Seeing beyond

Thinking and acting sustainably

Annual Report 2021/22
Carl Zeiss Meditec Group

Financial highlights
(IFRS)

	2021/22		2020/21		2019/20	
	€m	%	€m	%	€m	%
Revenue	**1,902.8**	**100.0**	1,646.8	100.0	1,335.5	100.0
Research and development expenses	**291.4**	**15.3**	232.1	14.1	218.8	16.4
EBIT	**396.9**	**20.9**	373.6	22.7	177.6	13.3
Consolidated profit[1]	**295.9**	**15.6**	237.5	14.4	123.4	9.2
Earnings per share[2] (in €)	**3.29**		2.64		1.37	
Dividend per share (in €)	**1.10**[3]		0.90		0.50	
Cash flows from operating activities	**188.2**		362.7		178.5	
Cash flows from investing activities	**-148.9**		-75.2		-70.9	
Cash flows from financing activities	**-38.2**		-285.9		-123.0	

	30 Sep 2022		30 Sep 2021		30 Sep 2020	
	€m	%	€m	%	€m	%
Total assets	**2,822.8**	**100.0**	2,396.0	100.0	2,014.9	100.0
Property, plant and equipment	**236.1**	**8.4**	199.6	8.3	135.3	6.7
Equity	**2,030.1**	**71.9**	1,677.4	70.0	1,450.6	72.0
Net cash[4]	**885.6**	**30.3**	939.9	35.0	708.2	34.6
Employees (number)	**4,224**		3,531		3,290	

[1] Before non-controlling interests
[2] Profit/loss per share attributable to the shareholders of the parent company in the fiscal year
[3] Amount of dividend for proposed by the Supervisory Board and the Management Board of Carl Zeiss Meditec AG
[4] 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

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Management Board

Dr. Ludwin Monz
Chairman of the Management Board
until 31 December 2021

responsible for
» Microsurgery Strategic Business Unit
» Ophthalmic Devices Strategic Business Unit
» Strategic business development
» Group functions Communication, Marketing Communication, Digital Innovation, Quality and Regulatory

Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany

Dr. Markus Weber
Chairman of the Management Board
from 1 January 2022

responsible for
» Microsurgery Strategic Business Unit
» Ophthalmic Devices Strategic Business Unit
» Strategic business development
» Group functions Communication, Marketing Communication, Digital Innovation, Quality and Regulatory

Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany

Justus Felix Wehmer
Member of the Management Board

responsible for
» Group functions
Finance and Controlling, Investor Relations, IT, Legal Affairs, Taxes

Jan Willem de Cler
Member of the Management Board until 30 September 2022

responsible for
» Group functions
Human Resources, Diversity & Inclusion, Culture and People Development, Global Operations, Global Service and Customer Care

Please visit the Carl Zeiss Meditec AG website for current information:
https://www.zeiss.com/meditec-ag/about-us/board-of-management.html

Letter to the shareholders

Dear Shareholders, Ladies and Gentlemen,

The Carl Zeiss Meditec Group's long-term goal is to leave a lasting mark in the fields of ophthalmology and microsurgery. With our ambition to break new ground, our perseverance and our curiosity, we have succeeded in developing innovative technologies, digital solutions and specific applications for the workflows of our customers which enable them for instance, to preserve vision into old age and fight brain tumors. The fact that our actions have a direct impact on the wellbeing of people is what drives us every day and motivates us in our work effort.

Dr. Markus Weber

The foundation of success of the Carl Zeiss Meditec Group is our long-term growth strategy. Over the past number of years, the Company has evolved from a supplier of technologically superior medical devices into an innovative and customer-focused solutions provider for ophthalmology and microsurgery. The focus on workflow solutions and the extensive product range with a high proportion of consumables have made a decisive contribution to the Company's success in fiscal year 2021/22.

In terms of workflow solutions, the Carl Zeiss Meditec Group has adopted a holistic approach, in order to address customer requirements and provide crucial support in the digital transformation of the health care system. On the one hand, this includes the development of top-quality medical devices. On the other hand, it is about developing and establishing solutions that enable the secure and efficient management of health data, improve workflow automation, and enable the use of intelligent algorithms such as machine learning or artificial intelligence (AI).

By combining devices, data and applications, ZEISS Cataract Workflow allows seamless integration and an efficient workflow, from the treatment room to the OR. A recently published clinical trial talks about a significant time saving and economic success that practices and clinics can achieve with components of the ZEISS Cataract Workflow. Part of the ZEISS Cataract Workflow is the QUATERA® 700, the latest ZEISS phaco-technology for the extraction of the natural lens of the eye, for which the Company was awarded FDA approval in April of this year. An important step to increase market share in this segment of the ophthalmology market and be able to seize growth potential in the North American market.

With respect to the digital transformation of the health care system, intelligent systems will be able to make a vital contribution to personalized treatments. Massive amounts of data are generated in medicine as a result of imaging procedures, among other things, which can be combined, analyzed and used more effectively using AI. This opens up new possibilities for the diagnosis and treatment of a wide range of diseases. This year for the first time, the Carl Zeiss Meditec Group was granted FDA approval for a Cloud product with AI for workflow solutions in the area of microsurgery. Specifically, it is an algorithm that uses the ZEISS CONVIVO In Vivo Pathology Suite to provide image data. The ZEISS CONVIVO is part of the ZEISS Tumor Workflow.

You can read more on how the individual components of the ZEISS Tumor Workflow and the ZEISS Cataract Workflow support workflows in clinics and practices on the pages 10 and 14 of this annual report.

A long-term view and a good feeling for future technologies are vital for the success of our business. Innovation, customer solutions and services are the cornerstone of our long-term corporate strategy with which we address megatrends in health care and achieve profitable growth in the long term. We support our growth ambitions with comprehensive strategic investments in our own research and development, but also by investing in inorganic growth. In fiscal year 2021/22, we consolidated our presence in key markets through cooperations and partnerships and invested in future technologies – such as robotic technologies for ophthalmology, for example. The acquisition of Kogent Surgical, LLC and Katalyst Surgical, LLC has also significantly expanded our portfolio of surgical instruments, for both ophthalmology and microsurgery. Following the FDA approval of MTLawton® – a new generation of the bipolar forceps for electrosurgery – we have already been able to launch the first surgical instrument resulting from this acquisition in the market.

A very dynamic year with many geopolitical uncertainties is behind us. Due to the COVID-19 pandemic, supply chain bottlenecks were already being felt worldwide at the start of the year – a situation that deteriorated further as a result of the war in Ukraine and the ongoing lockdowns in China. We met these challenges with diverse task forces and worked intensively on sustainable solutions in order to be able to deliver in the long-term. Looking back, we can say that the past fiscal year was largely characterized by both challenge and growth and success at the same time. The fact that we ended fiscal year 2021/22 with a record result, in spite of the tense situation, is testimony to the untiring commitment and willpower of our global team. On behalf of the entire management, I would like to thank all of our employees for their willingness to go above and beyond.

Outstanding achievements should be celebrated, and this year our Company had every reason to celebrate: On 22 July 2002, the Carl Zeiss Meditec AG share was listed on the German Stock Exchange for the very first time. In its 20 years of being listed, the Company has grown from an initial market capitalization of under €300 million to over €10 billion. Together with our global teams, we honored the successes of the past 20 years and fiscal year 2021/22. You can read about the highlights of the past year on pages 16 and 17 of this Annual Report.

The successful conclusion to fiscal year 2021/22 is also a success of the management team. Special thanks goes to Dr. Ludwin Monz who I worked alongside in the first three months of the year and from whom I took over the reins as President and CEO of Carl Zeiss Meditec AG on 1 January 2022. I would also like to express my sincere thanks to Jan Willem de Cler who stepped down from the Management Board at the end of the fiscal year. Both colleagues have achieved major successes for the Company and have influenced our corporate culture with a huge amount of passion.

I would also like to take this opportunity to thank our customers, partners and investors for the lasting trust they have placed in Carl Zeiss Meditec AG. Your confidence in us gives us a feeling of security and fortifies us in our daily activities. With you at our side, our employees and the management team will be able to continue to shape the medical technology market sustainably in the future and implement our long-term growth strategies. Therefore, in spite of geopolitical uncertainties, we are looking to the future with optimism. Let’s remain optimistic together.

Yours sincerely,

Dr. Markus Weber

Dr. Markus Weber
President and CEO Carl Zeiss Meditec AG

Connected care environment and artificial intelligence is shaping the future of ophthalmology

By providing digital concepts and workflow solutions, ZEISS Medical Technology supports ophthalmologists in improving the quality of life of their patients. Euan S. Thomson, PhD, Head of the Ophthalmic Devices Strategic Business Unit and the Digital Business Unit, talks with Ranya Habash, MD, about the benefits of a connected clinical environment, what artificial intelligence can do for ophthalmology and patient expectations.

Euan S. Thomson: What are the benefits of a fully integrated digital ecosystem where a combination of devices, data management and applications are connected?

Ranya Habash, MD: *This is something that we should have already seen in healthcare. We see it in our daily lives all the time, when using our phones to control the lights or thermostat. So, in healthcare more than any other place, this is where we need it because it's all about efficiency for the patient, better patient outcomes, and efficiency for us as physicians. The insights gained from aggregation of data would help us make better treatment decisions as well.*

Thomson: What are the critical elements of a connected environment? Which pieces must work for this to be successful?

Habash: *Interoperability is a broad term, but everything needs to flow between devices. It's not efficient for us to just have one reading from one device in one place and then have to look for something in another place and spend that time scrambling. It leads to inefficiencies, but also possible medical errors. Interoperability is something that we take for granted every day. We need to start taking it for granted in medicine as well.*

Thomson: What do you think patients will see differently about the way medicine is practiced, once we are really in this kind of connected care environment?

Habash: *Patients are expecting this stuff, they're used to going online, shopping online, working online, gaming online, payment services. They're going to want online healthcare as well. They expect it now.*

From a patient's perspective, they don't like that doctors can't see their records from another physician or that they don't have access to their records or images. Patients like to know that we have a connected system and that we're able to connect with their other physicians and get to know them better as individuals.

"Interoperability is something that we take for granted every day. We need to start taking it for granted in medicine as well."

Ranya Habash, MD

Thomson: I agree. Additionally, sometimes I think we forget how much information we're asking patients to absorb; it really can be quite hard to create an environment where patients can absorb the information they need. And it's not just fundamentals about diagnoses, it's creating long-term compliance with what can be a complicated set of instructions. Digital tools can play an important role in this and patient application can be a way for people to get the information on their own time and to ask questions if they don't understand something.

One of the greatest indicators of success in the medical management of a patient is compliance and anything that can enable improved compliance is a good thing. The objective of the ZEISS Medical Ecosystem is to enhance efficiency and improve patient care.

Habash: *And it's very important to do that by bringing in the patient, connecting the patient and enabling better data-sharing and communication.*

Thomson: What role do you think Artificial Intelligence (AI) plays in a connected medical environment?

