

6-Month Report

2023/24

Carl Zeiss Meditec Group



Seeing beyond

Key performance indicators (IFRS)

	1 Oct 2023 to 31 Mar 2024		1 Oct 2022 to 31 Mar 2023		1 Oct 2021 to 31 Mar 2022	
	€m	%	€m	%	€m	%
Revenue	947.2	100.0	974.5	100.0	855.4	100.0
Research and development expenses	174.1	18.4	165.2	17.0	130.2	15.2
EBIT	108.2	11.4	143.9	14.8	177.3	20.7
Consolidated profit	83.9	8.9	113.9	11.7	130.1	15.2
Earnings per share in €	0.94		1.26		1.44	
Cash flows from operating activities	60.2		47.8		74.5	
Cash flows from investing activities*	15.0		60.6		-68.1	
Cash flows from financing activities*	-69.4		-103.0		-4.5	
	31 Mar 2024		30 Sep 2023		30 Sep 2022	
	€m	%	€m	%	€m	%
Total assets	2,920.2	100.0	3,032.9	100.0	2,822.8	100.0
Property, plant and equipment	332.6	11.4	315.8	10.4	236.1	8.4
Equity	2,107.3	72.2	2,172.9	71.6	2,030.1	71.9
Net liquidity**	711.4	24.4	863.9	28.5	885.6	31.4
	31 Mar 2024		30 Sep 2023		30 Sep 2022	
		%		%		%
Return on equity		8.0		13.4		14.5
	31 Mar 2024		31 Mar 2023		31 Mar 2022	
		Number		Number		Number
Employees		4,950		4,624		3,752

* Reclassification of cash flows from change in "treasury receivables" (see also Annual Report 2022/23 section 29 "Notes to the statement of cash flows")

** Cash and cash equivalents plus treasury receivables from and minus treasury payables to the treasury of Carl Zeiss AG



Further information:
www.zeiss.com/meditec-ag/ir

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Consolidated management report

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Group management report on the interim financial statements

CARL ZEISS MEDITEC GROUP

The Carl Zeiss Meditec Group (hereinafter the Group, the Company) is a global company headquartered in Jena, Germany, with additional subsidiaries in and outside 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.

There were no significant changes to the Group's reporting entity or the structure of its consolidated financial statements in the first six months of fiscal year 2023/24.

UNDERLYING CONDITIONS AND ECONOMIC DEVELOPMENT

Macroeconomic conditions¹

In the past calendar year 2023, global economic growth proved to be unexpectedly resilient. According to the OECD World Economic Outlook (February 2024), this is due to the lower energy prices and the easing pressure in the supply chains. Overall, this enabled inflation to be reduced faster than forecast.

For 2024, the OECD projects further global GDP growth of 2.9%. In light of the easing cost pressure, the gradual decline in inflation is expected to continue. It is assumed that the inflation rates in most G20 economies will reach the targets of the central banks again by the end of 2025. If inflation continues to decline as expected, the central banks may be able to start to reduce interest rates during the calendar year, which should help trade to regain some momentum.

A number of challenges remain, however. Geopolitical tensions, which are continuing to increase with the intensification of the conflict in the Middle East, are a major factor of uncertainty. The threats to shipping in the Red Sea are leading to higher freight costs and longer delivery times. A renewed increase in good prices could jeopardize the anticipated economic upswing.

Statement of earnings position

Summary of key ratios in the consolidated income statement

Figures in €m, unless otherwise stated

	6 Months 2023/24	6 Months 2022/23	Change
Revenue	947.2	974.5	-2.8%
Gross margin	53.3%	56.4%	-3.1% pts
EBITDA	146.8	181.1	-18.9%
EBITDA margin	15.5%	18.6%	-3.1% pts
EBIT	108.2	143.9	-24.8%
EBIT margin	11.4%	14.8%	-3.4% pts
Earnings before income taxes	122.1	163.8	-25.5%
Tax rate	31.3%	30.5%	+0.8% pts
Consolidated profit after non-controlling interests	83.9	113.0	-25.8%
Earnings per share after non-controlling interests	€0.94	€1.26	-25.8%

¹ OECD Economic Outlook, February 2024, Paris.

Revenue

The Carl Zeiss Meditec Group generated revenue of €947.2m in the first six months of fiscal year 2023/24 (prior year: €974.5m), which corresponds to a decline of -2.8% compared with the same period of the prior year. After adjustment for currency effects, growth amounted to -0.7%. The strategic business units (SBU) presented a heterogeneous picture – while revenue in the SBU Microsurgery showed a positive trend, revenue in the SBU Ophthalmology declined. Orders on hand amounted to €275.8m.

With a double-digit percentage increase in revenue, the Europe / Middle East / Africa (EMEA) region made a positive contribution to the development of business. The Americas and Asia/Pacific (APAC) regions, however, recorded a decline in revenue. The development of revenue in the Americas, in particular, had a curbing effect on the development of business.

