments	Options	Other financial liabilities
	€k	€k	€k
As of 1 Oct 2023	**8,584**	**0**	**96,030**
Additions and disposals	943	0	1,064
Changes in fair value recognized through profit or loss	0	1,695	-30,004
Changes in fair value recognized through other comprehensive income	-9,473	0	0
Payment of contingent purchase price obligations	0	0	0
Translation differences	-54	0	-2,818
As of 30 Sep 2024	**0**	**1,695**	**64,272**

	Investments	Other financial liabilities
	€k	€k
As of 1 Oct 2022	**10,803**	**91,179**
Additions and disposals	-6,263	9,561
Changes in fair value recognized through profit or loss	0	751
Changes in fair value recognized through other comprehensive income	4,249	0
Payment of contingent purchase price obligations	0	-755
Translation differences	-205	-4,706
As of 30 Sep 2023	**8,584**	**96,030**

The financial assets allocated to level 3 are investments that are allocated to both the "at fair value through profit or loss" and the "at fair value through other comprehensive income" valuation categories. They are allocated to the individual investments as follows: OcuTerra Therapeutics, Inc. (€0k; prior year: €2,360k), Ophthalmic Laser Engines LLC (€0k; prior year: €0k) and Precise Bio, Inc. (€0k; prior year: €6,224k). Level 3 also includes options that were acquired as part of the acquisition of the shares in Vibrosonic GmbH and entitle the holder to acquire further shares. Due to the change in the cost of capital, the options are "in the money" as of 30 September 2024, which is why the effect was recognized through profit or loss in the other financial result. An upward or downward fluctuation in the interest rate of 1%-point would reduce or increase the options in the mid to upper single-digit-million range. Delaying the business plan by at least one year would reduce the options to zero.

The financial liabilities assigned to level 3 include contingent purchase price obligations from the acquisitions of Preceyes B.V., Kogent Surgical LLC, Audioptics Medical Inc. as well as InfiniteVision Optics S.A.S., which was acquired in an asset deal. The change in fair value recognized through profit or loss includes, on the one hand, the annual compounding of these liabilities, and, on the other hand, the adjustment of the capital costs for the measurement of the liabilities. Both effects are recognized in the interest expense. In addition, income from the remeasurement of contingent purchase price obligations, which is also part of the change in fair value through profit or loss presented here, was recognized in the other financial result.

The fair value of the contingent considerations was determined on the basis of the criteria agreed in the purchase agreement and the probable achievement of the target expected according to the current status and discounted at a standard market interest rate. An upward or downward fluctuation in the interest rate by 1%-point would reduce or increase the contingent considerations, respectively, in the single-digit-million range. A delay in the achievement of targets linked to milestones, accompanied by a simultaneous reduction in the planned revenue targets by 15%, would reduce the obligations by approx. €16m.

Net income

The following table shows the distribution of income from interest, the subsequent valuation of financial instruments at fair value, and from currency translation among the individual categories of financial instruments in accordance with IFRS 9, and how the respective net result is calculated.

The interest from financial instruments is recognized under interest income. The effects of currency translation are recognized together with the fair value measurement of the currency forward contracts under the item “foreign currency gains (+) / losses (-), net” in the income statement. The Carl Zeiss Meditec Group carries the other components of the net result recognized through profit or loss under "Other financial result", with the exception of the valuation allowances on trade receivables and receivables from related parties, which are allocated to the valuation category financial assets measured at amortized cost and are reported under selling costs.

		Interest effects	From subsequent valuation			Amortization	**Net income**
			at fair value	Foreign currency translation	Valuation allowance		
		€k	€k	€k	€k	€k	**€k**
From financial assets measured at amortized cost	30 Sep 2024	20,949	n.a.	-8,094	394	-110	**13,139**
	30 Sep 2023	22,751	n.a.	-20,871	1,053	-20	**2,913**
From financial assets measured at fair value through other comprehensive income	30 Sep 2024	0	-9,473	0	0	0	**-9,473**
	30 Sep 2023	0	4,249	0	0	0	**4,249**
From financial assets and liabilities measured at fair value through profit or loss	30 Sep 2024	-13,794	46,391	16,192	0	0	**48,789**
	30 Sep 2023	-6,938	26,223	45,702	0	0	**64,987**
From financial liabilities measured at amortized cost	30 Sep 2024	-10,503	n.a.	2,492	n.a.	n.a.	**-8,011**
	30 Sep 2023	-1,493	n.a.	2,275	n.a.	n.a.	**782**
Other	30 Sep 2024	-2,803	-881	0	-133	0	**-3,817**
	30 Sep 2023	-523	-1,350	0	29	0	**-1,844**
Total	**30 Sep 2024**	**-6,151**	**36,037**	**10,590**	**261**	**-110**	**40,627**
	30 Sep 2023	**13,797**	**29,122**	**27,106**	**1,082**	**-20**	**71,087**
» thereof through profit or loss	30 Sep 2024	-6,151	45,510	10,590	261	-110	**50,100**
	30 Sep 2023	13,797	24,873	27,106	1,082	-20	**66,838**
» thereof selling and marketing expenses	30 Sep 2024	0	0	0	775	0	**775**
	30 Sep 2023	0	0	0	1,525	0	**1,525**

OTHER DISCLOSURES

26 Notes to the statement of cash flows

The consolidated statement of cash flows shows how the Group's cash and cash equivalents reported in the statement of financial position changed in the course of the fiscal year as a result of cash received and paid. In accordance with IAS 7 *Statement of Cash Flows*, a distinction is made between cash flows from operating activities and cash flows from investing activities and financing activities.

The cash flows from operating activities are derived indirectly from the consolidated profit or loss for the year. Cash flows from operating activities are calculated after adjustment for non-cash expenses and income, and including cash financial expenses, financial income and taxes, and taking changes in working capital into account. The cash flows from investing activities and financing activities are generally determined on the basis of payments made or received.