Habash: *In medicine it's absolutely critical and we use it all the time. A good example is decision-making for intraocular lenses. We don't have to do those calculations by hand. There's an AI algorithm that chooses the best lens depending on the formula that we want to use.*

Thomson: I completely agree. There are other advantages as well. There's this concept of a healthcare pyramid where the expertise exists at the top. But we know that the number of expert physicians is declining, while the number of patients is increasing. I think about AI as a way of upscaling the rest of the pyramid and helping with expert decision-making even in a non-expert environment. This helps to ensure that patients are connected to the right people at the right time.

"By capitalizing on the aggregation of the data and insights that could be generated by artifical intelligence, personalized medical care becomes possible."

Euan S. Thomson, PhD

Looking into the future of AI, I think of how different treatment options, particularly for chronic diseases, are evolving and developing all the time. It's important to know which patients should receive which particular treatment. It's very difficult to assimilate all the data from an individual practice. It's only by capitalizing on the aggregation of the data and the insights that could be generated by AI that personalized medical care becomes possible.

Habash: *That's exactly right. It's precision medicine. It's about compiling all of that data around the patient and then being able to make very personalized, educated decisions about their treatment plans.*

Thomson: What an amazing environment we're in with ophthalmology where we know that the eye is the window to identification of so many different other conditions. If you embed AI, it opens up all sorts of possibilities in terms of patient management.

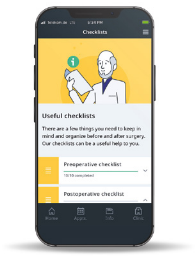
Habash: *Absolutely. Not just for ophthalmology but for everything.*

Digital transformation in ophthalmology

The ZEISS Medical Ecosystem is a fully integrated environment where a combination of devices, data management, applications and services drive continuous improvement of patient outcomes. This ecosystem distinctively combines unsurpassed ocular expertise with leading-edge digital technology enabling evidence-based decisions that assure more efficient delivery of the highest quality of care in a single and secure platform.

"As a leader in digital solutions, ZEISS is setting the standard for new ways to manage care at scale. Using data insights and integrated workflow solutions with artificial intelligence add value in managing disease progression and the optimization of clinical practices," said Euan S. Thomson, PhD, Head of the Ophthalmic Devices Strategic Business Unit and the Digital Business Unit at the Carl Zeiss Meditec Group. "We continue to focus on the development of digital solutions creating the roadmap needed for improved care."

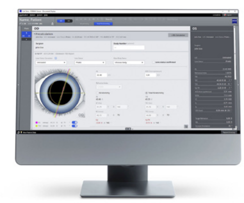
The new ZEISS Cataract Workflow, enabled by the ZEISS Medical Ecosystem, is designed for efficiency without compromise:



Assess & Educate

"Obtaining deeper insights and engaging patients early on"

In the "assess & educate" phase of the Cataract Workflow, ZEISS has launched the new mobile App, EYEGUIDE® which offers relevant information and features to support the treatment process of cataract patients. Lisa Feulner, MD, Advanced Eye Care, Bel Air, Maryland (USA), highlights the value of this new digital tool as being "the last digital link in the technology that gives us a great patient experience". Importantly, patients as well as their caregivers are provided transparent information along the cataract journey.



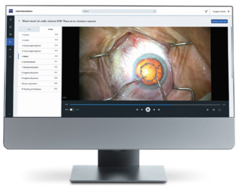
Plan

"Streamlining pre-operative planning"

The clinical and economical significance of adopting a fully digital workflow has been proven in a study by Prof. Dr. Wolfgang Mayer, Ludwig Maximilian University, Munich (Germany): "Lens exchange surgery via the ZEISS EQ Workplace within the FORUM platform is a safe and faster way to acquire and check data as well as to calculate intraocular lenses. It guarantees a more efficient and economical workflow when performing cataract and lens refractive surgery."[1]

[1] B. S. Brunner, N. Luft, S. G. Priglinger, M. Shajari, W. J. Mayer and S. Kassumeh: "Saving of Time Using a Software-Based versus a Manual Workflow for Toric Intraocular Lens Calculation and Implantation", Journal of Clinical Medizin 2022, 11, 2907. https://doi.org/10.3390/jcm11102907

The components of the ZEISS Cataract Workflow are manufactured in the production sites of the Carl Zeiss Meditec Group all over the world.



Treat

"Bringing surgical efficiency to the next level"

With the launch of the QUATERA® 700, ZEISS marks a new milestone in cataract surgery, introducing a unique pump called the ZEISS QUATTRO Pump, which has four syringe like pumps synchronized with sensors. "The amount of fluid going into the eye and the amount of fluid coming out are balanced at any time. You also have irrigation sensors to compensate for any leak. With ZEISS QUATERA 700, you have a very stable chamber, even at very high parameters", acknowledges Sri Ganesh, MD, Chairman of Nethradhama Super Specialty Eye Hospital, Bangalore (India). With the ZEISS QUATERA 700 clinics now have a digitally integrated surgical workflow with the phaco device functioning as the sterile cockpit. The surgeon no longer has to switch between multiple user interfaces and parameters as all relevant patient data and surgical parameters are displayed in one view for the surgeon and the whole team.

Check

"Enabling learning for future cases"

The practical use of artificial intelligence is now evident in the ZEISS Surgery Optimizer App. The App allows surgeons access to and review of surgical videos. Furthermore, surgeons can analyze their own surgical cases for continuous learning. In addition Supriya Sriganesh, MD, Nethradhama Super Specialty Eye Hospital, Bangalore (India), emphasizes that she "reduced surgical time from an average of 12 to 13 minutes to about 6.5 minutes."

Cooperation enables innovations, that leave a lasting impression in microsurgery

In cooperation with users ZEISS has succeeded in developing and establishing innovations that leave a lasting impression in health care – in ophthalmology and microsurgery. Magnus Reibenspiess, Head of the Strategic Business Unit Microsurgery, spoke with Professor Dr. Bernhard Meyer, Head of Neurosurgery at the Rechts der Isar Hospital of the TUM School of Medicine, about cooperation, clinical trials and lifelong learning.

Magnus Reibenspiess: It has always been the ZEISS philosophy to develop solutions together with people who use them. And these solutions should meet the requirements of those who use them. This is how ZEISS has managed to leave a lasting impression in health care – for example, with the surgical microscope. How valuable is the collaboration of physicians and medical technology manufacturers for the advancement of neurosurgery?

Prof. Dr. Bernhard Meyer: *Well, of course it is not just essential for neurosurgery, but also for other specialist areas. And it has a long tradition. Personally, I believe that a lot of good has come from it. Certainly, there were also ideas that were perhaps too redundant or too small-scale. However, I think when we focus on ideas and boldly implement them together with manufacturers, then neurosurgery will become even better in the future than it is already.*

Reibenspiess: You were one of the first hospitals worldwide to implement the ZEISS Tumor Workflow and use it to treat brain tumors. The workflow combines state-of-the-art surgical visualization, digital biopsy and intraoperative radiation therapy (IORT). How useful are these elements in your daily work?

Prof. Meyer: *The thing that is used practically all the time is the ZEISS KINEVO 900. It is used multiple times every day and is therefore a gold standard. Digital biopsy with the ZEISS CONVIVO, which enables the tissue structure to be examined in situ, is something for the future – I am optimistic about that. How well this correlates and can be of support during surgery is being investigated right now in a clinical study, which is being evaluated at the moment.*

Clinical trials are also underway for intraoperative radiation therapy – for example, the targeted research into IORT for glioblastoma treatment, the INTRAGO trial. It remains to be seen what comes out of that. Where I hypothetically see major benefits is in the treatment of brain metastases and recurrent brain tumors. We are also currently trying to prove this in a clinical trial. We are confident that this will show a benefit of intraoperative radiation therapy over traditional external radiation.

Reibenspiess: Clinical trials are vital for testing the effectiveness, safety and, of course, the benefit of new treatment methods and medical technology. As it is not uncommon for these trials to run for several years, it often takes a lot of patience before new therapy options are actually implemented. Which innovations have shaped tumor surgery and which ones could change it permanently in the future?

Prof. Meyer: *Neurosurgical oncology has gone through many phases. If we look back, then the era where doctors began to work microsurgically and gain an understanding of that is probably the foundation. Surgical microscopes brought about a crucial change. Then navigation came along, which has made microsurgery even more precise, followed by monitoring and mapping methods. Neurosurgery has always been a pioneer. Nowadays, we can operate on tumors with much greater efficiency; it is often possible to perform a complete resection of a tumor and patients feel better afterwards.*

“Many types of cancer are treated with individualized therapies. However, the more systemic therapies develop, the greater the role of surgery.”

Prof. Dr. Bernhard Meyer

None of this is a real game changer, because we are only treating one aspect of the disease. A lot of things – also in other types of cancer – are treated by means of individualized therapies. However, the more systemic therapies develop, the greater the role of surgery. And the better the treatment methods are for cancer, the more patients we operate on and the better our interventions have to be.

Reibenspiess: When we talk about treating patients, education and further training are also an important issue. Not least because learning can also be used to lay the foundations for establishing new solutions and to integrate these into neurosurgical workflows. How can we train next generation of neurosurgeons even better than they are today?

"Learning can be used to lay the foundations for establishing new solutions and to integrate these into neurosurgical workflows."

Magnus Reibenspiess

Prof. Meyer: *The most important thing is that we repeatedly question whether we are doing everything right or whether we should go in a new direction in education. Nowadays, we delegate responsibility much, much sooner than we would have done 20 or 30 years ago. Naturally, we need extremely good and motivated people to do that.*

Simulators are another useful tool, which can be used to teach at least basic knowledge outside the OR, and junior staff can practise with them. The technology of these simulators is being developed further, so in five years' time we might have equipment that can simulate complex surgical procedures.

And then, of course, we will also need good courses, given by trainers and instructors who don't rest on their laurels but who themselves are interested in educating themselves further. I think if we take these three aspects into consideration, we will be able to better train our upcoming professionals.

Rethinking the standard of care

When neurosurgeons describe the challenge of surgically removing a tumor, they liken it to remove a piece of butter from a tub of margarine. Visualization of the tumor borders is not the only thing that can be decisive in a resection, but also immediate radiation of the tumor bed to prevent regrowth of the tumor from any residual tumor cells.

The ZEISS Tumor Workflow offers multidisciplinary teams from neurosurgery, neuropathology and radiation oncology, new possibilities in brain tumor treatment, by enabling the visualization of fluorescence-stained structures, the examination of fine tissue structures in situ and local radiation of the tumor cavity directly after resection.

See

ZEISS KINEVO 900 Robotic visualization system

With more than 100 innovations and 180 patents, the KINEVO® 900 from ZEISS now offers more functionalities than any other surgical microscope. The 3-in-1 system combines microscopic, exoscopic and endoscopic components and the surgeon-controlled robotics enable precise and effortless visualization of structures. The ZEISS KINEVO 900 also provides intraoperative fluorescence options, which can be used to help distinguish between healthy and diseased tumor tissue.