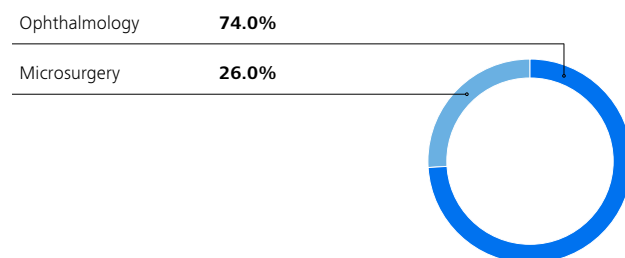
Revenue of the Carl Zeiss Meditec Group in €m / growth in % after 6 months of the respective fiscal year

2023/24	947.2 / -2.8%	
2022/23	974.5 / 13.9%	
2021/22	855.4 / 11.5%	

Revenue by strategic business unit

The revenue contribution of the Ophthalmology SBU amounted to 74.0% in the first six months of fiscal year 2023/24 (prior year: 76.2%). The Microsurgery SBU contributed 26.0% (prior year: 23.8%) of consolidated revenue in the same period.

Share of strategic business units in revenue of the Carl Zeiss Meditec Group after 6 Months



The strategic business unit Ophthalmology recorded a slight revenue decline of -5.7% (adjusted for currency effects: -3.7%) in the first half of fiscal year 2023/24 to €700.6m (prior year: €742.6m). The decline resulted primarily from a decrease in the proportion of consumables as part of the reduction of stocks in the Chinese distribution channel. Higher procurement costs and rising labor costs continued to have an adverse effect. Strategic investments in research and development and sales and marketing remained around the prior year's level, due to cost containment measures. The EBIT margin decreased significantly compared with the same period of the prior fiscal year.

Revenue in the strategic business unit Microsurgery increased in the first six months from €231.9m to €246.5m. This corresponds to an increase of 6.3% (adjusted for currency effects: 9.1%). The increase is due to a high number of equipment deliveries and accelerated processing of orders on hand. In addition, operating costs were around the same level as in the prior year. Overall, this resulted in an increase in the EBIT margin compared with the same period of the prior year.

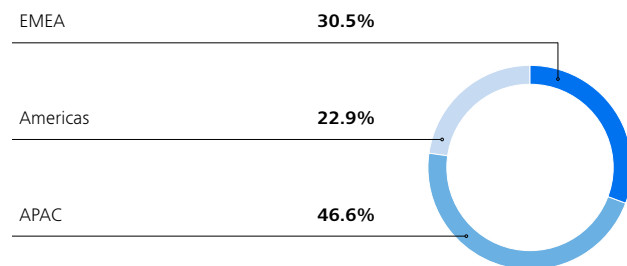
Revenue by strategic business unit

	6 Months 2023/24	6 Months 2022/23	Change in %	
	€m	€m		Adjusted for currency effects
Ophthalmology	700.6	742.6	-5.7	-3.7
Microsurgery	246.5	231.9	+6.3	+9.1
Carl Zeiss Meditec Group	947.2	974.5	-2.8	-0.7

Revenue by region

The Carl Zeiss Meditec Group has a globally diversified business with a predominance in the APAC region. In the first six months of fiscal year 2023/24 30.5% (prior year: 25.4%) of consolidated revenue was attributable to the EMEA region. The Americas region accounted for 22.9% (prior year: 27.8%) of total revenue. Accounting for 46.6%, the APAC region contributed the largest share of total revenue (prior year: 46.8%).

Share of the regions in revenue of the Carl Zeiss Meditec Group after 6 Months of 2023/24



The development of business in the **EMEA** region was positive overall, with a revenue increase of 17.1% (adjusted for currency effects: +20.7%) to €289.4m (prior year: €247.2m). The development of revenue benefited in particular from good growth in Italy, Spain and France.

Revenue in the **Americas** region declined by a significant -20.0% (adjusted for currency effects: -17.9%) compared with the year-ago period. Revenue thus amounted to €216.6m (prior year: €270.7m). This decline is mainly due to a weak performance in the USA. The continued high level of interest rates is having an adverse effect on financing and leasing conditions in the equipment business.

The **APAC** region noted a slight decline in revenue of -3.4% compared with the prior year (adjusted for currency effects: -2.0%) to €441.1m (prior year: €456.7m). The markets of India and Southeast Asia made a positive contribution to the development of revenue with good growth rates. The Chinese market, meanwhile, presented a downward trend, as expected, due to the reduction of stocks of surgical consumables.

Revenue of the Carl Zeiss Meditec Group by region

	6 Months 2023/24	6 Months 2022/23	Change in %	
	€m	€m		Adjusted for currency effects
EMEA	289.4	247.2	+17.1	+20.7
Americas	216.6	270.7	-20.0	-17.9
APAC	441.1	456.7	-3.4	-2.0
Carl Zeiss Meditec Group	947.2	974.5	-2.8	-0.7

Gross profit

Gross profit decreased to €505.0m after the first six months of fiscal year 2023/24 (prior year: €549.5m). The gross margin reached 53.3% in the reporting period (prior year: 56.4%).

Functional costs

Functional costs for the first six months of the fiscal year 2023/24 amounted to €396.8m (prior year: €405.6m), thus decreasing by -2.2%. Excluding the one-off income from the legal dispute with competitor company Topcon, operating costs increased by +2.3%. Strict cost control led to a sideways trend of operating expenses overall, in spite of continuing inflationary pressure. Functional costs as a proportion of consolidated revenue increased slightly in the first six months of fiscal year 2023/24 to 41.9% (prior year: 41.6%) due to the weak revenue trend.