The changes in items in the statement of financial position taken into account as part of this indirect calculation are adjusted for currency translation effects, the effects of changes in the reporting entity and non-cash effects. Changes in the relevant items in the statement of financial position can therefore not be reconciled with the corresponding figures in the consolidated statement of financial position.

Changes in liabilities from financing activities are presented in the table below.

	As of 1 Oct 2023	Cash changes	Non-cash changes			**As of 30 Sep 2024**
			Translation differences	Changes in the basis of consolidation	Other changes	
	€k	€k	€k	€k	€k	€k
Liabilities to banks	83	206	-11	0	0	**278**
Current leasing liabilities	155,696	-23,303	-3,992	9,617	13,329	**151,347**
Treasury payables	16,736	47,625	-322	0	0	**64,039**
Loans from related parties	0	400,000	0	0	0	**400,000**

	As of 1 Oct 2022	Cash changes	Non-cash changes			**As of 30 Sep 2023**
			Translation differences	Changes in the basis of consolidation	Other changes	
	€k	€k	€k	€k	€k	€k
Liabilities to banks	98	-8	-7	0	0	**83**
Leasing liabilities	127,903	-22,990	-6,235	-313	57,331	**155,696**
Treasury payables	29,675	-11,517	-1,422	0	0	**16,736**

The other non-cash changes relate to new contracts and contract amendments from leases.

27 Leases

IFRS 16 *Leases* requires lessees to recognize all leases in the form of a right-of-use asset and corresponding lease liability. The value of the right of use is corrected for any initial direct costs incurred as well as reimbursements received. The lease liability is measured at the present value of the outstanding lease payments. They are presented in the income statement as financing activities so that the right-of-use asset is amortized on a straight-line basis and the lease liability is rolled forward using the effective interest method. Renewal, termination and purchase terms are taken into account during initial measurement of the lease liability if their exercise has become reasonably certain (especially property leases). *Sale-and-leaseback* agreements are presented using the same principles.

Lease agreements may contain renewal and termination options. The Group assumes in the case of larger contracts (e.g. for buildings) that it is generally possible to make a sufficiently reliable estimate of exercise of the options, if this is to be made within the next 5 years. For key production and administrative buildings, options to be exercised later can also be classified as sufficiently likely, which means they will also be taken into account. In the case of smaller contracts for exchangeable goods, on the other hand, it is regularly assumed that there will be no extension.

The Group makes use of the simplification rule of recognizing leases with a maximum total term of 12 months (also taking into consideration the reasonably certain exercise of existing contractual options) and leases pertaining to low-value assets in a similar way to the previous operating lease model. The expense is then recognized on a straight-line basis over the term. The Company classifies assets as low-value assets, as defined in the standard, insofar as the acquisition cost of a relevant new device is less than/equal to €5k (or a similar amount in foreign currency).

The number and scope of vehicle leasing contracts in the Group are stable overall and change only slightly over time. Under this assumption, the accounting of vehicle leases under IFRS 16 is simplified by recognizing a fixed amount (fixed value) for the amount of the right-of-use assets and lease liabilities for all of a company's vehicle leases. These fixed values are reviewed regularly every five years and adjusted if necessary.

Lessors must assess as of the commencement date whether a lease is a finance lease or an operating lease. The lease is a finance lease if all significant risks and rewards are transferred. In this case, a receivable is recognized in the amount of the net investment in the lease. The corresponding interest income is presented in the financial result. Lease payments under operating leases are recognized in income on a straight-line basis over the lease term.

Carl Zeiss Meditec Group as lessee

In the property segment, the Group rents primarily administrative and production buildings. The rights of use to other equipment, furniture and fixtures mainly relate to rented vehicles. The terms of the lease agreement are negotiated individually and contain a multitude of different conditions.

The table below shows the separately presented rights of use to assets that are recognized under fixed assets as part of a leasing arrangement. The other changes presented are mainly the result of disposals and contract adjustments as well as currency effects.

	Land, buildings and leasehold improvements	Technical equipment and machinery	Other office equipment, fixtures and fittings	Total
	€k	€k	€k	€k
Net carrying amount as of 1 Oct 2023	**134,481**	**0**	**14,785**	**149,266**
Changes in the basis of consolidation	8,155	0	1,282	9,437
Additions	11,877	0	5,641	17,518
Depreciation and amortization	-21,289	0	-5,104	-26,393
Other changes incl. translation differences	-6,434	0	-998	-7,432
As of 30 Sep 2024	**126,790**	**0**	**15,606**	**142,396**
Net carrying amount as of 1 Oct 2022	**106,461**	**0**	**14,749**	**121,210**
Additions	51,872	0	5,733	57,605
Depreciation and amortization	-19,155	0	-4,318	-23,473
Other changes incl. translation differences	-4,697	0	-1,379	-6,076
As of 30 Sep 2023	**134,481**	**0**	**14,785**	**149,266**

In fiscal year 2023/24, liabilities from leases were paid in the amount of €23,303k (prior year: €22,990k). The interest expenses from the compounding of lease liabilities are recognized in the financial result and amount to €4,114k (prior year: €2,536k). Total payments for leasing liabilities, including payments for short-term and low-value leases not recognized in financing cash flow, amounted to €26,385k in the current financial year (prior year: €25,099k). At the end of the reporting period there were future cash outflows amounting to €151,347k; please refer to note 25 “Financial instruments and risk management” for the maturity analysis of the undiscounted lease payments.

Further disclosures on leases:

	2023/24	2022/23
	€k	€k
Expense for short-term leases	1,671	760
Expense for leases for a low-value asset	1,411	1,349
Income from sub-leasing rights of use	964	1,218

Termination and extension options deemed improbable in the amount of €24,473k mainly relate to the rental of an administration building including visitor and exhibition space in Berlin and a Group administration building in Jena Göschwitz. In fiscal year 2023/24, no leases were entered into whose term have not yet started.

