Interim Report 3 Months 2024/25

Interim Report of the Carl Zeiss Meditec Group - 3 months 2024/25

- **DORC acquisition leads to slight growth in revenue in Q1 2024/25**
- **Significant recovery in order entry and order backlog**
- **As expected, EBITA[1] down on previous year at €35.2m; EBITA margin 7.2% due to negative product mix effects**
- **Forecast for fiscal year 2024/25 unchanged**

Business development within the Group

- Carl Zeiss Meditec generated revenue of €490.5m in the first three months of fiscal year 2024/25. This corresponds to a slight increase of +3.2% compared with the year-ago period (prior year: €475.0m). After adjustment for currency effects, growth amounted to +3.3%. The DORC acquisition is the main reason for the slight increase in revenue. Adjusted for acquisitions and currency effects, revenue was down 7.3% on the previous year.

- The weak underlying revenue performance is due to high comparative figures for equipment deliveries in the prior year and weak business in China, which was affected by a reluctance to invest in equipment (in the context of speculation about forthcoming economic stimulus packages for medical technology in the course of 2025) and price declines for intraocular lenses (following the introduction of new national volume based procurement in the previous year). Product cycle effects, in particular the market launch of the KINEVO® 900 S in the Microsurgery strategic business unit and the forthcoming market launch of the VISUMAX® 800 in China, are resulting in lower demand for the predecessor systems.

- Order entry and order backlog recovered significantly compared to the weak previous year. Order entry increased by +34.2% (adjusted for currency and acquisition effects: +21.4%), while order backlog rose to €382.2m (prior year: €315.4m).

Table 1: Summary of key ratios in the consolidated income statement

[1] Earnings before interest, taxes and amortization on intangible assets from purchase price allocation

Unless otherwise stated	**3 months 2024/25** €m	3 months 2023/24 €m	Change
Revenue	**490.5**	**475.0**	**+3.2%**
Gross margin	51.4%	53.2%	-1.8% pts
EBITA	**35.2**	**46.0**	**-23.5%**
EBITA margin	7.2%	9.7%	-2.5% pts
Adjusted EBITA[2]	**33.1**	**46.0**	**-28.0%**
Adjusted EBITA margin	6.7%	9.7%	-2.9% pts
EPS (in €)	0.18	0.42	-57.1%
Adjusted EPS (in €)	0.22	0.47	-52.2%

Business development by strategic business unit (SBU)

- Revenue in the Ophthalmology SBU increased by +7.1% (adjusted for currency effects: +7.2%) to €376.2m, compared with €351.1m in the same period of the prior year. This growth is largely attributable to the acquisition of DORC. Adjusted for acquisition and currency effects, revenue fell by -7.1% compared to the prior year, in particular due to product cycle effects, reluctance to invest in the device business and price pressure on intraocular lenses in China. The EBITA margin was slightly up on the prior year's weak figure, partly due to lower research & development expenses.

- The revenue performance of the Microsurgery SBU was negative at -7.8% (adjusted for currency effects: -7.8%) to €114.3m (prior year: €123.9m). The decline in revenue is largely due to the strong delivery period in the prior year and product cycle effects in the neurosurgical microscopes segment. The EBITA margin fell significantly as a result of a weaker product mix, with significantly fewer deliveries of neurosurgical operating microscopes, before the expected increase in deliveries of the new KINEVO® 900 S neurosurgical microscope in the second and third quarters of 2024/25.

- The recurring revenue was 47.3% (prior year: 36.1%). The increase is mainly due to the DORC acquisition and declining revenue from equipment sales.

[2] The reconciliation to the adjusted EBITA can be found in Table 4 on page 5. The term "adjusted EBITA" is not defined in the International Financial Reporting Standards (IFRSs). There is no comparability with similarly designated key figures of other companies. Adjusted figures do not serve as a substitute for IFRS figures and are not more meaningful than IFRS figures.