» **Selling and Marketing expenses:** Selling and Marketing expenses amounted to €200.4m in the first six months of fiscal year 2023/24 (prior year: €199.6m), The ratio of expenses to the Group's total revenue increased compared with the prior year. It amounted to 21.2% (prior year: 20.5%).

» **General administrative expenses:** General administrative expenses amounted to €40.5m in the first six months of the current fiscal year (prior year: €40.9m). General administrative expenses thus accounted for 4.3% of total revenue (prior year: 4.2%).

» **Research and Development expenses:** Research and Development expenses increased to €174.1m after the first six months of fiscal year 2023/24 (prior year: €165.2m). The R&D ratio increased to 18.4%, which is significantly higher than the prior year (prior year: 17.0%).

Development of earnings

The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. The Carl Zeiss Meditec Group generated EBIT of €108.2m in the first six months of fiscal year 2023/24 (prior year: €143.9m), corresponding to an EBIT margin of 11.4% (prior year: 14.8%). EBIT includes one-off income of €18.2m. This relates to a settlement payment to settle a legal dispute with competitor Topcon in the U.S. The adjusted EBIT was therefore 10.0% (prior year: 15.3%).

Overview of effects of acquisitions and other operating income included in EBIT

	6 Months 2023/24	6 Months 2022/23	Change
	€m	€m	in %
EBIT	108.2	143.9	-24.8
./ Acquisition-related special effects ²	-5.0	-5.4	-7.4
./ Other operating income	18.2	0.0	-
Adjusted EBIT	95.0	149.3	-36.4
Adjusted EBIT in % of revenue	10.0%	15.3%	-5.3% pts

² After the first six months there were write-downs on intangible assets arising from the purchase price allocations (PPA) of around €5.0m (prior year: €5.4m), mainly in connection with the acquisitions of 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 2021/22.

The EBIT margin in the Ophthalmology SBU was clearly below the prior-year level. The decline in EBIT is primarily attributable to a weaker product mix due to the reduction in the proportion of consumables in connection with the planned reduction of stocks in the Chinese distribution channel.

The EBIT margin of the Microsurgery SBU moved in a positive direction in the reporting period. This was mainly due to increasing revenue due to a high number of equipment deliveries and accelerated processing of orders on hand.

Earnings before interest, taxes, depreciation and amortization (EBITDA) declined compared with the same period of the prior year, to €146.8m (prior year: €181.1m) The EBITDA margin was 15.5% (prior year: 18.6%).

The financial result in the first six months of fiscal year 2023/24 amounted to €13.9m (prior year: €19.9m). Higher interest income in the cash pool of the Group treasury was more than offset by higher non-cash interest expenses from the discounting of future contingent purchase price liabilities.

The tax rate for the reporting period was 31.3% (prior year: 30.5%). As a general rule, an average annual tax rate of slightly above 30% is assumed.

Consolidated profit attributable to the shareholders of the parent company amounted to €83.9m for the first six months of fiscal year 2023/24, thus decreasing by -25.8% compared with the basis of comparison in the prior year (prior year: €113.0m). Non-controlling interests accounted for €0.01m (prior year: €0.8m). Basic earnings per share of the parent company amounted to €0.94 for the first six months of fiscal year 2023/24 (prior year: €1.26). The weighted average of shares outstanding fell slightly to 89,409,131 (30 September 2023: 89,440,570) due to the current share buyback scheme.

FINANCIAL POSITION

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.

Changes in individual items in the income statement and the statement of financial position are recorded in the statement of cash flows. In contrast, the consolidated statement of financial position presents the figures as they stood at the end of the reporting period on 31 March 2024. As a result, the statements in the analysis of the financial position may differ from the presentation of net assets based on the consolidated statement of financial position.

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

■ 6 Months 2023/24 ■ 6 Months 2022/23

	6 Months 2023/24	6 Months 2022/23
Cash flows from operating activities	60.2	47.8
Cash flows from investing activities	15.0	60.6
Cash flows from financing activities	-69.4	-103.0
Change in cash and cash equivalents	4.7	4.6

Cash flows from operating activities amounted to €60.2m in the reporting period (prior year: €47.8m). The increase compared with the prior year mainly resulted from the change in working capital, particularly from the reduction of receivables and other assets.

Cash flows from investing activities amounted to €15.0m in the period under review (prior year: €60.6m). The reduced cash inflow is due to a lower reduction in receivables from the Group treasury³. Higher investments in property, plant and equipment and intangible assets,

³ Reclassification of cash flows from change in "treasury receivables" (see also Annual Report 2022/23 section 29 "Notes to the statement of cash flows").

such as the expansion of production capacities for surgical consumables in the area of refractive and cataract surgery, had a counteracting effect.

Cash flows from financing activities in the first six months of fiscal year 2023/24 amounted to €-69.4m (prior year: €-103.0m). This was influenced by the change in liabilities from Group financing and payments for the acquisition of own shares.