Carl Zeiss Meditec Group as lessor

Operating leases

Within the scope of selling its products, the Company offers some financing models in the form of lease agreements, which, due to their nature, are to be classified as operating leases.

Risks arise from lease agreements in particular due to agreed conditions or purchase volumes not being adhered to. In order to safeguard against such risks in these cases, the underlying agreements may provide, for example, for compensation for minimum quantities, in spite of failure to purchase or the return of the leased object to the lessor, including an appropriate settlement payment for premature termination of the contract. Key measures to minimize risk prior to the conclusion of the agreement also include a customer credit check, a feasibility analysis of the lease agreement, and a comprehensive analysis of the customer’s realistic requirements.

The leasing income in the current fiscal year amounts to €4,191k. No leasing income was generated from variable lease payments that are not dependent on an index or interest.

The future accumulated minimum lease and rental payments from binding operating lease agreements amount to the following:

	30 Sep 2024
Term to maturity	€k
Due in year 1	1,890
Due in year 2	1,520
Due in year 3	809
Due in year 4	425
Due in year 5	154
Total minimum lease and rental payments	**4,798**

The carrying amount of the property, plant and equipment underlying the operating leases amounts to €3,852k at the end of the reporting period, with €1,422k relating to technical plant and machinery and €2,430k to other equipment, furniture and fixtures.

Finance leases

In some cases the Company offers financing models within the scope of selling its products, in the form of lease agreements, which, due to their nature, must be classified as finance leases.

For information on risks arising from finance lease agreements, please refer to the statements in section “Operating leases”.

In the fiscal year under review, income from finance leases amounted to €1,980k (prior year: €1,476k).

The outstanding minimum rental and lease payments from finance lease agreements are as follows:

	30 Sep 2024	30 Sep 2023
Term to maturity	€k	€k
Due in year 1	3,106	2,461
Due in year 2	2,585	2,256
Due in year 3	2,123	1,655
Due in year 4	1,493	1,217
Due in year 5	918	486
Due after more than 5 years	26	53
Future undiscounted cash inflows	**10,251**	**8,128**
Unrealized financial income	-674	-518
Present value of future lease payments	**9,577**	**7,610**

The change in the carrying amount of the net investment in finance leases in the fiscal year under review is due, as in the prior fiscal year, exclusively to newly concluded agreements and to scheduled lease payments by the lessee. Valuation allowances for the expected credit loss on leasing receivables are included in trade receivables.

28 Segment reporting

Pursuant to IFRS 8 *Operating Segments*, the Group defines its operating segments based on the information that is reported internally to the Management Board, which is also Chief Operating Decision Maker pursuant to IFRS 8. The Carl Zeiss Meditec Group has two operating segments, which are simultaneously the Company's Strategic Business Units ("SBUs"). All business activities relating to ophthalmology, such as the business with medical laser and diagnostic systems and surgical solution systems for the treatment of cataract and retina diseases are allocated to the SBU "Ophthalmology". The SBU "Microsurgery" encompasses the activities in neuro, spine, ear, nose, throat and dental surgery, as well as the activities in the field of intraoperative radiotherapy. For more information on the business activities of the SBUs please refer to the management report.

The Management Board regularly evaluates internal management reports for each of the strategic business units in relation to decisions on resource allocation and performance. In addition to publishing the results at segment level, any write-downs and appropriations to provisions are also published for each SBU.

	SBU Ophthalmology		SBU Microsurgery		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	€k	€k	€k	€k	€k	€k
External revenue	**1,589,172**	**1,576,493**	**476,955**	**512,807**	**2,066,127**	**2,089,300**
Gross profit	802,207	886,746	286,423	319,019	1,088,630	1,205,765
Selling and marketing expenses	-347,024	-307,337	-111,174	-112,942	-458,198	-420,279
General and administrative expenses	-92,151	-67,930	-18,859	-15,848	-111,010	-83,778
Research and development expenses	-280,723	-288,538	-62,366	-60,740	-343,089	-349,278
Other operating result	18,119	-4,306	0	0	18,119	-4,306
Earnings before interest and taxes (EBIT)	**100,428**	**218,635**	**94,024**	**129,489**	**194,452**	**348,124**
Depreciation and amortization	119,221	62,705	13,550	11,358	132,771	74,063
Appropriation to provisions	19,917	14,940	4,255	4,258	24,172	19,198
Reconciliation of segments' comprehensive income to the Group's period-end result						
Comprehensive income of the segments					**194,452**	**348,124**
Earnings before interest and taxes (EBIT)					**194,452**	**348,124**
Financial result					46,414	64,440
Earnings before income taxes (EBT)					**240,866**	**412,564**
Income taxes					-60,712	-120,555
Consolidated profit					**180,154**	**292,009**
» of which profit/loss attributable to shareholders of the parent company					178,726	290,396
» of which profit/loss attributable to non-controlling interests					1,428	1,613

As a general rule there were no intersegment sales.

The information on geographical areas is based on the geographical regions of Germany, Northern America, Asia, Europe (excluding Germany) and Other, according to the location of the headquarters of the subsidiary generating the revenue or holding the non-current assets.

	2023/24		2022/23	
	Revenue	**Non-current assets**	Revenue	Non-current assets
	€k	€k	€k	€k
Germany	1,233,996	314,415	1,265,457	304,094
North America	522,324	460,456	568,430	490,266
Asia	83,333	31,034	99,684	31,000
Europe (excluding Germany)	226,474	1,252,634	155,729	196,698
Other	0	256	0	842
Total	**2,066,127**	**2,058,795**	**2,089,300**	**1,022,900**

The segment assets comprise non-current assets less deferred income taxes of €86,320k (prior year: €63,704), investments carried at equity of €11,767k (prior year: €12,871k), investments and other holdings in affiliated non-consolidated companies of €8,611k (prior year: €8,584k), loans of €6,664k (prior year: €6,117k) and non-current trade receivables of €8,560k (prior year: €7,021k).