"With the help of state-of-the-art technologies we can delineate the tumor borders, improve tumor resection and thus preserve more healthy tissue."

Prof. Dr. Robert F. Spetzler, Director em. of the Barrow Neurological Institute in Phoenix, Arizona (USA)

Check

ZEISS CONVIVO In Vivo Pathology Suite

The cloud-based workstation of the In Vivo Pathology Suite ZEISS CONVIVO allows real-time images of the fine tissue structure to be analyzed even during the neurosurgical procedure. At the moment, tissue samples have to be sent from the OR to the pathology department to be analyzed in a time-consuming process. The ZEISS CONVIVO enables a digital biopsy and therefore a more direct and more efficient interaction between neurosurgery and neuropathology.

"The digital exchange of images through the ZEISS CONVIVO system will be very important to simplify processes. Because there will be direct exchange of information, very easy and very fast."

Dr. Francesco Acerbi , Neurosurgeon IRCCS Foundation, Neurological Institute Carlo Besta, Milano (Italy)

The components of the ZEISS Tumor Workflow are developed and manufactured at the ZEISS Medical Technology site in Oberkochen (Germany). Image shows cleanroom for the assembly of the x-ray tube of the ZEISS INTRABEAM 600.

Treat

ZEISS INTRABEAM 600
Intraoperative Radiation Therapy

Intraoperative Radiation Therapy (IORT) can now be used in neurooncology to treat brain metastases and recurring brain tumors, as well as in clinical trials such as INTRAGO for primary Glioblastoma Multiforme (GBM). The INTRABEAM® 600 from ZEISS enables effective, local and high-dose delivery of radiation intraoperatively – precisely targeted and without delay. The local radiation of the tumor or tumor bed can be administered as definitive (sole) radiation therapy or, in higher-risk patients, as a boost treatment in combination with external radiation therapy.[1]

"My experience with IORT to the brain is basically derived from the (INTRAGO) phase I/II trial[2] we did […] In the brain metastases setting we see that it's an equal if not better local control than what we previously did with Gamma Knife stereotactic radiosurgery to the cavity. And in the Glioblastoma setting […] our experience is that we can efficiently prevent these tumors from regrowing in the cavity".

Professor Dr. med. Frank A. Giordano, Head of radiation oncology of the Faculty of Medicine Mannheim, University of Heidelberg (Germany)

[1] Vaidya, J. S., Wenz, F., Bulsara, M., Tobias, J. S., Joseph, D. J., Keshtgar, M., … Baum, M. (2014). Risk-adapted targeted intraoperative radiotherapy versus whole-breast radiotherapy for breast cancer: 5-year results for local control and overall survival from the TARGIT-A randomised trial. The Lancet, 383(9917), 603–613.

[2] Giordano, F. A., et al (2014). INTRAGO: intraoperative radiotherapy in glioblastoma multiforme—a phase I/II dose escalation study. BMC cancer, 14, 992.

Growing together

2022 was a special year for Carl Zeiss Meditec AG: 20 years ago the Company was established in its current form from the merger of the ZEISS Ophthalmology division with Asclepion-Meditec AG, a medical laser specialist. On 22 July 2002, the Carl Zeiss Meditec AG share was traded on the Neuer Markt segment of the German Stock Exchange for the first time. Under the slogan #GrowingTogether our teams celebrated this anniversary at our worldwide locations in July of this year. Our desire to continue to grow individually, as a team and as a company in future is evidenced by our Highlights in fiscal year 2021/21 on this page:

A corporate forest grows

Together we are growing not just as a team, but also in the proverbial sense: In cooperation with PRIMAKLIMA e.V., the Carl Zeiss Meditec Group is planting a corporate forest in Nicaragua. To mark the 20th anniversary the Company started an internal quiz. For each entry the Company donated a tree. 3,707 trees that will filter an average of more than 13 tonnes of CO_2 out of the air each year will grow on an area spanning more than two hectares. Reforestation is not only good for the climate, but also for the smallholders who take care of the trees. They receive fair wages for this.

3,707

trees

15%

of revenue invested in research and development

Innovative strength that grows

The Carl Zeiss Meditec Group's strategy is to generate sustainable and profitable growth as market and technology leader in the field of ophthalmology and microsurgery. We support our growth ambitions by investing in our own research and development. In the fiscal year under review this investment amounted to over 15 percent. Our growth ambitions are also reinforced by strategic investments in inorganic growth. In fiscal year 2021/22, the Company strengthened its presence in key markets by way of cooperations and partnerships and invested in future technologies. One example is Preceyes B.V., Eindhoven (Netherlands), which the Carl Zeiss Meditec Group acquired to strengthen its position and product portfolio in ophthalmic surgery. The Company also acquired Kogent Surgical, LLC and Katalyst Surgical, LLC, Chesterfield (Missouri, USA), thus expanding its portfolio of surgical instruments for both ophthalmology and microsurgery.

A growing product portfolio

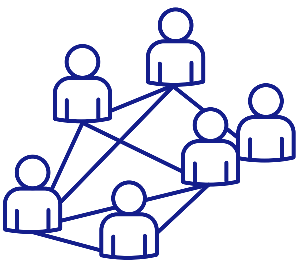
The Carl Zeiss Meditec Group was recently granted 510(k) clearance from the FDA for MTLawton® – a new generation of bipolar forceps for electrosurgery. Bipolar forceps are used in minimally invasive surgery for hemostasis and tissue separation, among other things. When tissue coagulates the high heat at the tips of the electrosurgical instruments can cause the instruments to adhere to the tissue. ZEISS MTLawton is setting new standards in anti-adhesion technology with their special copper-base alloy: The improved material conducts heat away from the silver-plated tips faster, thereby potentially reducing tissue adhesion and charring. ZEISS MTLawton is the first surgical instrument the Company has launched since it acquired Kogent Surgical.

Growth through partnerships

Partnerships with scientists and users have always been part of the ZEISS corporate culture. This also includes strategic partnerships, such as those with the European Association of Neurosurgical Societies (EANS), which the Carl Zeiss Meditec Group announced recently. In the partnership with EANS, the Company sees the opportunity to address the current clinical challenges in neurosurgery even more specifically. The focus is not only on jointly developing innovations and solutions for neurosurgery, but also on integrating the existing technologies into clinical workflows in the best way possible. One focal point of the partnership is therefore the training and further education of neurosurgeons. Close networking in the field of learning encourages the exchange of knowledge and information between medical health professionals and medical technology manufacturers. ZEISS provides various visualization systems for the training programs and specialized courses run by EANS, and assists in the development of courses for new and existing technologies.

A growing corporate culture network

ZEISS aim is to shape markets, strengthen partnerships and achieve long-term successes. The corporate culture plays a crucial role in ensuring that the global ZEISS team achieves the strategic objectives. In addition to the managers and the teams, cultural ambassadors strengthen cultural change at ZEISS. They collaborate worldwide in the ZEISS Culture Ambassador network. The aim within this network is to enter into a joint exchange, formulate needs and to make cultural issues more tangible on a global level. It is a network that is building bridges locally and internationally. The Culture Ambassadors of the Carl Zeiss Meditec Group act within the network as the voice of the corporate division and the workforce at its sites.



Report of the Supervisory Board

Dear Shareholders and Friends of the Company,

Fiscal year 2021/22 was yet another successful year for Carl Zeiss Meditec AG. Revenue increased to a new record level and, in spite of all the macroeconomic and geopolitical uncertainties, an excellent result was also achieved. I would like to express my thanks and appreciation – also on behalf of the entire Supervisory Board – to our customers for their trusting cooperation and our employees and the members of the Management Board for their commitment and motivation.

Dr. Karl Lamprecht

The Supervisory Board supported the Management Board in the management of business operations by engaging in intensive exchange and consultation. The focus in the fiscal year under review remained on the continuous discussion with the Management Board on both the current challenges and the long-term strategic orientation of the Carl Zeiss Meditec Group.

In fiscal year 2021/22, 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.

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 2021/22.

Focus of the deliberations and audits of the Supervisory Board

In the fiscal year under review the Supervisory Board convened for six ordinary meetings. The members of the Management Board also participated in the meetings on 6 December 2021, 8 February 2022, 30 March 2022, 21 June 2022 and 8 September 2022. The meeting held prior to the regular meeting on 30 March 2022 on the same date, which was held as a constituent meeting due to the election of all employee representatives, was held without the members of the Management Board. The meetings on 6 December 2021 and 8 February 2022 were held as video conferences and the meetings on 30 March 2022, 21 June 2022 and September 2022 took place in a hybrid format.

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 subject of the regular meetings was the revenue and earnings situation as well as the business performance of the Carl Zeiss Meditec Group, including the particular current challenges, such as the implications of the war in Ukraine, the tensions in the global supply chains and the Zero COVID Policy in China, as well as the Company’s financial situation and ongoing strategic projects, future investments and their financing. Additional agenda items were also addressed during the respective meetings.

During the video conference meeting on 6 December 2021 to adopt the consolidated and annual financial statements for fiscal year 2021/22, 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. The Supervisory Board furthermore resolved, at the recommendation of the Audit Committee, to propose Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart, for election by the Annual General Meeting on 30 March 2022 as auditor of the annual and the consolidated financial statements for fiscal year 2021/22.

In the video conference meeting on 8 February 2022, the Supervisory Board resolved to hold the Annual General Meeting on 30 March 2022 as a virtual meeting.

The constituent meeting of the Supervisory Board on 30 March 2022 elected the members of the Audit Committee and the decision was taken to keep the members of the General and Personnel Committee and the Nominating Committee the same.

No resolutions were passed during the hybrid meeting of the Supervisory Board on 30 March 2022. During the other hybrid meeting on 21 June 2022, the plenary Supervisory Board resolved to acknowledge the conclusion of the collective bargaining between IG Metall and Carl Zeiss Meditec AG at the Jena site, for the introduction of the 35-hour week.

During the meeting of the Supervisory Board on 8 September 2022, a resolution was passed to adopt the budget proposed by the Management Board for fiscal year 2022/23. In addition, the amended Rules of Procedure of the Management Board, which entered into force on 8 September 2022, superseding the previous Rules of Procedure from 12 March 2020, were adopted. Furthermore, the shareholder representatives on Carl Zeiss Meditec AG's Supervisory Board resolved to contravene total fulfillment of the minimum ratio of women to men stipulated in Section 96 (2) AktG. Resolutions were also passed in connection with the departure of Management Board member Jan Willem de Cler and the extension of the Management Board contract of Justus Felix Wehmer.