Key ratios relating to financial position

Key ratio	Definition	31 Mar 2024	30 Sep 2023	Change
		€m	€m	in %
Cash and cash equivalents	Cash-in-hand and bank balances	15.3	10.6	+44.7
Net cash	Cash-in-hand and bank balances + receivables from treasury of Carl Zeiss AG ./. treasury payables to Group treasury of Carl Zeiss AG	711.4	863.9	-17.7
Net working capital	Current assets including financial investments ./. cash and cash equivalents ./. receivables from treasury of Carl Zeiss AG ./. Current liabilities excl. payables to treasury of Carl Zeiss AG	559.8	486.2	+15.1
Working capital	Current assets ./. current liabilities	1,271.2	1,350.1	-5.8

Key ratio	Definition	6 Months 2023/24	6 Months 2022/23	Change
Cash flow per share	Cash flows from operating activities Weighted average number of shares outstanding	€0.67	€0.53	+26.0%
Capex ratio⁴	Investment (cash) in fixed assets Revenue of the Carl Zeiss Meditec Group	8.5%	5.4%	+3.1% pts

⁴ From fiscal year 2022/23, the Capex ratio includes intangible assets and property, plant and equipment. The prior year's ratio has been adjusted accordingly.

NET ASSETS

Presentation of net assets

As of 31 March 2024 non-current assets amounted to €1,141.5m (30 September 2023: €1,121.2m). The change resulted, among other things, from an increase in property, plant and equipment in connection with the expansion of capacities for the production of consumables.

As of 31 March 2024 current assets were down to €1,778.6m (30 September 2023: €1,911.7m), due to a decline in trade receivables and receivables from related parties. This was offset by stockpiling in connection with the increase in security stocks for key components.

The equity recognized in the Carl Zeiss Meditec Group's statement of financial position declined to €2,107.3m as of 31 March 2024 (30 September 2023: €2,172.9m), due to the dividend payment distributed in the second quarter. The own shares acquired within the scope of the share buyback program in the amount of €-20.3m were also recognized separately for the first time. The equity ratio was 72.2% (30 September 2023: 71.6%) and thus remained high.

Non-current liabilities amounted to €305.5m as of 31 March 2024 (30 September 2023: €298.4m). The increase is mainly attributable to the increase in provisions for pensions due to lower pension interest rates.

As of 31 March 2024, current liabilities amounted to €507.4m (30 September 2023: €561.6m). The decline is mainly due to lower accruals for personnel expenses as of the end of the reporting period as well as a decline in trade payables and liabilities to related parties due to a high basis of comparison as of the end of fiscal year 2022/23.

Structure of statement of financial position - assets in €m



Structure of statement of financial position - liabilities in €m



Key ratios relating to net assets

Key ratio	Definition	31 Mar 2024	30 Sep 2023	Change
		in %	in %	% pts
Equity ratio	Equity (including non-controlling interests) Total assets	72.2	71.6	+0.5
Inventories in % of rolling 12-month revenue	Inventories (net) Rolling revenue	26.9	24.9	+2.0
Receivables in % of rolling 12-month revenue	Trade receivables at the end of the reporting period (including non-current receivables) Rolling revenue	17.4	20.5	-3.1

ORDERS ON HAND

The Carl Zeiss Meditec Group's orders on hand amounted to €275.8m as of 31 March 2024 (30 September 2023: €408.9m). The decline in orders on hand is mainly attributable to the increased delivery of equipment and a slight reduction in new orders.

OPPORTUNITY AND RISK REPORT

The assessment of business opportunities and risks and conscientious handling of entrepreneurial uncertainty are an important part of corporate governance at Carl Zeiss Meditec AG.

Risk management is an integral part of corporate management within the Carl Zeiss Meditec Group, and is based on the following two key elements: a risk reporting system and an internal control system.

The statements on the opportunity and risk situation of the Carl Zeiss Meditec Group and the detailed presentation of risk management on pages 56 to 66 of the Annual Report 2022/23 of the Carl Zeiss Meditec Group still apply in principle.

The procurement risk decreased in the first six months of fiscal year 2023/24. Carl Zeiss Meditec AG obtained certain materials and components for its production activities from the ZEISS Group, which has them manufactured by a supplier in Minsk, Belarus, in which the ZEISS Group has a long-standing stake. This supplier in Minsk was subject to sanctions associated with the conflict in Ukraine. In the context of mitigating this risk, the Group successfully established alternative procurement sources for this supplier or manufactured the materials itself. Bottlenecks in the procurement of electronic components and chips have also eased. The procurement risk has thus decreased to an impact on earnings in the low double-digit million euro range.

EVENTS OF PARTICULAR SIGNIFICANCE

On 3 April 2024, the Company acquired 100% of D.O.R.C. B.V., Zuidland, Netherlands (hereinafter: DORC). For more details please refer to the section entitled "Purchase and sale of business operations" in the notes to the consolidated financial statements.

In the course of the acquisition, Carl Zeiss Meditec AG took out a shareholder loan in the amount of €400m at an interest rate of 3.66% for a term of three years with Carl Zeiss AG to partially finance the acquisition (publication on transactions with related parties pursuant to Section 111c AktG dated 2 April 2024).

EMPLOYEES

Highly qualified, committed and motivated employees are the foundation of the long-term success of the ZEISS Group. As of 31 March 2024, the Carl Zeiss Meditec Group had 4,950 employees worldwide (30 September 2023: 4,823).

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. R&D expenses are also expected to increase slightly this year.