Key customers

Carl Zeiss AG and its subsidiaries (except Carl Zeiss Meditec Group) constitute a key customer of the Carl Zeiss Meditec Group, accounting for a share of 54% (prior year: 55%) of total revenue. Revenue is generated with Carl Zeiss AG and its subsidiaries in both segments. The share of total revenue totals 38% (prior year: 37%) in the SBU Microsurgery and 58% (prior year: 61%) in the SBU Ophthalmology.

29 Government grants

In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, government grants are only recorded if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. The Group received subsidies from various public bodies within the scope of government economic stimulus programs, for example for research and development. Investment grants and investment subsidies for assets for which it is sufficiently certain that the associated conditions are being met and that they will be awarded, reduce the acquisition and production costs of the related assets. Subsidies for investments such as investment subsidies grants and tax-free investment grants for assets are recognized through profit or loss over the useful life of the subsidized assets (as a reduction of the depreciation on the subsidized property, plant and equipment). Grants related to income are offset against the corresponding expenses in the period in which the expenses are incurred.

	2023/24	2022/23
	€k	€k
Grants for assets / investment subsidies	291	2,035
Research and development cost subsidies related to income	350	113
Other expense-related subsidies	46	1,077
	687	**3,225**

The grants for assets / investment grants relate to grants for a new production line at the La Rochelle site in France and non-performance-related research and development grants at the Zuidland site in the Netherlands. Other expense-related grants mainly relate to administrative grants and government incentives to increase revenue in China.

30 Related party disclosures

The parent company of Carl Zeiss Meditec AG is Carl Zeiss AG, which is controlled by the Carl Zeiss Foundation (Carl-Zeiss-Stiftung). Related parties within the meaning of IAS 24 *Related party disclosures* include the Carl-Zeiss-Stiftung, Heidenheim an der Brenz and Jena, Carl Zeiss AG, Oberkochen, and its subsidiaries excluding the Carl Zeiss Meditec Group (the "ZEISS Group"), Schott AG, Mainz, including its subsidiaries (the "Schott Group"), associates and joint ventures as well as the members of the Management Board and Supervisory Board (key management personnel) of Carl Zeiss Meditec AG and their immediate family members. Further information can be found in Section 34 "Other mandatory disclosures pursuant to Section 315e HGB".

The Carl Zeiss Meditec Group sells some of its products to the distribution companies of the ZEISS Group. For the purposes of furnishing the Company with short-term funds and investing surplus liquidity, Carl Zeiss Meditec mainly cooperates with the group cash management system of Carl Zeiss Financial Services GmbH, Oberkochen. Loans granted and monies invested within the scope of this business relationship are carried under liabilities to or receivables from treasury, and are usually due or available daily.

In addition to financial services, the Company procures various services from the ZEISS Group, including Carl Zeiss AG. These include, among others, research and development services, personnel and administrative activities, the leasing of administrative and production buildings, as well as the licensed use of the "ZEISS" brand, as well as logistics, distribution and IT services provided on the basis of contractual agreements. In addition, some preliminary products are procured from companies of the ZEISS Group and the Schott Group. Carl Zeiss Meditec AG incurs no disadvantages from business transactions with related parties compared to similar business transactions with independent business partners.

The following tables show related party transactions and outstanding balances:

	Transaction amount			
	2023/24		2022/23	
	Related parties	thereof Carl Zeiss AG	Related parties	thereof Carl Zeiss AG
	€k	€k	€k	€k
Sale of merchandise	1,115,452	18	1,154,970	29
Purchase of merchandise	57,621	0	79,275	0
Services rendered excluding financial income	6,910	2,306	4,711	940
Services procured excluding financial expenses	243,638	133,470	200,644	107,573
Financial income	45,917	0	108,974	0
Financial expense	12,276	0	32,813	0
including:				
Lease and rental costs	2,962	2,715	2,789	2,625
Research and development expenses	71,709	15,227	66,880	13,316

The financial income and expenses presented above mainly include effects from the recognition and valuation of forward exchange contracts.

	Outstanding balance			
	30 Sep 2024		30 Sep 2023	
	Related parties	thereof Carl Zeiss AG	Related parties	thereof Carl Zeiss AG
	€k	€k	€k	€k
Receivables	356,971	1,796	1,124,639	227
Liabilities	544,966	35,287	114,971	32,495

The amounts presented above include treasury receivables of €116,660k (prior year: €869,990k) and treasury payables of €64,039k (prior year: €16,736k), mainly to Carl Zeiss Financial Services GmbH. They also include loans to associated companies amounting to €6,240k.

In accordance with the expected loss model of IFRS 9, impairment losses were also recognized on balances due from related parties for a technically expected loss based on rating information. As of 30 September 2024, these impairment losses totaled €3,753k (prior year: €3,913k), of which €3,209k is attributable to loans. This had an effect on earnings of €-122k (prior year: €331k) in the fiscal year under review. A deterioration in creditworthiness or a default was not identified in any case. For more details on the impairment losses recognized, please refer to note 25 "Financial instruments and risk management".

The loans granted by the ZEISS Group and funds invested with said company are subject to normal market conditions.

There were no transactions with the Carl Zeiss Foundation in the past fiscal year; there are no outstanding items at the end of the reporting period.

The remuneration paid to the Group's management in key positions (Management Board and Supervisory Board) comprises the following:

	2023/24	2022/23
	€k	€k
Short-term payments due	1,851	2,370
Appropriation to defined benefit plans	224	226
Other long-term payments due	270	237
Total remuneration paid to key personalities within the Group	**2,345**	**2,833**

In addition to their fixed remuneration, members of management in key positions receive a short-term and a long-term variable remuneration component. This variable remuneration component is based on key earnings figures. Pension entitlements are also earned.