Intensive work of the committees

In accordance with its Rules of Procedure, the Supervisory Board of Carl Zeiss Meditec AG has formed three 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	Audit Committee	Nominating Committee
» Dr. Karl Lamprecht (Chairman)	» Peter Kameritsch (Chairman)	» Dr. Christian Müller (Chairman)
» Tania von der Goltz	» Torsten Reitze	» Isabel De Paoli
» Dr. Christian Müller	» Cornelia Grandy (until 30 Mar 2022)	» Dr. Karl Lamprecht
	» Renè Denner (from 30 Mar 2022)	

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 for one meeting during the past fiscal year.

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 for four meetings in 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 did not hold any meetings in the period under review. No resolutions were passed for fiscal year 2021/22.

Individualized disclosure of meeting attendance

Supervisory Board member	Committees	Meeting attendance	Attendance in %
Dr. Karl Lamprecht			
(Chairman)	Plenary Supervisory Board	6/6	100%
	General and Personnel Committee	1/1	100%
	Nominating Committee	n/a as no meetings	n/a as no meetings
	Total	**7/7**	**100%**
Tania von der Goltz			
(Deputy Chairwoman)	Plenary Supervisory Board	6/6	100%
	General and Personnel Committee	1/1	100%
	Total	**7/7**	**100%**
Dr. Christian Müller			
	Plenary Supervisory Board	6/6	100%
	General and Personnel Committee	1/1	100%
	Nominating Committee	n/a as no meetings	n/a as no meetings
	Total	**7/7**	**100%**
Isabel De Paoli			
	Plenary Supervisory Board	6/6	100%
	Nominating Committee	n/a as no meetings	n/a as no meetings
	Total	**6/6**	**100%**
Peter Kameritsch			
	Plenary Supervisory Board	6/6	100%
	Audit Committee	4/4	100%
	Total	**10/10**	**100%**
Torsten Reitze			
	Plenary Supervisory Board	6/6	100%
	Audit Committee	4/4	100%
	Total	**10/10**	**100%**
Cornelia Grandy			
	Plenary Supervisory Board (until 30 Mar 2022)	0/2	0%
	Audit Committee (until 30 Mar 2022)	0/2	0%
	Total	**0/4**	**0%**
Brigitte Koblizek			
	Plenary Supervisory Board (from 30 Mar 2022)	4/4	100%
	Total	**4/4**	**100%**
Renè Denner			
	Plenary Supervisory Board	6/6	100%
	Audit Committee (from 30 Mar 2022)	2/2	100%
	Total	**8/8**	**100%**
Jeffrey Marx			
	Plenary Supervisory Board	6/6	100%
	Total	**6/6**	**100%**

Corporate governance and declaration of conformity
During the Supervisory Board Meeting on 5 December 2022 the Supervisory Board resolved upon the declaration of conformity pursuant to 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 https://www.zeiss.com/meditec-ag/investor-relations.html under "Corporate Governance".

Audit of the annual and consolidated financial statements 2021/ 22
The Annual General Meeting on 30 March 2022 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart, as auditor for the annual and consolidated financial statements.

Before making its candidate proposal to the Annual General Meeting, the Supervisory Board obtained a declaration of independence from the auditor. In this declaration EY 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 20 June 2022, the Supervisory Board engaged EY to audit all of the financial statements and management reports for fiscal year 2021/22, including the dependent company report on relationships with associated companies of Carl Zeiss Meditec AG pursuant to Section 312 AktG. On 4 August 2022, the Audit Committee passed a resolution on the focal points of the audit in fiscal year 2021/22.

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.

EY audited the annual financial statements and consolidated financial statements, as well as the associated management reports for fiscal year 2021/22, including the accounting, and issued all the financial statements with an unqualified audit certificate.

The annual financial statements and consolidated financial statements prepared by the Management Board to 30 September 2022, 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 5 December 2022, 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 annual financial statements prepared by the Management Board and the consolidated financial statements at its meeting on 5 December 2022. 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 5 December 2022.

In addition, a separately published non-financial consolidated report on the Carl Zeiss Meditec Group was submitted to the Audit Committee. The non-financial report was subjected to a voluntary business audit conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Munich, to obtain *limited assurance*. Pursuant to the recommendation of the Audit Committee, the Supervisory Board approves 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 releases 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 2021/22, 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 compensation for each of the transactions listed and that reportable measures were neither implemented nor omitted in the fiscal year. After conducting its audit EY 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 5 December 2022 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 one change to the composition of the Supervisory Board during the course of the past fiscal year. Cornelia Grandy's mandate ended on 30 March 2022. She decided not to stand for re-election to the Supervisory Board as an employee representative. At the election held on 15 March 2022, Brigitte Koblizek was elected to the Supervisory Board as an employee representative.

During the Supervisory Board meeting on 30 March 2022, which was held as a constituent meeting due to the election of all employee representatives, Peter Kameritsch was appointed Chairman and Brigitte Koblizek and Renè Denner were appointed as members of the Audit Committee. This meeting also resolved to keep the members of the General and Personnel Committee and the Nominating Committee the same.

There were two changes to the members of the Management Board of Carl Zeiss Meditec AG in fiscal year 2021/22. At the Supervisory Board meeting on 30 September 2021, the resolution was passed to terminate the appointment of Dr. Ludwin Monz as a member of the Management Board and Chief Executive Officer of Carl Zeiss Meditec AG by mutual agreement as of the end of 31 December 2021. In this context, it was resolved to appoint Dr. Markus Weber as a member of the Management Board of Carl Zeiss Meditec AG with effect from 1 January 2022, and he was simultaneously appointed Chairman of the Management Board. The entire Supervisory Board thanks Dr. Ludwin Monz for his high level of commitment for the development of Carl Zeiss Meditec AG.

Effective 30 September 2022, Jan Willem de Cler stepped down from the Management Board of Carl Zeiss Meditec AG. He was a member of the Management Board of Carl Zeiss Meditec AG from 2018 and was responsible for the Human Resources, Global Operations and Service departments, among others. I would like to thank Jan Willem de Cler on behalf of the entire Supervisory Board for all the work he has done on the Management Board and his long-standing achievements in the service of the Company. The Management Board of Carl Zeiss Meditec AG has thus consisted of two members since 1 October 2022: Dr. Markus Weber, President and CEO, and Justus Felix Wehmer, Chief Financial Officer.

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 the medical technology industry 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, 5 December 2022

On behalf of the Supervisory Board

Dr. Karl Lamprecht
(Chairman)

The Carl Zeiss Meditec AG share

Fiscal year 2021/22

General development of the capital market

The trend on the global stock markets during fiscal year was negative. A strong development in 2021 was followed by an increasingly volatile trend in 2022. Global production shrank in the second quarter of this year due to downturns in China and Russia, while consumer spending in the USA fell short of expectations. A number of shock waves have hit the global economy, which had already been weakened by the pandemic: an unexpectedly high inflation rate worldwide - particularly in the United States and the large European economies - which led to a deterioration of economic conditions; an unexpectedly sharp downturn in China, due to COVID-19 lockdowns; and further adverse effects of the war in Ukraine[1].

The German benchmark index, the DAX, fell by 20.1% to 12,114 points during fiscal year 2021/22. In the USA, the benchmark index S&P 500 also fell by around 17.6% to 3,589 points.

The MDAX and the TecDAX indices, whose stocks also include the Carl Zeiss Meditec AG share, were down by around 35% to 22,370 points and by around 27% to 2,671 points, respectively, as of 30 September 2022, compared with the start of the fiscal year.

The Carl Zeiss Meditec AG share price exhibited a similar trend to the market. The Carl Zeiss Meditec AG share finished trading at a closing price[2] of €107.45 on 30 September 2022. The decrease in the share's value since the beginning of fiscal year 2021/22 amounted to 33.7%.

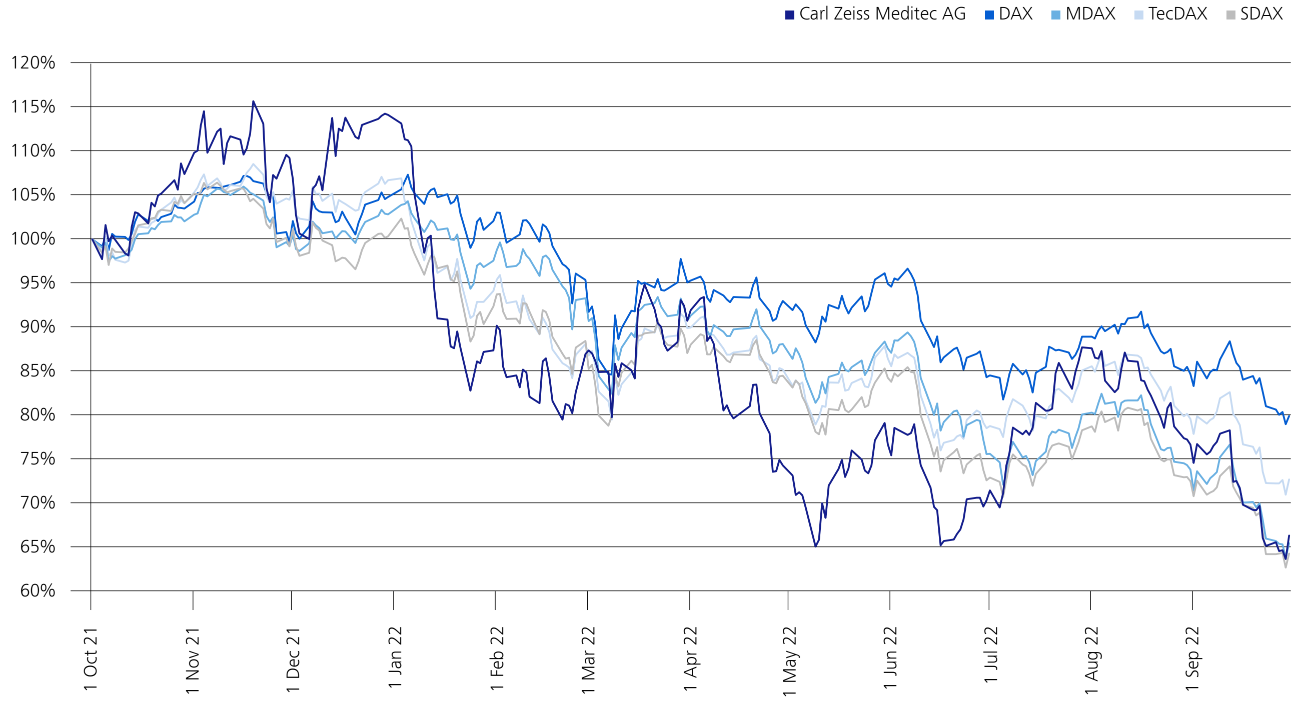
Performance of the Carl Zeiss Meditec AG share

The share's performance during fiscal year 2021/22 was negative. On the first day of trading of the new fiscal year, the Carl Zeiss Meditec AG share opened at a price of €163.80.