Table 2: Business development by SBU

	Ophthalmology				Microsurgery			
	3 months 2024/25	3 months 2023/24		Change	**3 months 2024/25**	3 months 2023/24		Change
Unless otherwise stated	€m	€m		(const. Fx)	€m	€m		(const. Fx)
Revenue	**376.2**	**351.1**	**+7.1%**	**+7.2%**	**114.3**	**123.9**	**-7.8%**	**-7.8%**
Share of consolidated revenue	76.7%	73.9%	+2.8% pts		23.3 %	26.1%	-2.8% pts	
EBITA	**17.9**	**13.5**	**+32.7%**		**17.3**	**32.5**	**-46.9%**	
EBITA margin	4.8%	3.8%	+0.9% pts		15.1 %	26.2%	-11.1% pts	

Business development by region

- Revenue in the EMEA[3] region increased in the first three months of the current fiscal year to €174.0m (prior year: €156.5m). This corresponds to growth of +11.2% (adjusted for currency effects: +11.8%). The German, UK and Scandinavian markets delivered strong revenue figures.

- Revenue in the Americas region increased by +19.3% after the first three months of fiscal year 2024/25, to €133.7m (prior year: €112.1m; adjusted for currency effects: +18.6%). With double-digit percentage growth, the USA made the largest contribution to the increase in revenue.

- Revenue in the APAC[4] region declined to €182.7m (prior year: €206.4m), a decrease of -11.5% (adjusted for currency effects: -11.4%). India made a positive contribution here. However, the Chinese and Japanese markets showed a downward trend.

[3] Europe, Middle East, Africa
[4] Asia/Pacific

Table 3: Business development by region

	EMEA				Americas			
	3 months 2024/25	3 months 2023/24	Change		**3 months 2024/25**	3 months 2023/24	Change	
Unless otherwise stated	€m	€m		(const. Fx)	€m	€m	in %	(const. Fx)
Revenue	**174.0**	**156.5**	**+11.2%**	**+11.8%**	**133.7**	**112.1**	**+19.3%**	**+18.6%**
Share of consolidated revenue	35.5%	32.9%	+2.6% pts		27.3 %	23.6%	+3.7% pts	

	APAC			
	3 months 2024/25	3 months 2023/24	Change	
Unless otherwise stated	€m	€m		(const. Fx)
Revenue	**182.7**	**206.4**	**-11.5%**	**-11.4%**
Share of consolidated revenue	37.2%	43.5%	-6.3% pts	

Development of earnings

- Gross margin declined to 51.4% (prior year: 53.2%) due to negative product mix effects. These resulted from declines in surgical microscopes compared to a strong delivery period in the previous year and a fall in prices for intraocular lenses.
- Earnings before interest, taxes and amortization of intangible assets from purchase price allocation (EBITA) fell to €35.2m after the first three months of 2024/25 (prior year: €46.0m). The EBITA margin declined to 7.2% (prior year: 9.7%). The decline is mainly due to the lower gross profit. Before considering the DORC acquisition there was, however, a decline in operating costs: research and development costs in particular were significantly lower than in the previous year. The measures introduced to curb operating costs remain in force. Adjusted for special effects, the EBITA margin was 6.7% (prior year: 9.7%).

- The financial result amounted to €-7.9m (prior year: €+11.2m) due to higher interest expenses and currency losses from currency hedging transactions. Earnings per share (EPS) were €0.18 (previous year: €0.42).

Table 4: Reconciliation of the non-IFRS key ratio adjusted result

	3 months 2024/25	3 months 2023/24	Change
Unless otherwise stated	€m	€m	
EBITA[5]	**35.2**	**46.0**	**-23.5%**
./. Other operating result	+2.1		-
Adjusted EBITA	**33.1**	**46.0**	**-28.0%**
Adjusted EBITA margin	6.7%	9.7%	-2.9 % pts

Financial position

Table 5: Summary of key ratios in the statement of cash flows

	3 months 2024/25	3 months 2023/24
	€m	€m
Cash flow from operating activities	-26.3	1.0
Cash flow from investing activities	-17.6	-0.4
Cash flow from financing activities	50.1	2.7

- Cash flow from operating activities decreased to -€26.3m in the reporting period (prior year: €1.0m). Lower consolidated profit and a slight increase in trade receivables, which had been offset by a sharp reduction in the previous year, had a negative impact.

[5] There were write-downs on intangible assets arising from the purchase price allocations (PPA) of around €7.2m (prior year: €2.5m), mainly in connection with the acquisitions of DORC in fiscal year 2023/24, CZM Production LLC (formerly Aaren Scientific, Inc.) in fiscal year 2013/14, CZM Cataract Technology Inc. (formerly IanTECH, Inc.) in fiscal year 2018/19 and Katalyst Surgical LLC and Kogent Surgical LLC in fiscal year 2022/23.