31 Notifiable transactions in the reporting period

During the fiscal year under review no members of the Management Board or Supervisory Board executed any notifiable securities transactions pursuant to Article 19 Market Abuse Regulation (MAR).

At the current time, no Company shares are held by members of the Management Board of Carl Zeiss Meditec AG. The shareholdings of the members of the Supervisory Board total less than 0.1% of all shares issued.

32 Additional disclosures on capital management

The Group manages its capital with the aim of minimizing the Group's capital costs and, at the same time, maintaining the balance between cash flow volatility and financial flexibility. In order to achieve this goal, the ratio of equity to borrowed capital, among other things, must be optimized accordingly. Currently the Company is moving within the specified target corridor. The main decisions relating to the financing structure are made by the Management Board. The equity ratio and net debt are used as control parameters for the relationship between equity and borrowings. Carl Zeiss Meditec AG calculates these key performance indicators regularly and reports them to the Management Board so that the Management Board can take any actions necessary. The key performance indicator "equity ratio" is defined as the percentage ratio of equity, including non-controlling interests, to total capital. Net debt is calculated from the Group's borrowed capital less cash and cash equivalents and treasury receivables. In the past fiscal year, the equity ratio was 60.6% (prior year: 71.6%). Net debt was €1,199,776k (prior year: €-20,570k). The Company is not subject to any external minimum capital requirements. The table below presents the above key performance indicators in the reporting period:

	30 Sep 2024	30 Sep 2023
	€k	€k
Equity (incl. non-controlling interests)	2,056,479	2,172,903
Borrowed capital	1,336,721	860,021
Total assets	**3,393,200**	**3,032,924**
Equity ratio	**60.6 %**	**71.6%**
Cash and cash equivalents	20,285	10,601
Treasury receivables	116,660	869,990
Net debt	**1,199,776**	**-20,570**

The Group’s dynamic debt ratio, i.e., the ratio of net debt to operative cash flow, amounted to 4.9 years until the end of the fiscal year 2023/24 (prior year: -0.1 years). The increase in net debt is mainly due to the DORC acquisition which was partly financed from own funds and by taking out a loan from the ZEISS Group, as well as from the share buyback.

Net financial debt is the sum of cash and cash equivalents and treasury receivables less treasury payables and current and non-current loans and liabilities to banks. Net debt was €-327,372k as of 30 September 2024 (prior year: €863,772k).

The Company's overall strategy with regard to capital management remained the same as the prior year.

33 Events after the end of the reporting period

There were no transactions of particular importance after the end of the fiscal year.

34 Other mandatory disclosures pursuant to Section 315e HGB

Disclosures on executive bodies of the parent company

Management Board

The following were appointed as members of the Management Board of Carl Zeiss Meditec AG in fiscal year 2023/24 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Markus Weber President and CEO of Carl Zeiss Meditec AG Area of responsibility: SBU Ophthalmology, SBU Microsurgery, Operations, Group functions Human Resources, Communications, Strategy & Ventures, Digital Transformation First appointed 2022 In addition: Member of the Executive Board of Carl Zeiss AG, Oberkochen, Germany	» Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan » Member of the Board of Directors of Carl Zeiss Co. Ltd, Tokyo, Japan » Member of the Board of Directors DORC Topco B.V., VN Zuidland, Netherlands (since 29 April 2024)	» Member of the university council of Ulm University, Ulm, Germany » Member of the Administrative Board of Deutsches Museum, Munich, Germany
Justus Felix Wehmer Member of the Executive Board and CFO of Carl Zeiss AG Area of responsibility: Corporate functions Finance & Controlling, Investor Relations, IT, Quality, Regulatory & Clinical Affairs, Sustainability, Compliance, Legal First appointed 2018	» Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA » Member of the Board of Directors of Carl Zeiss Meditec Cataract Technology, Reno, USA » Member of the Board of Directors of Carl Zeiss Meditec USA, Inc., Dublin, USA » Member of the Board of Directors of Carl Zeiss Iberia, S.L., Tres Cantos, Spain » Member of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain » Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan » Chairman of the Board of Directors of Carl Zeiss Meditec (Guangzhou) Ltd., Guangzhou, China » Chairman of the Board of Directors of Carl Zeiss Meditec Holding (Shanghai) Ltd., Shanghai, China » Member of the Supervisory Board of Carl Zeiss Microscopy GmbH, Jena, Germany » Supervisor of the Management Board of Carl Zeiss Meditec (Suzhou) Co. Ltd., Suzhou, China » Member of the Board of Directors DORC Topco B.V., VN Zuidland, Netherlands (since 29 Apr 2024)	» Member of the Executive Board of Spectaris e.V., Berlin, Germany » Member of the Executive Board of Ernst-Abbe-Stiftung, Jena, Germany

The total remuneration paid to the active members of the Management Board pursuant to Section 314 (1) No. 6a HGB amounted to €1,436k in fiscal year 2023/24 (prior year: €3,516k). Projected unit credits for pensions for active members of the Management Board amount to €350k (prior year: €251k). The service cost of active Management Board members was €224k (prior year: €226k). Furthermore, projected unit credits for pensions for former members of the Management Board of Carl Zeiss Meditec amount to €1,176k (prior year: €1,042k).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in fiscal year 2023/24:

Member of the Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Karl Lamprecht Chairman Member of the Supervisory Board since 2020 Chairman of the Executive Board of Carl Zeiss AG, Oberkochen, Germany	» Member of the Board of Directors of Carl Zeiss Holding Co., Ltd. China, Shanghai, China » Member of the Board of Directors of Carl Zeiss (Shanghai) Co., Ltd, Shanghai, China » Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany » Chairman of the Board of Directors of Carl Zeiss Far East Co. Ltd., Kwai Fong, NT./Hong Kong, China » Chairman of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India » Member of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore » Member of the Management Board of Carl Zeiss Pension Trust Properties LLC, White Plains, USA (since 1 Oct 2023)	» Member of the Supervisory Board of Körber AG, Hamburg, Germany
Stefan Müller Member of the Supervisory Board since 21 March 2024 Member of the Executive Board (CFO) of Carl Zeiss AG, Oberkochen, Germany (since 1 Jan 2024)	» Member of the Management Board of Carl Zeiss Pensions Trust Properties, White Plains, USA (since 1 Jan 2024) » Member of the Board of Directors of Carl Zeiss Inc., White Plains, USA (since 1 Jan 2024)	none
Torsten Reitze Member of the Supervisory Board since 2021 Member of the Management Board (CFO) of Carl Zeiss SMT GmbH, Oberkochen, Germany	» Member of the Supervisory Board of Carl Zeiss IMT GmbH, Oberkochen, Germany » Member of the Board of Directors of Carl Zeiss SMS Ltd., D.N. Misgav, Israel » Chairman of the Board of Directors of Carl Zeiss SMT, Inc., Danvers, USA » Member of the Internal Board of Directors of Carl Zeiss SBE, LLC, White Plains, USA » President of the Administrative Board of Carl Zeiss SMT Switzerland AG, Zurich, Switzerland (since 6 Aug 2024)	none
Susan-Stefanie Breitkopf Member of the Supervisory Board since 2 Nov 2023 to 21 March 2024 Member of the Management Board (CTO) of Carl Zeiss AG, Oberkochen, Germany	» Member of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany » Chairman of the Board of Directors of Carl Zeiss Inc., White Plains, USA	none
Tania von der Goltz Member of the Supervisory Board since 2018 Member of the Executive Board (CFO) of Carl Zeiss AG, Oberkochen, Germany	none	» Member of the Advisory Board of Veonet Vision GmbH, Munich, Germany
Isabel De Paoli Member of the Supervisory Board since 2020 Partner Private Equity - Healthcare Sector, EQT Partners GmbH, Munich, Germany	none	none

Member of the Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Peter Kameritsch Member of the Supervisory Board since 2021 Member of the Management Board (CFO) of MTU Aero Engines AG, Munich, Germany	none	none
Renè Denner* Deputy Chairman Member of the Supervisory Board since 2019 Chairman of the Works Council of Carl Zeiss Meditec AG, Jena, Germany, Chairman of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany, and 3rd Deputy Chairman of the Works Council of the Carl Zeiss Group, Germany	» Employee representative in the supervisory board of Carl Zeiss AG, Oberkochen, Germany (since 18 March 2024)	none
Jeffrey Marx* Member of the Supervisory Board since 2020 Process Engineer, Deputy Chairman of the Works Council of Carl Zeiss Meditec AG, Berlin, Germany	none	none
Brigitte Koblizek* Member of the Supervisory Board since 2022 Industrial engineer, Deputy Chairwoman of the Works Council of Carl Zeiss Meditec AG, Oberkochen, Germany	none	none
Falk Bindheim* Member of the Supervisory Board since 2023 Trade Union Secretary at IG Metall Jena-Saalfeld and Gera, Jena, Germany	none	none
Heike Madan* Member of the Supervisory Board since 2023 2nd Representative and Managing Director of IG Metall Aalen	none	» Member of the Supervisory Board of ZF Automotive GmbH, Stuttgart, Germany
Dr. Christian Münster* Member of the Supervisory Board since 2023 Head of Regulatory and Clinical Affairs at Carl Zeiss Meditec AG, Jena, Germany	none	none

*elected employee representatives

Committees of the Supervisory Board

	Members
General and Personnel Committee	Dr. Karl Lamprecht, Chairman Renè Denner Stefan Müller Dr. Christian Münster
Audit Committee	Peter Kameritsch, Chairman Renè Denner Heike Madan Torsten Reitze
Nominating Committee	Stefan Müller (since 21 Mar 2024), Chairman (since 18 June 2024) Isabel De Paoli Dr. Karl Lamprecht
Mediation Committee	Dr. Karl Lamprecht, Chairman Renè Denner Jeffrey Marx Torsten Reitze

The remuneration of the active members of the Supervisory Board amounted to €549k for fiscal year 2023/24 (prior year: €488k).

The remuneration of Supervisory Board members is governed by Art. 19 of the Articles of Association of Carl Zeiss Meditec AG.

Auditors' fees

The following fees were recognized for the services provided by the auditors of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, and other companies in the international PwC network:

	2023/24		2022/23	
	PwC network	**Thereof PwC Deutschland**	PwC network	Thereof PwC Deutschland
	€k	€k	€k	€k
Auditing of financial statements	1,298	1,103	903	409
Other audit expenses	49	49	0	0
Other services	2	2	0	0
Total	**1,349**	**1,154**	**903**	**409**

The audit services mainly relate to the audit of the consolidated financial statements and the annual financial statements. Other audit expenses relate to auditing of the content of the non-financial report. Other services were commissioned for translations.

Information on shareholdings (consolidated companies)