The share reached a peak price of €191.05 on 21 September 2021. At the end of the fiscal year, the Carl Zeiss Meditec AG share was traded at a closing price of €107.45.

[1]World Economic Outlook, IMF, July 2022
[2]Share price based on XETRA closing price (30 September 2022)

Relative performance of the Carl Zeiss Meditec AG share compared with the DAX, MDAX, SDAX and TecDAX indices
in the period from 1 October 2021 to 30 September 2022



Performance of Carl Zeiss Meditec AG share
in the period from 1 October 2021 to 30 September 2022

Market capitalization and trading volume

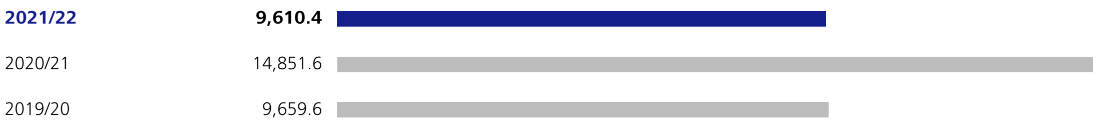
Carl Zeiss Meditec AG's market capitalization (product of shares issued multiplied by share price at the end of the reporting period) decreased year-on-year from €14,851.6m to €9,610.4m as of 30 September 2022. The trading volume (number of shares traded on XETRA multiplied by the respective closing price on the date on which they were traded) was €3,949.4m in fiscal year 2021/22 (prior year: €3,867.3m).

During the reporting period, an average of around 109,627 shares (prior year: 105,938 shares) of Carl Zeiss Meditec AG were traded each trading day.

The German MDAX share index is composed of 50 company stocks[3] 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 48th place for market capitalization as of 30 September 2022 (prior year: 44th place) out of 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 7th place for market capitalization as of 30 September 2022 (prior year: 7th place).

Market capitalization of Carl Zeiss Meditec AG as of 30 September 2022, 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, we are in contact with 14 analyst firms. Based on the assessments of the past six months, the analysts have put the current average price target at €157.43 (as of 30 September 2022).

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

Dividend policy

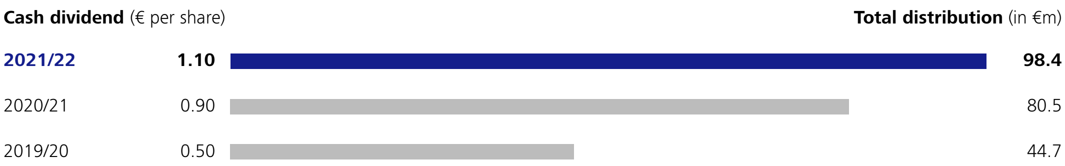
Carl Zeiss Meditec AG pursues the goal of a continuous, profit-driven dividend policy. The Company aims to adhere to this strategy in future and to continue to allow shareholders to participate to an appropriate extent in the Company's success.

The reference for the regular dividend is a dividend ratio that generally equates to around one third of consolidated net income after non-controlling interests for the fiscal year just ended. On 22 March 2023, therefore, the Management Board and the Supervisory Board of Carl Zeiss Meditec AG shall propose to the Annual General Meeting the distribution to shareholders of a regular dividend of €1.10 per share for fiscal

[3] The rules of composition have been revised significantly from December 2020 to September 2021. With the expansion of the DAX to 40 companies the MDAX has been reduced to 50 stocks.

year 2021/22 (prior year: €0.90). This would equate to a total distribution of €98.4m (prior year: €80.5m) and a payout ratio of 33.4% (prior year: 34.1%). The dividend return (ratio of dividend per share to closing price on 30 September 2022) would be 1.0% (prior year: 0.5%)

Development of the dividend for the Carl Zeiss Meditec AG share[4]



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. According to the Company’s knowledge, the remaining 40.9% are in free float. In the voting rights announcement dated 19 October 2020, Capital Group Companies, Inc., Los Angeles, USA, informed the Company that the share of voting rights held by its subsidiary Capital Research and Management Company in Carl Zeiss Meditec AG exceeded the reporting threshold of 5% on 15 October 2020, resulting in a share of 5.04% (4,511,021 ordinary shares) from this date.

Investor relations

Providing all investors with comprehensive, transparent and up-to-the-minute information was once again the focus of investor relations work in fiscal year 2021/22, with the aim of boosting 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 through the Investor Relations department. During the fiscal year under review, roadshows and conferences were held in person and as video conferences, partly due to the travel restrictions imposed as a result of the COVID-19 pandemic. The Company also held regular conferences on the interim financial statements, as well as numerous one-on-one and group meetings with institutional and private investors.

In addition, the Annual General Meeting gives all shareholders the opportunity to exert a direct influence and ask Carl Zeiss Meditec AG's Management Board questions directly. In the fiscal year under review, the Annual General Meeting on 30 March 2022 was once again held as a virtual meeting. 83.47% of the voting share capital was represented at this meeting.

[4]Amount of dividend for 2021/22 proposed by the Supervisory Board and the Management Board of Carl Zeiss Meditec AG.

Listing and trading on the MDAX and TecDAX

Carl Zeiss Meditec AG share	
Index	MDAX, TecDAX
Segment	Prime Standard
ISIN	DE0005313704
Trading volume	Average 109,627 shares/trading day
Total shares placed	89,440,570
Price performance	
Share price at beginning of fiscal year 2021/22 (1 Oct 2021)	€161.95
Share price at end of fiscal year 2021/22 (30 Sep 2022)	€107.45
Share price on 25 November 2022	€132.95
Highest price in fiscal year 2021/22	€191.05
Lowest price in fiscal year 2021/22	€101.75
Shareholder structure	
Free float	40.9%
Carl Zeiss AG	59.1%
Valuation	
Market capitalization of share capital as of 25 November 2022	€11,891.1m
Market capitalization of free float as of 25 November 2022	€3,529.5m
Designated sponsor	
	ODDO BHF Corporates & Markets AG

Summary management report
for fiscal year 2021/22

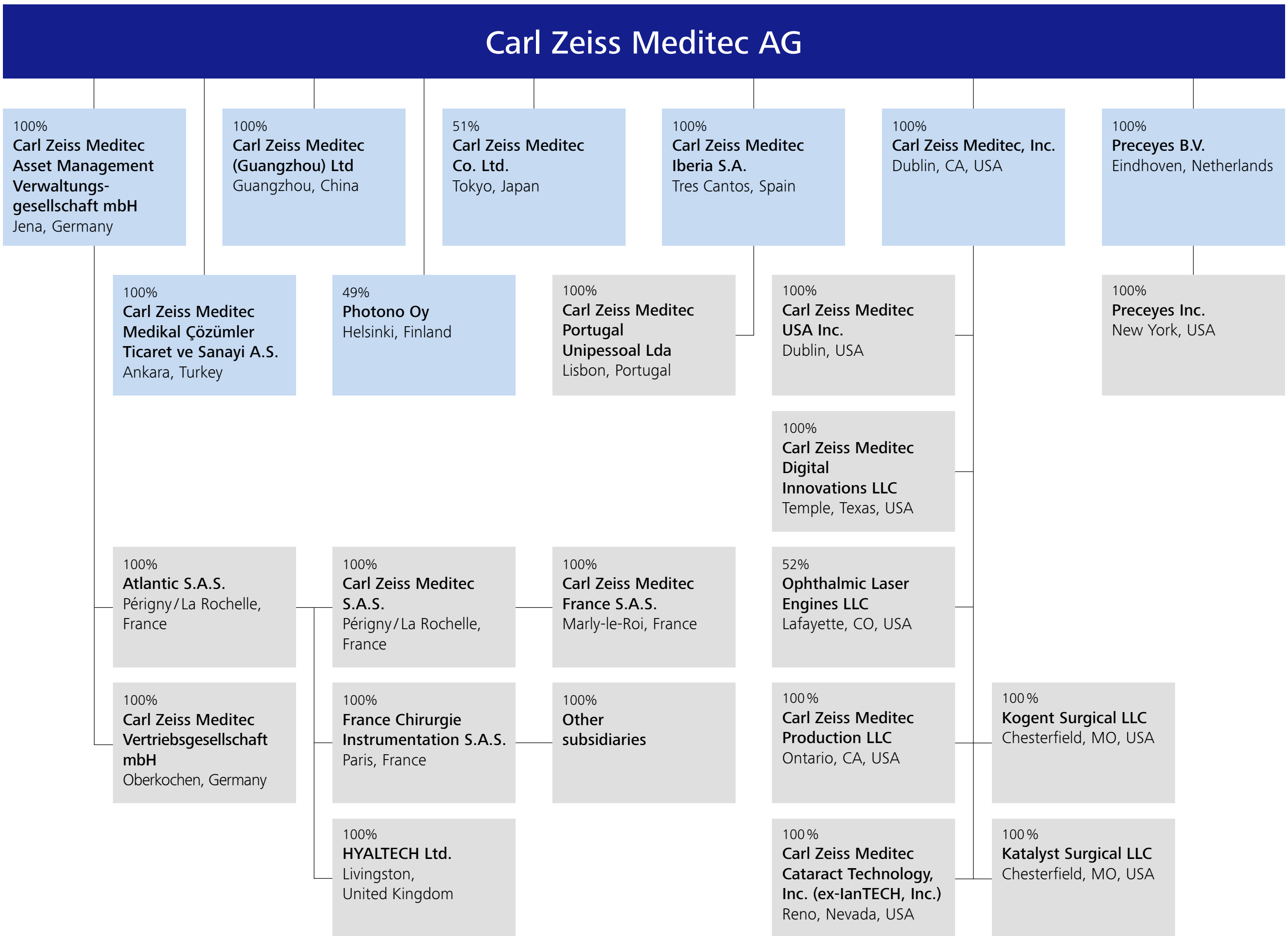
CARL ZEISS MEDITEC GROUP

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 holdings of the Carl Zeiss Meditec Group as of 30 September 2022 are presented in the chart below:

Holding structure of the Carl Zeiss Meditec Group as of 30 September 2022



With regard to the consolidated group and the structure of its consolidated financial statements in fiscal year 2021/22 the following changes occurred in fiscal year 2021/22: On 10 March 2022, Carl Zeiss Meditec AG, Germany, acquired 100% of the shares in Preceyes B.V., Eindhoven, Netherlands. Preceyes B.V. is a company specializing in the development of products and procedures in the field of ophthalmic surgery and will therefore be integrated into the Ophthalmic Devices strategic business unit.

Furthermore, Carl Zeiss Meditec, Inc., Dublin, California, USA acquired Katalyst Surgical LLC, Chesterfield, Missouri, USA, and Kogent Surgical LLC, Chesterfield, Missouri, USA, on 14 April 2022. Katalyst Surgical LLC is a company that develops and produces solutions and instruments for ophthalmic surgery. Katalyst Surgical LLC will be integrated into the Ophthalmic Devices strategic business unit. Kogent Surgical LLC will be integrated into the Microsurgery strategic business unit, as it develops technological solutions and instruments in the microsurgical field.