Research and Development expenses for the reporting period amounted to €174.1m (prior year: €165.2m). In spite of the slight decline in revenue in the first six months of fiscal year 2023/24, the R&D ratio increased from 17.0% in the prior year to 18.4%. As of 31 March 2024, 23.1% of the Carl Zeiss Meditec Group's entire workforce was working in Research and Development (30 September 2023: 23.4%).

Please refer to pages 52 and 53 of the Annual Report 2022/23 for a comprehensive description of our research and development work.

OUTLOOK

The heightened geopolitical and macroeconomic uncertainties continue to exist, due, among other things, to the war of the Russian Federation against Ukraine and the conflict in the Middle East. The continued inflationary pressure, particularly in personnel expenses, is likely to have an ongoing negative impact in the further course of fiscal year 2023/24. However, this is offset by extensive measures to curb the development of operating costs.

Revenue is expected to grow slightly on a comparable basis in fiscal year 2023/24 and reach a range of around €2.1 to €2.15 b. In addition, the initial consolidation of DORC from 3 April 2024 is expected to contribute around €100m in revenue in the current fiscal year. EBIT and the EBIT margin are expected to recover significantly in the second half of fiscal year 2023/24 compared with the first six months. Additional measures introduced to curb costs in the areas of Sales and Marketing and Research and Development support the positive outlook regarding the development of EBIT and the EBIT margin. The ambitious goal of maintaining an approximately stable EBIT for fiscal year 2023/24 as a whole shall continue to be upheld. However, this will require, in particular, an acceleration of the development of revenue in the second half of the year. In the second half of fiscal year 2023/24 it is planned not to include the expected effects on earnings from the acquisition of DORC in the forecast attainment. The sum of these effects, such as integration costs, preliminary amortization expense from the purchase price allocation and the operating result of DORC in the second half of fiscal year 2023/24 cannot currently be predicted with certainty. It is planned to make these transparent by no later than the end of fiscal year 2023/24. It is also planned not to include the one-off income of €18.2m from the settlement with Topcon in the forecast.

In the medium term, the Company expects to be able to re-stabilize its EBIT margin and establish it sustainably above 20%. Rising proportions of recurring revenue are making a positive contribution to this. Conversely, planned strategic investments in Research and Development expenses and Selling and Marketing expenses remain high.

Should there be any significant changes in the economic environment currently forecast over the course of the second half of fiscal year 2023/24, and should it thus become necessary to amend the statements made here on the development of business from today's perspective, these amendments shall be published promptly and shall specify our expectations in more detail.

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Consolidated income statement (IFRS)

from 1 October 2023 to 31 March 2024

	Q2 2023/24 1 Jan 24 to 31 Mar 24	Q2 2022/23 1 Jan 23 to 31 Mar 23	2023/24 1 Oct 23 to 31 Mar 24	2022/23 1 Oct 22 to 31 Mar 23
	€k	€k	€k	€k
Revenue	472,125	504,218	947,162	974,479
Cost of sales	-219,584	-212,047	-442,131	-424,953
Gross profit	252,541	292,171	505,031	549,526
Selling and marketing expenses	-99,147	-101,852	-200,393	-199,575
General and administrative expenses	-20,522	-22,452	-40,497	-40,856
Research and development expenses	-86,332	-84,248	-174,107	-165,214
Other operating result	18,175	0	18,175	0
Earnings before interest and taxes (EBIT)	64,715	83,619	108,209	143,881
Earnings of investments carried at equity	-395	-217	-1,138	-217
Interest income	7,522	5,509	16,553	8,462
Interest expenses	-8,056	-5,905	-11,940	-8,829
Net interest from defined benefit pension plans	236	-846	497	534
Foreign currency gains (+)/ losses (-), net	1,208	10,431	8,013	22,069
Other financial result	2,109	-1,880	1,886	-2,141
Earnings before income taxes (EBT)	67,339	90,711	122,080	163,759
Income taxes	-20,229	-27,424	-38,196	-49,897
Consolidated profit	47,110	63,287	83,884	113,862
» of which profit/loss attributable to shareholders of the parent company	46,477	62,003	83,870	113,049
» of which attributable to non-controlling interests	633	1,284	14	813
Earnings per share basic/diluted (in €) (EPS):	0.52	0.69	0.94	1.26

Consolidated statement of comprehensive income (IFRS)

from 1 October 2023 to 31 March 2024

	Q2 2023/24 1 Jan 24 to 31 Mar 24	Q2 2022/23 1 Jan 23 to 31 Mar 23	2023/24 1 Oct 23 to 31 Mar 24	2022/23 1 Oct 22 to 31 Mar 23
	€k	€k	€k	€k
Consolidated profit	47,110	63,287	83,884	113,862
Other comprehensive income that may be reclassified to the income statement in subsequent periods:				
Gains/losses on foreign currency translation	10,408	-11,266	-13,947	-64,730
Other comprehensive income not reclassified to the income statement in subsequent periods:				
Remeasurement from equity instruments	-7,628	377	-7,628	377
Deferred taxes on remeasurement from equity instruments	0	-396	0	-396
Remeasurement of defined benefit pension plans	5,568	446	-13,562	-3,961
Deferred taxes on remeasurement of defined benefit pension plans	-1,666	-129	4,107	1,211
Other comprehensive income (after tax)	6,682	-10,968	-31,030	-67,499
Comprehensive income for the period	53,792	52,319	52,854	46,363
» of which attributable to shareholders of the parent company	53,699	51,439	53,248	45,846
» of which profit/loss attributable to non-controlling interests	93	880	-394	517