Name and registered office of the company	Local currency	Share of voting capital (in %)	Equity as at 30 Sep 2024 or the end of reporting period of the local financial statements		of which result for fiscal year 2023/24 or in accordance with the fiscal year of the local financial statements	
			in local currency (k)	in €k translated at market rate at end of reporting period	in local currency (k)	in €k translated at market rate at end of reporting period
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany*	EUR	100	68,394	68,394	0	0
Atlantic S.A.S., Périgny / La Rochelle, France	EUR	100	58,747	58,747	-2,076	-2,076
Carl Zeiss Meditec S.A.S., Périgny / La Rochelle, France	EUR	100	32,736	32,736	826	826
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany*	EUR	100	23,428	23,428	0	0
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	EUR	100	16,314	16,314	2,221	2,221
France Chirurgie Instrumentation S.A.S., Paris, France	EUR	100	10,509	10,509	4,005	4,005
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	EUR	100	7,571	7,571	822	822
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	EUR	100	3,036	3,036	-16	-16
Carl Zeiss Meditec Portugal Unipessoal Lda., Lisbon, Portugal	EUR	100	2,803	2,803	67	67
Preceyes B.V., Eindhoven, Netherlands	EUR	100	272	272	-131	-131
D.O.R.C. Deutschland GmbH, Düsseldorf, Germany	EUR	100	3,864	3,864	563	563
DORC Topco B.V., Zuidland, Netherlands	EUR	100	368,911	368,911	-162	-162
DORC Bidco B.V., Zuidland, Netherlands	EUR	100	143,179	143,179	-5,828	-5,828
D.O.R.C. Dutch Ophthalmic Research Center (International) B.V., Zuidland, Netherlands	EUR	100	115,344	115,344	14,860	14,860
D.O.R.C. France S.A.R.L., Issy les Moulineaux, France	EUR	100	2,095	2,095	206	206
HYALTECH Ltd., Livingston, United Kingdom	GBP	100	-4,173	-4,995	-3,643	-4,260
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanay A.Ş, Istanbul, Turkey	TRY	100	220,834	5,771	129,409	3,804
Audioptics Medical, Inc., Halifax, Canada	CAD	100	17,867	11,806	-1,905	-1,292
Carl Zeiss Meditec Inc., Dublin, USA	USD	100	673,380	601,447	71,919	66,340
Carl Zeiss Meditec USA Inc., Dublin, USA	USD	100	65,461	58,468	12,078	11,141
Carl Zeiss Meditec Production LLC, Ontario, USA	USD	100	19,010	16,979	-2,139	-1,973
Kogent Surgical LLC, Chesterfield, USA	USD	100	7,434	6,639	-897	-828
Katalyst Surgical LLC, Chesterfield, USA	USD	100	-1,148	-1,025	-7,680	-7,084
France Chirurgie Instrumentation Ophthalmics Inc., Pembroke, USA	USD	100	4,163	3,718	1,837	1,694
Carl Zeiss Meditec Digital Innovation LLC, Temple, USA	USD	100	915	817	0	0
Carl Zeiss Meditec Cataract Technology, Inc., Reno, USA	USD	100	-38,704	-34,570	-10,481	-9,668
Dutch Ophthalmic USA Inc., Exeter, USA	USD	100	27,966	24,979	3,571	3,294
MicroVision Inc., Seabrook, USA	USD	100	3,115	2,782	303	280
Peregrine Surgical Ltd., New Britain, USA	USD	100	6,193	5,531	2,341	2,159
Carl Zeiss Meditec (Shanghai) Holding Co. Ltd., Shanghai, China	CNY	100	60,503	7,706	-9,105	-1,166
Carl Zeiss Meditec (Guangzhou) Ltd., Guangzhou, China	CNY	100	44,195	5,629	-2,637	-338
Carl Zeiss Meditec (Suzhou) Co., Ltd., Suzhou, China	CNY	100	1,822	232	-1,844	-236
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	JPY	51	4,488,356	28,084	472,521	2,900

* In accordance with Sec. 264 (3) HGB, these entities are exempted from the duty to publish their financial statements.

The figures shown in the table above represent the values determined in accordance with country-specific accounting regulations.

Information on shareholdings (unconsolidated companies)

Name and registered office of the company	Currency	Share of voting capital (in %)
Wefis GmbH, Cologne, Germany	EUR	100
D.O.R.C. GmbH, Vienna, Austria	EUR	100
InfiniteVision Optics S.A.S., Strasbourg, France	EUR	100
D.O.R.C. España S.L., Barcelona, Spain	EUR	100
D.O.R.C. Italy S.r.l., Agrate Brianza, Italy	EUR	100
Medical Instrument Design (M.I.D.) International B.V., Zuidland, Netherlands	EUR	100
D.O.R.C. Limited, Essex, United Kingdom	GBP	100
D.O.R.C. Scandinavia AB, Nacka, Sweden	SEK	100
Emmetropia, Inc., Princeton, USA	USD	100
Preceyes, Inc., New York, USA	USD	100
D.O.R.C. do Brasil Productos e Serviços Oftalmológicos Ltda, Sao Paulo, Brasil	BRL	100
Daoenke Medical Technology Co., Ltd., Shanghai, China	CNY	100

Information on shareholdings (companies carried at-equity)

Name and registered office of the company	Currency	Share of voting capital (in %)
Photono Oy, Helsinki, Finland	EUR	25.0
Vibrosonic GmbH, Mannheim, Germany	EUR	21.7
Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd., Wuxi, China	CNY	50.0

Information on shareholdings (investments)

Name and registered office of the company	Currency	Share of voting capital (in %)
Hydrex S.A., Amplepuis, France	EUR	13.8
Ophthalmic Laser Engines LLC, Lafayette, USA	USD	52.0
Precise Bio, Inc., Winston-Salem, USA	USD	11.6
OcuTerra Therapeutics, Inc., Boston, USA	USD	4.4

German Corporate Governance Code / Declaration pursuant to Section 161 AktG
The declaration prescribed under Section 161 German Stock Corporation Act (AktG) has been issued by the Management and Supervisory Boards and made permanently available to the shareholders on the Company’s website at: http://www.zeiss.com/meditec-ag/ir.

35 Clearance for publication

The Management Board of Carl Zeiss Meditec AG cleared these IFRS consolidated financial statements for submission to the Supervisory Board on 2 December 2024. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Jena, 2 December 2024
Carl Zeiss Meditec AG

Dr. Markus Weber
President and CEO

Justus Felix Wehmer
Member of the Management Board

Responsibility statement
pursuant to Section 297 (2) Sentence 4 HGB and Section 315 (1) Sentence 5 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the Carl Zeiss Meditec AG provide a true and fair view of the net assets, financial position and results of operations of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Carl Zeiss Meditec Group.