Markets

With its headquarters in Jena (Germany) and additional plants and subsidiaries in Germany, France, Spain, the USA, Japan and China, among others, 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, with 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 around 29 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 field of activity of the Carl Zeiss Meditec Group is essentially divided into two main areas or Strategic Business Units (SBU). The division of the strategic business units is based on the fields of application and customer groups within ophthalmology and microsurgery. Therefore, a distinction is made between the **Ophthalmic Devices** (OPT) SBU and **Microsurgery** (MCS) SBU.

Ophthalmic Devices
Conditions such as ametropia (refraction), cataracts, glaucoma and retinal disorders, the incidence of which increases with age and can become chronic, are treated in ophthalmology.

Various workflows were designed according to the clinical conditions in order to adapt these treatments to the needs of the customers and patients. These workflows focus on clinical proceduress in hospitals and surgery centers and provide a link for the application of necessary devices and consumables. Thus, the workflow solutions offer an approach that goes beyond the individual use of device. The workflows within ophthalmology comprise a total of four steps. These individual steps range from a holistic process from diagnosis (Assess & Educate) to planning (Plan) as well as execution (Treat) of the procedure itself to follow-up (Check).

For the diagnosis, treatment and monitoring of chronic eye diseases, the Carl Zeiss Meditec Group offers equipment for general ophthalmic examination and care. The product range includes slit lamps, refractometers, tonometers as well as devices for optical coherence tomography (OCT) and fundus cameras, used for the examination of the retina in hospitals and practices. In addition, the Company offers equipment for functional diagnostics (perimeters). Digital products for the storage, evaluation and sharing of clinical data complement the product range. The offering for surgical ophthalmology includes surgical microscopes, biometers and phacoemulsification or vitrectomy devices. In the microincision surgery portfolio, the Carl Zeiss Meditec Group offers intraocular lenses (IOL) for cataract patients. The product portfolio in the area of refractive surgery primarily includes systems and consumables for refractive surgery. This includes the SMILE® lenticule extraction procedure for the correction of vision defects using a minimally invasive procedure.

Microsurgery
In the Microsurgery strategic business unit the Carl Zeiss Meditec Group provides products and solutions for minimally invasive surgical treatments. Customers include clinics and practices for neurosurgery 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, for example with fluorescence modules.

For neurosurgery, the Carl Zeiss Meditec Group offers a workflow solution that supports surgical procedures beyond visualization: The ZEISS Tumor Workflow combines ZEISS technologies for visualization, tissue analysis and intraoperative radiation therapy. In addition to the use of robotic visualization systems and the intraoperative radiation device, multidisciplinary treatment of brain tumors is also possible by enabling consultation of medical professionals via remote access to in vivo images to support the surgeon directly in the operating room. Thus, a digital biopsy and direct interaction between neurosurgery and neuropathology can take place. Via the cloud-based workstation, pathology can view live, real-time images acquired during surgery with cellular resolution.

Group strategy

The Carl Zeiss Meditec Group is an internationally active medical technology group in the field of ophthalmology and microsurgery. The Group's goal is to use new technologies to shape healthcare in a way that promotes progress in medicine and supports digital transformation. The Carl Zeiss Meditec Group strives to make cutting-edge technology in medical application accessible for practitioners and patients and to establish new benchmarks (gold standards) in diagnostics and therapy. A deep understanding of the challenges faced by customers and a range of services tailored to them are therefore key prerequisites for the Group's long-term success.

In order to make customers' workflows more efficient and at the same time increase quality, the Carl Zeiss Meditec Group offers integrated solutions. The meaningful networking of devices and systems in practices and clinics plays an important role here by providing a digital environment that offers the possibility of networking ZEISS products and solutions and using digital technologies with a variety of new applications. The basis for this is a cloud as a platform on which health data can be securely managed and workflows supported by intelligent algorithms, with the aim of achieving good treatment results. In addition to close cooperation with customers and digital networking, continuous investment in research and development (R&D) is key to securing the company's technology base.

Corporate governance

The central governing bodies within the Carl Zeiss Meditec Group are the Management Board and the Executive Committee. The Executive Committee is formed from the members of the Management Board of Carl Zeiss Meditec AG and the heads of the two strategic business units Ophthalmic Devices and Microsurgery. The management levels below the Executive Committee perform their management responsibilities in accordance with the organizational structure across regions and company locations. Cross-organizational functions, such as Finance, Communications or Human Resources, for example, are managed centrally. The strategies and projects are implemented locally at the country organizations in accordance with the respective prevailing laws, rules of procedure and bylaws, and the applicable corporate values and principles.

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 ("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®)[1], Free Cash Flow (FCF)[2], the EBIT margin and revenue growth. These control ratios define the balance between growth, profitability and financial power, upon which sustainable growth of the Company is built. These key 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.

BUSINESS REPORT

Underlying conditions for business development

Macroeconomic conditions[3]
Fiscal year 2021/22 continued to be impacted by the COVID-19 pandemic, although to varying degrees depending on the region. While the situation in Europe continued to ease, the situation in the APAC region remained tense. In particular, the containment strategy against the COVID-19 pandemic in China led to production stoppages and the closure of entire factories and port facilities, which weighed on the Chinese and global economies. Beyond the existing capacity and supply bottlenecks, the war in Ukraine led to a shortage of supply and, consequently, to a massive increase in the price of grain, energy and, in particular, natural gas,

[1] Calculation: EVA® = operating result (EBIT) after taxes (consolidated tax rate 29.87%) plus write-downs on intangible assets arising from purchase price allocations in the amount of €8.6m less cost of capital in the amount of €81.7m for fiscal year 2021/22. (calculation of cost of capital: average capital employed, adjusted for write-downs on intangible assets arising from purchase price allocations ("gross" asset basis) (2021/22: €1,186.0m), multiplied by the cost of capital rate (2021/22: 6.9%)).
[2] 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 (including additions in rights of use) and intangible assets + write-downs on intangible assets and property, plant and equipment - acquisition of investments.
[3] IMF, World economic outlook update, July 2022

for example. While global economic growth has steadily deteriorated over the course of the year, global inflation increased. This resulted in the U.S. Federal Reserve and the ECB significantly raising the base rate during the year.

Situation in the medical technology industry

The medical technology industry has grown continuously over the past number of decades. The Company and other industry players consider future economic development to be predominantly positive. Growth drivers are rapid medical progress, the aging population due to demographic development and global population growth. A distinction should be made here between western industrialized nations and growth markets. The increase in chronic diseases also continues to point to strong and steady growth of medical technology.

A rising per capita income is, in the Company's opinion, a favorable precondition for growing demand for basic medical care in fast-growing economies. Added to this is the growing willingness in developed markets to make use of high-quality services. Due to the continuous increase in patients affected by age-related illnesses, the need for comprehensive, high-quality health care shall increase in equal measure. An increased demand from patients and a strong willingness of self-payers to make use of premium services also play a major role from the Company's perspective.

The greatest future opportunities lie especially in the fields of digitalization and artificial intelligence (AI). These areas also pose major challenges at the same time. In terms of product development and licensing, increasing regulation and varying regional regulatory requirements are posing growing challenges. Equally high are the requirements for manufacturers and for products and solutions that both increase workflow efficiency for customers and offer more effective treatment methods for patients. At the same time, the cost pressure in the health care systems is leading to price-driven competition.

The management anticipates further growth in the long term, in both microsurgery and ophthalmology, as the demand for diagnostic and therapeutic devices and systems and for implants and consumables will increase further due to rising numbers of cases.

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 the Company's estimates, the market had a global volume of around USD47.9b (about €40.1b[4]) in 2021. The Company'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 USD13.2b (around €11.0b[4]) in 2021. On this basis, the Company estimates its market share by revenue in 2021 at around 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 ophthalmic instruments grew significantly by around +19% in 2021 compared with the prior year, which had been dominated by the global COVID-19 pandemic. 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, compared with the prior year.

[4] At the average rate for fiscal year 2020/21 (€1 = USD1.1954)

b) Market for microsurgery products

Aside from ophthalmology the Company also operates in the microsurgery market. Surgical microscopes are a subsection of this market. Applications are particularly in neuro/ENT surgery, as well as other areas, such as spinal, OMF, plastic and reconstructive and dental surgery.

According to the Company's estimates, this product segment has a total revenue volume of around USD0.7b (around €0.6b)[5].

With an estimated market share of over 50% in terms of revenue, the Carl Zeiss Meditec Group is the largest supplier in this field and the clear market leader.

Following a significant market decline in 2020 due to the global COVID-19 pandemic, the market recorded a moderate recovery effect in 2021 and has now returned to pre-crisis level 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.

Overall assertion on the financial position of Carl Zeiss Meditec Group at the end of the fiscal year

With revenue of €1,902.8m (prior year: €1,646.8m) and growth of 15.5% (adjusted for currency effects: 13.3%), the Carl Zeiss Meditec Group clearly achieved its most recent revenue forecast of at least around €1.8b for fiscal year 2021/22. Both strategic business units contributed to this positive development of revenue.

The **Ophthalmic Devices** SBU generated revenue of €1,469.3m (prior year: €1,255.7m), which equates to growth of 17.0% (adjusted for currency effects: 15.0%), thus significantly exceeding market growth, which was estimated in the low to mid-single-digit percentage range. This increase is particularly attributable to a strong consumables business. There was good demand for refractive lasers, Surgical Ophthalmology and Ophthalmic Diagnostics also contributed to this growth.

The **Microsurgery** SBU generated revenue of €433.6m (prior year: €391.1m) which equates to growth of 10.9% (adjusted for currency effects: 7.8%), compared with the prior year. The SBU therefore surpassed market growth significantly, which was estimated to be in the low to mid-single-digit percentage range.

Earnings before interest and taxes (**EBIT**) increased to €396.9m (prior year: €373.6m). Relative to revenue, the Carl Zeiss Meditec Group achieved an EBIT margin of 20.9% (prior year: 22.7%), thus clearly meeting the target of the forecast range of 19-21%. A more favorable product mix with a high proportion of recurring revenue continued to make a positive contribution to the development of the EBIT margin. A curbing effect was had by the planned higher sales and marketing expenses as a result of the fading effects of the COVID-19 pandemic, particularly in connection with the launch of new products, higher research and development expenses, as well as higher procurement costs due to the strained global supply chains.

In the **Ophthalmic Devices** strategic business unit, the EBIT margin declined as anticipated compared with the prior year, due to the planned investments in Sales and Marketing and Research and Development. In addition, higher procurement costs had an adverse effect. On the other hand, the favorable development of the product mix had a positive effect once again, due to a higher proportion of consumables. The Company also benefited from currency effects. The EBIT margin of the **Microsurgery** strategic business unit was also down slightly compared with the prior year – with in particular higher procurement costs having an adverse effect here.