Consolidated statement of financial position (IFRS)

as of 31 March 2024

Assets	31 Mar 2024	30 Sep 2023
	€k	€k
Non-current assets		
Goodwill	410,308	415,783
Other intangible assets	274,148	259,489
Property, plant and equipment	332,585	315,773
At-equity investments	11,671	12,871
Investments and other holdings in affiliated non-consolidated companies	2,312	8,584
Loans	6,038	6,117
Deferred taxes	65,337	63,704
Trade receivables	6,411	7,021
Other assets	32,733	31,855
	1,141,543	1,121,197
Current assets		
Inventories	555,285	520,228
Trade receivables	151,894	196,916
Trade receivables from related parties	200,313	224,535
Treasury receivables	771,840	869,990
Tax refund claims	27,135	5,711
Other financial assets	18,415	28,168
Other non-financial assets	38,424	55,578
Cash and cash equivalents	15,339	10,601
	1,778,645	1,911,727
	2,920,188	3,032,924

Equity and liabilities	31 Mar 2024	30 Sep 2023
	€k	€k
Equity		
Share capital	89,441	89,441
Capital reserve	620,137	620,137
Retained earnings	1,391,567	1,405,901
Own shares	-20,280	0
Other components of equity	13,352	43,974
Non-controlling interests	13,056	13,450
	2,107,273	2,172,903
Non-current liabilities		
Provisions for pensions and similar obligations	25,971	7,663
Other non-current provisions	8,550	7,948
Financial liabilities	96,856	96,030
Leasing liabilities	120,166	133,880
Other non-financial liabilities	17,408	17,815
Deferred taxes	36,521	35,039
	305,472	298,375
Current liabilities		
Other provisions	20,236	21,033
Accrued liabilities	116,100	155,237
Financial liabilities	22,764	24,182
Leasing liabilities	21,842	21,816
Trade payables	121,067	157,829
Trade payables to related parties	65,609	81,963
Treasury payables	75,804	16,736
Income tax payables	4,069	18,883
Other non-financial liabilities	59,952	63,967
	507,443	561,646
	2,920,188	3,032,924

Consolidated statement of changes in equity (IFRS)

from 1 October 2023 to 31 March 2024

	Share capital	Capital reserve	Retained earnings	Own shares	Other components of equity			Equity before non-controlling interest	Non-controlling interests	Equity
					from gains/losses on foreign currency translation	from remeasurement of defined benefit pension plans	from financial assets measured at fair value through other comprehensive income			
	€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	113,049	0	0	0	0	113,049	813	113,862
Other comprehensive income	0	0	0	0	-64,434	-2,750	-19	-67,203	-296	-67,499
Comprehensive income for the period	0	0	113,049	0	-64,434	-2,750	-19	45,846	517	46,363
Dividend payment	0	0	-98,385	0	0	0	0	-98,385	0	-98,385
As of 31 Mar 2023	89,441	620,137	1,228,554	0	30,637	-4,058	-2,150	1,962,561	15,508	1,978,069
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	83,870	0	0	0	0	83,870	14	83,884
Other comprehensive income	0	0	0	0	-13,539	-9,455	-7,628	-30,622	-408	-31,030
Comprehensive income for the period	0	0	83,870	0	-13,539	-9,455	-7,628	53,248	-394	52,854
Dividend payment	0	0	-98,204	0	0	0	0	-98,204	0	-98,204
Purchase of own shares	0	0	0	-20,280	0	0	0	-20,280	0	-20,280
As of 31 Mar 2024	89,441	620,137	1,391,567	-20,280	28,466	-9,217	-5,897	2,094,217	13,056	2,107,273

Consolidated statement of cash flows (IFRS)

from 1 October 2023 to 31 March 2024

	2023/24 1 Oct 23 to 31 Mar 24	2022/23 1 Oct 22 to 31 Mar 23
	€k	€k
Consolidated profit	83,884	113,862
Income taxes	38,196	49,897
Interest income/expenses	-5,110	-167
Earnings of investments carried at equity	1,138	217
Result from the change in fair value of contingent purchase price obligations	-1,498	-573
Depreciation and amortization	38,582	37,250
Proceeds from the disposal of intangible assets and property, plant and equipment	303	390
Other non-cash income/expenses	24	2,332
Interest and dividends received	16,242	8,373
Interest paid	-2,673	-1,313
Income tax payments	-71,162	-59,893
Change in inventories	-41,573	-75,337
Change in trade receivables	65,883	13,439
Change in other assets	25,903	323
Change in trade payables	-45,659	10,282
Changes in provisions and financial liabilities	-39,025	-55,227
Change in other liabilities	-3,234	3,943
Cash flows from operating activities	60,221	47,798