Jena, 2 December 2024
Carl Zeiss Meditec AG

Dr. Markus Weber	Justus Felix Wehmer
President and CEO	Member of the Management Board

Independent Auditor’s Report

To Carl Zeiss Meditec AG, Jena

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

Audit Opinions

We have audited the consolidated financial statements of Carl Zeiss Meditec AG, Jena, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from October 1, 2023 to September 30, 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Carl Zeiss Meditec AG, which is combined with the Company’s management report, for the financial year from October 1, 2023 to September 30, 2024. In accord-ance with the German legal requirements, we have not audited the content of subsection “Internal control system” of section “Opportunity and Risk Report” of the group management 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 § [Article] 315e Abs. [paragraph] 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 September 30, 2024, and of its financial performance for the financial year from October 1, 2023 to September 30, 2024, and

» the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of subsection “Internal control system” of section “Opportunity and Risk Report” of the group management report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reserva-tions relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from October 1, 2023 to September 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Acquisition and initial consolidation of D.O.R.C. Topco B.V.

2 Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

1 Matter and issue

2 Audit approach and findings

3 Reference to further information

Hereinafter we present the key audit matters:

1 Acquisition and initial consolidation of D.O.R.C. Topco B.V.

1 As of April 3, 2024, Carl Zeiss Meditec AG acquired 100% of the shares of D.O.R.C. Topco B.V., with its registered office in Zuidland, Netherlands. The purchase price for this acquisition amounted to EUR 1,023.7 million. The assets acquired and liabilities assumed were generally recognized in the consolidated statement of financial position as a business combination at their acquisition date fair value. After taking into account the share of the net assets acquired attributable to Carl Zeiss Meditec AG of EUR 442.1 million, the resulting acquired goodwill totals EUR 581.6 million. Given the complexity of the measurement and the material impact of the acquisition, in terms of amount, on the assets, liabilities, financial position and financial performance of Carl Zeiss Meditec AG, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the accounting treatment of the acquisition with the assistance of our valuation specialists. For this purpose, we began by inspecting and evaluating the contractual agreements relating to the acquisition. At the same time, we reconciled the purchase price, as paid by Carl Zeiss Meditec AG as consideration for the business acquired, with the supporting documentation for the payments made provided to us, among other procedures. A valuation report was available to us for the purchase price allocation performed pursuant to IFRS 3, and we assessed this report accordingly. We assessed the fair values of the assets acquired for appropriateness based on the methods and parameters used. We also used checklists to establish whether the requirements set out in IFRS 3 for disclosures in the notes to the financial statements had been complied with in full. In conclusion, by means of these and other audit procedures performed and based on the information available, we were able to satisfy ourselves that the acquisition of the shares and the initial consolidation were presented appropriately.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company’s disclosures relating to the acquisition and consolidation of the business of D.O.R.C. Topco B.V. are contained in sections 3 “Scope of consolidation”, 11 “Goodwill” and 12 “Other intangible assets” of the notes to the consolidated financial statements.

2 Recoverability of goodwill

1 In the Company’s consolidated financial statements goodwill amounting in total to EUR 982.5 million (29% of total assets; 48% of equity) is reported under the “Goodwill” balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant groups of cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sectorspecific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company’s disclosures on impairment testing of goodwill are contained in the summary of key accounting and valuation policies in the section “Impairment of intangible assets and items of property, plant and equipment” and in section 11 “Goodwill” of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the subsection “Internal control system” of section “Opportunity and Risk Report” of the group management report, which we obtained prior to the date of our auditor’s report, as an unaudited part of the group management report.

The other information comprises further

» the statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor’s report

» the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB, which we obtained prior to the date of our auditor’s report

» the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible, which we obtained prior to the date of our auditor’s report

» all remaining parts of the annual report, which we obtained prior to the date of our auditor’s report, – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report.

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

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

» is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 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, the executive directors are responsible for such internal control as they have determined necessary in accordance with the German principles of proper accounting 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, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

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

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

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

» Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

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

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

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

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

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

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

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

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

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

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file ZEISS_2024_KA_ZLB.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from October 1, 2023 to September 30, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

» Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

» Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

» Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

» Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

» Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on March 21, 2024. We were engaged by the supervisory board on September 25, 2024. We have been the group auditor of Carl Zeiss Meditec AG, Jena, without interruption since the financial year 2022/2023.

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

Reference to an other matter – use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the Company Register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Carl Erik Daum.

Leipzig, December 2, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marcus Nickel	Carl Erik Daum
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Other disclosures

Financial calendar

Financial calendar 2024/25

Publication of 3-month report 2024/25 and telephone conference
12 February 2025

Annual General Meeting Jena, virtual
26 March 2025

Publication of 6-month report 2024/25 and telephone conference
14 May 2025

Publication of 9-month report 2024/25 and telephone conference
7 August 2025

Publication of annual report 2024/25 and analyst conference
11 December 2025

Imprint/Disclaimer

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https://www.zeiss.com/meditec-ag/en/investor-relations/financial-publications.html#geschaeftsberichte

Disclaimer
This report contains certain forward-looking statements concerning the development of the Carl Zeiss Meditec Group. At the present time, the Carl Zeiss Meditec Group assumes that these forward-looking statements are realistic. However, such forward-looking statements are based both on assumptions and estimates that are subject to risks and uncertainties, which may lead to the actual results differing significantly from the expected results. The Carl Zeiss Meditec Group can therefore assume no liability for such a deviation. There are no plans to update the forward-looking statements for events that occur after the end of the reporting period.

Not all products are approved in all markets, and approval markings and instructions may vary from country to country. Please refer to the respective country website for further product-specific information. Subject to change in design and scope of delivery Products and further technical development.

Apparent addition discrepancies may arise throughout this annual report due to mathematical rounding.

This is a translation of the original German language annual financial report of the Carl Zeiss Meditec Group. Carl Zeiss Meditec shall not assume any liability for the correctness of this translation. If the texts differ, the German report shall take precedence.

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