[5] At the average rate for fiscal year 2020/21 (€1 = USD1.1954).

Operative cash flow (cash flows from operating activities) in fiscal year decreased year-on-year to €188.2m (prior year: €362.7m), in spite of the strong earnings performance. The higher cash outflow is mainly due to the build-up of safety stocks and the change in trade receivables.

Free cash flow decreased in fiscal year to €251.1m (prior year: €380.7m). EVA® decreased from €214.1m in the prior year to €205.2m.

In order to maintain its innovative strength and ensure future growth, the Company continuously invests in Research and Development. In fiscal year 2021/22 R&D spending amounted to 15.3% of revenue (prior year: 14.1%).

The Carl Zeiss Meditec Group's financial position remained solid.

Comparison of actual business development with forecast development in fiscal year 2021/22

	Results 2021/22	Forecast 2021/22
Revenue of Carl Zeiss Meditec Group	€1,902.8m	At least in line with market growth in the low to mid single digits
Revenue growth of Ophthalmic Devices SBU	+17.0%	Growth at least in low to mid-single-digit percentage range
Revenue growth of Microsurgery SBU	+10.9%	Growth at least in low to mid-single-digit percentage range
EBIT margin	20.9%	Within 19-21%
Cash flows from operating activities	€188.2m	At least low three-digit million amount
Research and development expenses (see prior year)	+25.6%	Increase by at least a high single-digit percentage amount
Free cash flow (FCF)	€251.1m	At least low three-digit million amount
Economic Value Added® (EVA®)	€205.2m	Slightly below the level of fiscal year 2020/21

Results of operations

Presentation of results of operations

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

	2021/22	2020/21	Change
Revenue	1,902.8	1,646.8	+15.5%
Gross margin	59.3%	58.7%	+0.6% pts
EBIT	396.9	373.6	+6.2%
EBIT margin	20.9%	22.7%	-1.8% pts
Earnings before income taxes	403.5	339.1	+19.0%
Tax rate	26.7%	29.9%	-3.2% pts
Consolidated profit after non-controlling interests	293.9	236.3	+24.4%
Earnings per share after non-controlling interests	€3.29	€2.64	+24.4%

Revenue

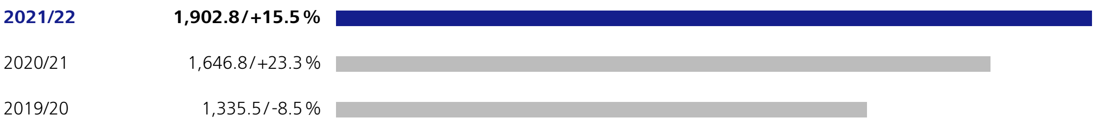
In fiscal year 2021/22, the Carl Zeiss Meditec Group increased its revenue significantly by 15.5%, to €1,902.8m (prior year: €1,646.8m). Both strategic business units contributed, as did all regions, with the strongest growth rates achieved in the APAC region, in particular in China. China was the largest single market for the

Company in fiscal 2021/22. Currency effects had a slightly positive effect, with currency-adjusted growth amounting to +13.3%.

Given the bottlenecks in the global supply chains, there was a significant increase in procurement expenses and the production and delivery time in the equipment business. Both strategic business units were affected by this. Orders received therefore increased even more significantly than revenue in fiscal year 2021/22, from €1,731.0m to €2,251.4m (+30.1%; adjusted for currency effects: +27.7%).

The war in Ukraine further aggravated the existing supply situation. A joint venture of the ZEISS Group in Belarus, which manufactures opto-electronic components to order for Carl Zeiss Meditec AG, was also particularly affected by this. Production volumes remained below normal operations in the second half of 2021/22. In order to cushion potential further delivery risks, intensive work is being done to increase the number of second-source suppliers and build up safety stocks. This situation is continuously re-evaluated. To date, there have been no significant sales shortfalls in connection with this supply relationship.

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

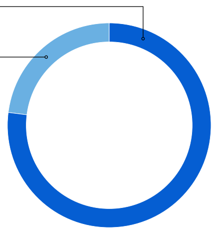


a) Revenue by strategic business unit

The strategic business unit **Ophthalmic Devices** accounted for more than three quarters (77.2%) of the Carl Zeiss Meditec Group's total revenue in the fiscal year under review (prior year: 76.3%). The strategic business unit **Microsurgery** generated 22.8% (prior year: 23.7%) of total revenue.

Share of strategic business units in revenue of the Carl Zeiss Meditec Group in fiscal year 2021/ 22

Ophthalmic Devices	**77.2%**
Microsurgery	**22.8 %**



Revenue in the SBU **Ophthalmic Devices** was significantly higher than the prior year, increasing by +17.0% (adjusted for currency effects: +15.0%) to €1,469.3m (prior year: €1,255.7m). Once again, the refractive laser business proved to be a growth driver, benefiting in particular from high levels of procedure-dependent revenue, as well as Surgical Ophthalmology.

Consumables and services (recurring revenue) contributed significantly to growth in fiscal year 2021/22. Recurring revenue increased to 45.9% of the Carl Zeiss Meditec Group's total revenue for fiscal year 2021/22 (prior year: 41.0%). Stockpiling of consumables of the Carl Zeiss Group sales company in China also contributed to this, with a contribution in the mid-double-digit million range, the majority of which took place in the last quarter of fiscal year 2021/22, serving, in particular, to provide for possible future lockdowns as a result of the Zero-COVID-Policy in China.

Orders received increased from €1,318.8m to €1,721.2m, which also surpassed revenue growth (+30.5%; adjusted for currency effects: 28.3%). In addition to strong demand, this is also attributable to the increase in production and delivery time in the equipment business due to shortages in the global supply chains and in materials procurement.

Revenue in the SBU **Microsurgery** amounted to €433.6m for fiscal year 2021/22, an increase of +10.9% compared with the prior year (prior year: €391.1m). Adjusted for currency effects, this revenue growth amounted to +7.8%. Sales of the visualization system KINEVO® 900 in neurosurgery, in particular, continued to develop well.

Orders received in Microsurgery have recently been developing disproportionately to revenue and increased by 28.6% (adjusted for currency effects: 25.7%) from €412.2m to €530.2m. In addition to strong demand, this is also attributable to the increase in production and delivery time in the equipment business, due to strained supply chains, and in materials procurement.

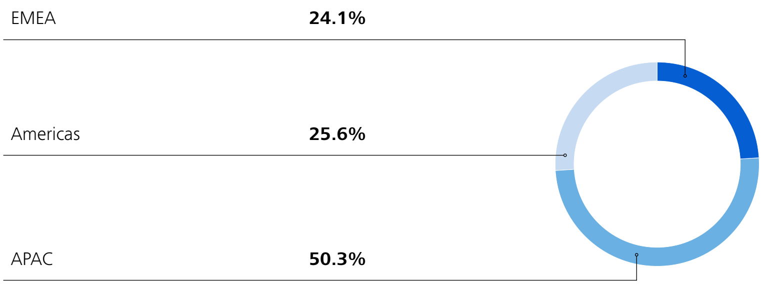
Revenue by strategic business unit

	2021/22	2020/21	Change in %	
	€m	€m		Adjusted for currency effects
Ophthalmic Devices	1,469.3	1,255.7	+17.0	+15.0
Microsurgery	433.6	391.1	+10.9	+7.8
Carl Zeiss Meditec Group	**1,902.8**	**1,646.8**	**+15.5**	**+13.3**

b) Revenue by region

In fiscal year 2021/22, 50.3% (prior year: 46.5%) of total revenue was generated in the **APAC** region. The **EMEA** region accounted for 24.1% (prior year: 26.2%) of total revenue, while the Americas region accounted for 25.6% (prior year: 27.3%).

Share of the regions in revenue of the Carl Zeiss Meditec Group in fiscal year 2021/ 22



Revenue in the **EMEA** region increased by +6.1%, from €432.6m to €459.1m. After adjustment for currency effects, this Increase amounted to +6.5%. The core markets Germany, France and the countries of Southern Europe, especially, and the UK, achieved solid growth. Orders received in the core European markets continued on a positive trend.

Revenue in the **Americas** region increased by +8.4% from €448.9m to €486.8m, due to positive currency effects (adjusted for currency effects: -0.1%). Revenue in the USA developed at a constant level, while Latin America showed accelerated growth. Orders received in the USA continued to grow upward.

Revenue in the **APAC** region increased significantly thanks to good contributions to growth, especially from India and China, the most important single market in the region. The stockpiling of consumables by the Carl Zeiss Group sales company in China, with a contribution in the mid-double-digit million range, mostly in the last quarter of the fiscal year, to provide for potential future lockdowns as a result of the Zero-COVID-Policy in China, also contributed to this positive trend. With revenue growth of +25.0% (adjusted for currency effects: 25.0%), revenue amounted to €956.9m (prior year: €765.3m. India, China, Japan and Southeast Asia recorded a high level of orders received.

Revenue of the Carl Zeiss Meditec Group by region

	2021/22	2020/21	Change in %	
	€m	€m		Adjusted for currency effects
EMEA	459.1	432.6	+6.1	+6.5
Americas	486.8	448.9	+8.4	-0.1
APAC	956.9	765.3	+25.0	+25.0
Carl Zeiss Meditec Group	**1,902.8**	**1,646.8**	**+15.5**	**+13.3**

Gross profit

Gross profit in fiscal year 2021/22 amounted to €1,127.6m (prior year: €967.2m). The gross margin reached 59.3% in the reporting period (prior year: 58.7%). The strong revenue growth and a favorable product mix with a higher proportion of case-number-dependent business, particularly in the Ophthalmic Devices SBU, contributed to a positive margin trend, in spite of significantly higher procurement costs in the equipment business.

Functional costs

Functional costs amounted to €729.4m in the fiscal year under review (prior year: €596.0m), a significant increase of 22.4%. The increase is mainly attributable to higher sales and marketing expenses in light of the scheduled launch of new products and the return to face-to-face sales and intensive travel activities. Increased research and development expenses and non-capitalizable IT costs for the introduction of a new ERP system also had a negative impact. The share of functional costs in revenue increased from 36.2% in the year-ago period to 38.3%.

» **Selling and marketing expenses:** Selling and marketing expenses increased from €303.2m in the prior year to €360.2m. The ratio of expenses to the Carl Zeiss Meditec Group's total revenue also increased slightly compared with the prior year, to 18.9% (prior year: 18.4%). The basis of comparison in the prior year was relatively low, particularly for sales-related fair, advertising and travel activities, due to the COVID-19 pandemic among other things.