	2023/24 1 Oct 23 to 31 Mar 24	2022/23 1 Oct 22 to 31 Mar 23
	€k	€k
Cash outflow for investments in property, plant and equipment	-48,204	-32,144
Cash outflow for investments in other intangible assets	-31,946	-20,195
Proceeds from the disposal of intangible assets and property, plant and equipment	5	145
Proceeds from disposal of financial assets	0	2,423
Cash outflow for investments in financial assets	-1,404	-21,594
Change in treasury receivables*	96,557	133,803
Acquisition of consolidated subsidiaries less cash received	0	-1,827
Cash flows from investing activities	15,008	60,611
Change in current loans	601	253
Change in treasury liabilities	59,310	6,468
Repayment of leasing liabilities	-10,778	-11,358
Purchase of own shares	-20,280	0
Dividend payment to shareholders of Carl Zeiss Meditec AG	-98,204	-98,385
Cash flows from financing activities	-69,351	-103,022
Effect of exchange rate fluctuation on cash and cash equivalents	-1,140	-752
Change in cash and cash equivalents	4,738	4,635
Cash and cash equivalents as of 1 Oct	10,601	7,729
Cash and cash equivalents as of 31 Mar	15,339	12,364

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

*Please refer to Section 29 "Notes to the statement of cash flows" of the Notes to the consolidated financial statements in the 2022/23 Annual Report.

Notes to the consolidated interim financial statements

GENERAL INFORMATION

Accounting under International Financial Reporting Standards (IFRS)

Carl Zeiss Meditec AG prepared its consolidated financial statements as of 30 September 2023 in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as applicable in the EU as of that date. Accordingly, this interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Accounting and valuation policies

The accounting and valuation policies applied for the interim financial statements as of 31 March 2024 correspond to those applied for the consolidated financial statements for fiscal year 2022/23 as detailed on page 101 of the Annual Financial Report 2022/23, with the exception of the application of new accounting pronouncements in the current fiscal year.

Recent pronouncements on accounting policies

Carl Zeiss Meditec has implemented all accounting standards adopted by the EU and mandatory from 1 October 2023. For all standards and interpretations applied for the first time (including Agenda Decisions) there were no significant changes to the accounting and valuation methods, nor are such changes expected. The following accounting principles were applied for the first time in the fiscal year under review:

Date of issue	Standard/interpretation	Amendment/new standard or interpretation
18 May 2017	IFRS 17 <i>Insurance Contracts</i>	Principles for the recognition, measurement, presentation and disclosure of insurance contracts (supersedes IFRS 4)
12 Feb 2021	Amendment to IAS 1 <i>Presentation of Financial Statements</i>	Assistance in deciding which accounting and evaluation policies must be disclosed in the financial statements
12 Feb 2021	Amendment to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Clarification for better distinction between changes in accounting policies and changes in accounting estimates
7 May 2021	Amendment to IAS 12 <i>Income Taxes</i>	Partial withdrawal of an exception to the recognition of deferred taxes in special cases
9 Dec 2021	Amendment to IFRS 17 <i>Insurance Contracts</i> and IFRS 9 <i>Financial Instruments</i>	Transitional solution for initial application of IFRS 17 via presentation of comparative information
23 May 2023	Amendment to IAS 12 <i>Income Taxes</i>	Temporary exception to the disclosure requirements of deferred taxes within the scope of the implementation of global minimum taxation (OECD Pillar Two Model Rules)

PURCHASE AND SALE OF BUSINESS OPERATIONS

Acquisitions in the fiscal year under review

Acquisition of D.O.R.C. Topco B.V.

By way of an agreement of 2 February 2024, effective 3 April 2024, Carl Zeiss Meditec AG, Germany, acquired 100% of the shares in D.O.R.C. 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 networked workflow solutions for the treatment of a wide range of eye diseases by adding a solution for vitrectomy (VR).

The purchase price amounts to €1,023.7m, and was paid on 3 April 2024.

At the date of publication of Carl Zeiss Meditec AG's interim financial statements, the allocation of the purchase price to the assets and liabilities of the acquired company was not yet complete, as not yet all information on the assets and liabilities was available. In the following table, the provisionally reported goodwill includes the entire difference between the purchase price and net assets, as the identification and measurement of the acquired intangible assets was not yet complete at the time of acquisition. The preliminary fair values of the identified assets and liabilities at the acquisition date are as follows:

	3 Apr 2024
	€m
Identifiable other intangible assets	169.6
Property, plant and equipment	22.1
Inventories	46.3
Trade receivables	31.1
Tax refund claims	3.3
Other non-financial assets	8.4
Cash and cash equivalents	21.2
Total assets	302.0
Deferred taxes	23.0
Other provisions	0.8
Accrued liabilities	25.3
Financial liabilities	2.3
Leasing liabilities	9.9
Trade payables	16.6
Income taxes payables	3.6
Other non-financial liabilities	8.6
Total liabilities	90.1
Identifiable net assets	211.9
Goodwill from acquisition	811.8
Total costs of acquisition	1023.7
Cash received	21.2
Past cash outflow for purchase price	-1,023.7
Actual cash outflow from acquisition	-1,002.5

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Operating segments

Pursuant to IFRS 8, the Group publishes 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 activities relating to ophthalmology, such as intraocular lenses, surgical visualization solutions and medical laser and diagnostic systems are allocated to the "Ophthalmology" SBU. The "Microsurgery" segment encompasses the activities of neuro, ear, nose and throat 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.