- Cash flow from investing activities amounted to €-17.6m (prior year: €-0.4m), mainly due to a decrease in treasury receivables. Investments in property, plant and equipment (capex) and investments in intangible assets were lower than in the previous year.

- Cash flow from financing activities amounted to €50.1m in the period under review (prior year: €2.7m). The change is mainly due to the increase in treasury payables to the ZEISS Group treasury, as part of the loan taken from the ZEISS Group, compared with the same period of the prior year.

- As of 31 December 2024, Carl Zeiss Meditec's net financial debt amounted to €-365.6m (as of 30 September 2024: €-327.4m). The equity ratio was 60.7% (prior year: 73.8%) and thus remained high.

Report on forecast changes

- The Company's outlook for fiscal year 2024/25 remains unchanged. The Company expects the global macroeconomic situation to remain challenging and does not anticipate a rapid recovery of the investment climate for equipment or any reduction in the pressure on consumer spending on elective procedures.

- The Company expects a return to moderate revenue growth and a stable or slightly higher EBITA and EBITA margin (FY 2023/24 EBITA: €248.9m, EBITA margin: 12.0%) over the remainder of the fiscal year.

- The cost containment measures remain in place in order to keep the cost trend roughly stable (before full-year consolidation of DORC).

- 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, depending on how quickly the market launches take place. Approval for refractive laser treatment with SMILE® and LASIK with VISUMAX® 800 in the Chinese market was obtained in January 2025.

- A gradual increase in the EBITA margin is targeted in the coming years, supported by increasing recurring revenue. The long-term, sustainable potential for the EBITA margin is seen in the range of 16-20%.

Contact for investors and press

Sebastian Frericks
Head of Group Finance & Investor Relations, Carl Zeiss Meditec AG

Phone: +49 (0)3641 220-116
Email: investors.meditec@zeiss.com
press.meditec@zeiss.com

www.zeiss.de/presse

Brief profile

Carl Zeiss Meditec AG (ISIN: DE0005313704), which is listed on the MDAX and TecDAX of the German stock exchange, is one of the world's leading medical technology companies. The Company supplies innovative technologies and application-oriented solutions designed to help doctors improve the quality of life of their patients. It provides complete packages of solutions for the diagnosis and treatment of eye diseases, including implants and consumables. The Company creates innovative visualization solutions in the field of microsurgery. With 5,730 employees worldwide, the Group generated revenue of €2,066.1m in fiscal year 2023/24 (to 30 September).

The Group's head office is located in Jena, Germany, and it has subsidiaries in Germany and abroad; more than 50 percent of its employees are based in the USA, Japan, Spain and France. The Center for Application and Research (CARIn) in Bangalore, India and the Carl Zeiss Innovations Center for Research and Development in Shanghai, China, strengthen the Company's presence in these rapidly developing economies. Around 41 percent of Carl Zeiss Meditec AG's shares are in free float. The remaining approx. 59 percent are held by Carl Zeiss AG, one of the world's leading groups in the optical and optoelectronic industries.

For further information visit: www.zeiss.de/med

Income statement

Unless otherwise stated	3 months 2024/25 €m	3 months 2023/24 €m
Revenue	**490.5**	**475.0**
Cost of sales	-238.4	-222.5
Gross profit	**252.1**	**252.5**
Selling and marketing expenses	-120.5	-101.2
General and administrative expenses	-28.2	-20.0
Research and development expenses	-77.5	-87.8
Other operating result	2.1	0.0
Earnings before interest and taxes (EBIT)	**28.0**	**43.5**
Earnings of investments carried at equity	-1.0	-0.7
Interest income	1.7	9.0
Interest expenses	-6.9	-3.9
Net interest from defined benefit pension plans	0.0	0.3
Foreign currency gains (+)/losses (-), net	-1.7	6.8
Other financial result	0.0	-0.2
Earnings before income taxes (EBT)	**20.1**	**54.7**
Income taxes	-5.2	-18.0
Consolidated profit	**14.9**	**36.8**
of which		
profit/loss attributable to shareholders of the parent company	15.7	37.4
profit/loss attributable to non-controlling interests	-0.8	-0.6
Earnings per share attributable to the shareholders of the parent company in the fiscal year (EPS) (in €)		
Basic/diluted	0.18	0.42