Internal management reports are evaluated by the Management Board on a regular basis for each of the strategic business units. As a general rule there were no intersegment sales. The revenue mainly resulted from the sale of goods and is distributed across the individual revenue types in a similar ratio to fiscal year 2022/23. The operating segments for the reporting period are as follows:

	Ophthalmology		Microsurgery		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	€k	€k	€k	€k	€k	€k
External revenue	700,615	742,594	246,547	231,885	947,162	974,479
Earnings before interest and taxes	49,793	91,495	58,416	52,386	108,209	143,881
Reconciliation of segments' comprehensive income to the Group's period-end result						
Comprehensive income of the segments					108,209	143,881
Consolidated earnings before interest and taxes (EBIT)					108,209	143,881
Financial result					13,871	19,878
Consolidated earnings before income taxes (EBT)					122,080	163,759
Income tax expense					-38,196	-49,897
Consolidated profit					83,884	113,862

Related party disclosures

Revenue amounting to €530,585k (prior year: €529,838k) resulted from relations with related parties during the reporting period 2023/24. The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

DISCLOSURES ON FAIR VALUE

The principles and methods for measuring at fair value are essentially the same as in the prior year. Detailed notes on the evaluation principles and methods can be found in the Annual Report from 30 September 2023.

The allocation of the fair values to the three categories of fair value hierarchy is based on the availability of observable market prices on an active market. The valuation categories are defined as follows:

Category 1: Financial instruments traded on active markets, for which the listed prices were assumed unchanged for valuation.

Category 2: Valuation is based on valuation methods where input factors are derived directly or indirectly from observable market data.

Category 3: Valuation is based on valuation methods where input factors are not based exclusively on observable market data.

The table below provides an overview of the items in the statement of financial position measured at fair value:

		Category 1	Category 2	Category 3	Total
		€k	€k	€k	€k
Financial assets measured at fair value through other comprehensive income	31 Mar 2024	0	0	2,312	2,312
	30 Sep 2023	0	0	8,584	8,584
Financial assets measured at fair value through profit or loss	31 Mar 2024	0	12,296	0	12,296
	30 Sep 2023	0	23,806	0	23,806
Financial liabilities measured at fair value through profit or loss	31 Mar 2024	0	8,528	102,360	110,888
	30 Sep 2023	0	12,609	96,030	108,639

Carl Zeiss Meditec shall review at the end of each reporting period whether there are grounds for reclassification to or from a valuation category. There were no reclassifications between the valuation categories during the reporting period.

The table below presents the changes in the fair value of the financial instruments allocated to category 3:

	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
	€k	€k
As of 1 Oct 2023	8,584	96,030
Additions and disposals	1,404	0
Changes in fair value recognized through profit or loss	0	7,742
Changes in fair value recognized through other comprehensive income	-7,628	0
Payment of contingent purchase price obligations	0	0
Currency effects	-48	-1,412
As of 31 Mar 2024	2,312	102,360

The financial assets assigned to Category 3 are distributed across the individual investments as follows: OcuTerra Therapeutics, Inc. (€2,312k; 30 September 2023: €2,360k), Ophthalmic Laser Engines LLC (€0k; 30 September 2023: €0k) and Precise Bio, Inc. (€0k; 30 September 2023: €6,224k).

The financial liabilities assigned to category 3 include contingent purchase price obligations of Carl Zeiss Meditec Cataract Technology, Inc., Catalyst Surgical LLC, Kogent Surgical LLC, Preceyes B.V. and InfiniteVision Optics S.A.S., which was acquired in an asset deal. The change in fair value recognized through profit or loss mainly includes the effects of the annual compounding of these liabilities recognized in the interest expense, as well as the adjustment of the capital costs for the measurement of the liabilities. The other financial result also includes the income from the remeasurement / change in market value of the contingent purchase price obligation, which is also a component of the change in fair value recognized through profit or loss presented here. 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 is discounted at a standard market interest rate. An upward or downward fluctuation in the interest rate by 1.0% points would reduce or increase the contingent considerations, respectively, in the low 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 €22m.

Reconciliation of items in the statement of financial position to the categories of financial instruments

The fair value of the financial instruments measured at amortized cost, such as receivables and liabilities, is determined through discounting, taking into account a risk-based market interest rate with matching maturity. In comparison with 30 September 2023 there are no significant changes in the ratios between carrying amount and fair value with respect to non-current assets and liabilities. For reasons of materiality the fair value shall be equated to the carrying amount for current items in the statement of financial position.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements of Carl Zeiss Meditec 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.



Dr. Markus Weber
President and CEO



Justus Felix Wehmer
Member of the Management Board

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Financial calendar

Publication of 9-Month Statement 2023/24
and Analyst Conference
6 August 2024

Publication of Annual Financial Statements 2023/24
and Analyst Conference
11 December 2024

Imprint/Disclaimer

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Both versions and the key figures contained
in this report can be downloaded from the
following address:

www.zeiss.com/ir/reports_and_publications



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.

Apparent addition discrepancies may arise
throughout this report due to mathematical
rounding.

This is a translation of the original German
language 6-Month Report 2023/24 of the
Carl Zeiss Meditec Group. Carl Zeiss Meditec
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German report shall take precedence.

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