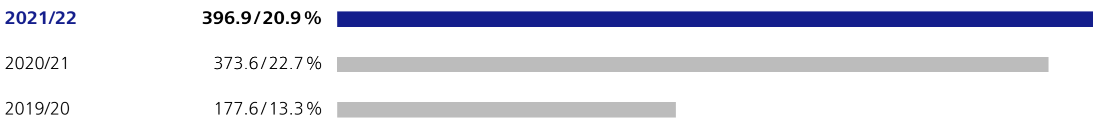
» **General and administrative expenses:** Expenses in this area amounted to €77.9m (prior year: €60.7m). Relative to revenue, the share of general administrative expenses increased compared to the prior year to 4.1%, partly due to the increase in personnel (prior year: 3.7%).

» **Research and development expenses:** The Carl Zeiss Meditec Group continuously invests in Research and Development (R&D) to further develop its product portfolio and ensure further growth. R&D expenses increased as planned in the reporting period, to €291.4m (prior year: €232.1m). Investments in digitalization, especially, and in the area of surgical ophthalmology played a particular role in this. The R&D ratio increased to 15.3%, which is higher than the prior year (prior year: 14.1%).

Development of earnings

The Carl Zeiss Meditec Group generated earnings before interest and taxes of €396.9m in the reporting period (prior year: €373.6m), which is an increase of 6.2% compared with the prior year. This corresponds to an EBIT margin of 20.9% (prior year: 22.7%). A favorable product mix with a high proportion of recurring revenue contributed positively to the development of the EBIT margin, while significantly higher procurement costs and the planned higher selling and marketing expenses, especially due to the launch of new products and higher research and development expenses, had a curbing effect.

EBIT in €m/EBIT margin in %



EBIT in fiscal year 2021/ 22 included negative effects due to write-downs from purchase price allocations (PPA), in the amount of €8.6m (prior year: €7.5m)

Overview of effects of purchase price allocations and other operating result[6]

	2021/22	2020/21	Change
	€m	€m	in %
EBIT	396.9	373.6	+6.2
Effects of purchase price allocations	-8.6	-7.5	+14.7
Other operating expenses	-1.3	+2.4	-154.2
Total effects	**-9.9**	**-5.1**	**+94.1**

In the Ophthalmic Devices strategic business unit, the EBIT margin remained at an attractive level, due in particular to a more favorable product mix with a higher proportion of case-number-dependent revenue, taking the planned higher operating costs into account at the same time. At 20.7% (prior year: 22.9%), it was slightly lower than the EBIT margin for the Company as a whole. Although the EBIT margin in the strategic business unit Microsurgery decreased slightly to 21.5% (prior year: 22.0%), it was still slightly higher than the EBIT margin for the Group as a whole. This was mainly due to higher procurement costs in connection with supply chain bottlenecks.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €466.6m for the fiscal year under review (prior year: €435.2m). The EBITDA margin amounted to 24.5% (prior year: 26.4%).

Net interest income and interest expenses amounted to €4.2m in the reporting period (prior year: €-7.0m). Interest expenses mainly include the annual interest cost of the liability arising from the contingent purchase price obligation for Carl Zeiss Meditec Cataract Technology, Inc. as well as the adjustment of capital costs for the measurement of this liability.

Currency effects amounting to €-48.6m arose within the financial result in fiscal year 2021/22 as a result of foreign currency losses on hedges (prior year: currency effects of €-25.1m due to foreign currency losses on currency hedges), due in particular to fluctuations in the exchange rate between the euro and the CNY and the USD. Conversely, there was additional income in the other financial result of €51.6m in fiscal year 2021/22,

[6] Write-downs on intangible assets arose from the purchase price allocations (PPA), mainly in connection with the acquisitions of Aaren Scientific, Inc. in fiscal year 2013/14, Carl Zeiss Meditec Cataract Technology, Inc. in fiscal year 2018/19 and Katalyst Surgical LLC and Kogent Surgical LLC in the current fiscal year. In addition, the negative special effects in fiscal year 2021/22 mainly resulted from donations for humanitarian and scientific purposes in the Ukraine.

mainly arising from the remeasurement of the contingent purchase price obligation from the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. (prior year: €-1.7m).

The tax rate for the reporting period was 26.7% (prior year: 29.9%). The change mainly results from the remeasurement of the contingent purchase price obligation from the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. which led to 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 €293.9m for fiscal year 2021/22 (prior year: €236.3m). Non-controlling interests accounted for €2.0m (prior year: €1.2m). In fiscal year 2021/22, basic earnings per share of the parent company amount to €3.29 (prior year: €2.64).

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 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. The Company therefore operates a global financial management system that covers all of its subsidiaries and is centrally organized at Group level. 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 simple futures trading. Details on this can be found in the notes to the consolidated financial statements under "(2) (h) Financial instruments", "(27) Additional disclosures on financial instruments", "(37) Financial risk management", "(2) (u)" and "(35) Related party disclosures" and in the annual financial statements of Carl Zeiss Meditec AG under "(4) Information and explanatory notes on accounting and valuation principles", paragraph "Derivative financial instruments" and "(8) Receivables from affiliated companies".

Financial management
The ratio of liabilities to equity amounts to 39.0% as of 30 September 2022 (prior year: 42.8%).

The Company's dynamic gearing ratio was -0.7 years[7] for fiscal year 2021/22, at a similar level as in the prior year.

The interest coverage ratio, i.e., the coverage of interest income by the operating result before depreciation and amortization (EBITDA), amounted to -127.6 (prior year: 55.8).

Cash inflows generated from operating activities provide another important source of financing for the Carl Zeiss Meditec Group. Furthermore, the Company has the option to assume loans, either from the treasury of Carl Zeiss AG or from banks.

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

For further information on the financial liabilities of the Carl Zeiss Meditec Group please refer to note "(24) Non-current financial liabilities", "(25) Current accrued liabilities" and "(26) Other current non-financial liabilities" in the accompanying notes to the consolidated financial statements and in the annual financial statements of Carl Zeiss Meditec AG under "(8) Receivables from affiliated companies" and "(14) 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.

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

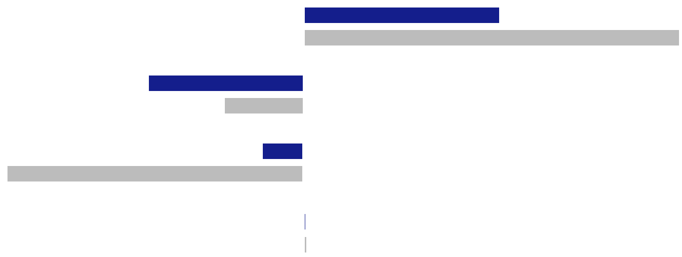
The Carl Zeiss Meditec Group's statement of cash flows shows the origins and utilization of the cash flows during a fiscal year. A distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

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 30 September 2022. 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

2021/22 2020/21

	2021/22	2020/21
Cash flows from operating activities	**188.2**	362.7
Cash flows from investing activities	**-148.9**	-75.2
Cash flows from financing activities	**-38.2**	-285.9
Change in cash and cash equivalents	**0.3**	1.2



Cash flows from operating activities amounted to €188.2m in the fiscal year under review (prior year: €362.7m). The increase in net profit, which included non-cash income from the change in the fair value of contingent purchase price liabilities amounting to €53.7m, had a positive effect. The higher cash outflow compared with the prior year resulted mainly from the build-up of safety stocks in light of the supply chain difficulties, a slightly higher increase in trade accounts receivable and a comparatively reduced increase in trade accounts payable. Higher tax payments and a stronger year-on-year increase in other assets (due to an increase in active forward exchange contracts and non-income taxes) had the same effect.

Cash flows from investing activities amounted to €-148.9m in fiscal year 2021/22 (prior year: €-75.2m) and are primarily attributable to a cash outflow resulting, among other things, from the expansion of production capacities for surgical consumables as well as the acquisition of Preceyes B.V. Eindhoven, Netherlands and the acquisition of Kogent Surgical LLC and Katalyst Surgical LLC, each in Chesterfield, USA.

Cash flows from financing activities amounted to €-38.2m in the fiscal year under review (prior year: €-285.9m). The lower cash outflow in fiscal year 2021/22 is mainly attributable to an decrease in treasury receivables from the treasury Carl Zeiss AG. This was offset by the dividend payment of €80.5m (prior year: €44.7m).

Free cash flow in fiscal year 2021/22 amounted to €251.1m (prior year: €380.7m), due primarily to the increase in net current assets compared with the prior year. **Net cash**[8] also decreased slightly to €885.6m (prior year: €939.9m).

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. For this reason, investments in property, plant and equipment are comparatively low. One exception, however, 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[9] in property, plant and equipment (cash) to consolidated revenue. In fiscal year 2021/22, it was 2.2% (prior year: 1.8%).

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) (f) Other intangible assets" and "(2) (g) Property, plant and equipment" in the accompanying notes to the consolidated financial statements and in note "(5) Fixed assets" in the annual financial statements of Carl Zeiss Meditec AG.

[8] Includes receivables from and liabilities to the treasury of the ZEISS Group, as defined in the following table "Key ratios relating to financial position".

[9] In fiscal year 2021/22, investments in property, plant and equipment (cash) totaled €42.8m, compared with €30.1m the prior year.

Key ratios relating to financial position

Key ratios relating to financial position

		30 Sep 2022	30 Sep 2021	Change
Key ratio	Definition	€m	€m	in %
Cash and cash equivalents	Cash-in-hand and bank balances	7.7	7.4	+4.1
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	885.6	939.9	-5.8
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	366.9	216.0	+69.9
Working capital	Current assets ./. current liabilities	1,252.5	1,155.9	+8.4

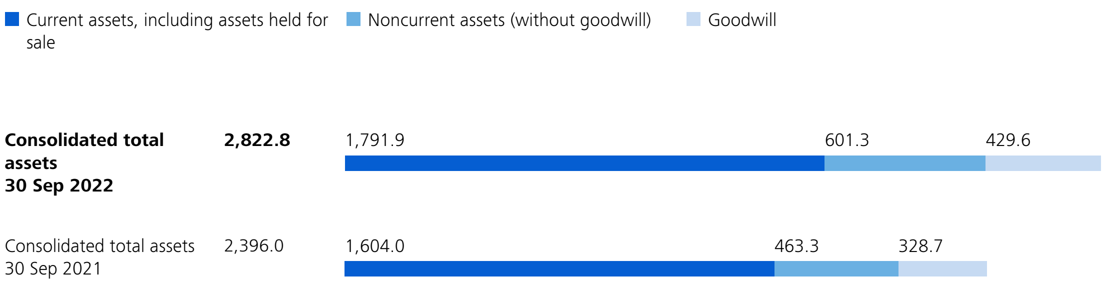
Key ratio	Definition	**2021/22**	2020/21	Change
Cash flow per share	Cash flows from operating activities Weighted average of shares outstanding	€2.10	€4.05	-48.1%
Capex ratio	Investment (cash) in property, plant and equipment Revenue of Carl Zeiss Meditec Group	2.2%	1.8%	+0.4 % pts

Net assets

Presentation of financial position

Total assets increased to €2,822.8m as of 30 September 2022 (30 September 2021: €2,396.0m).

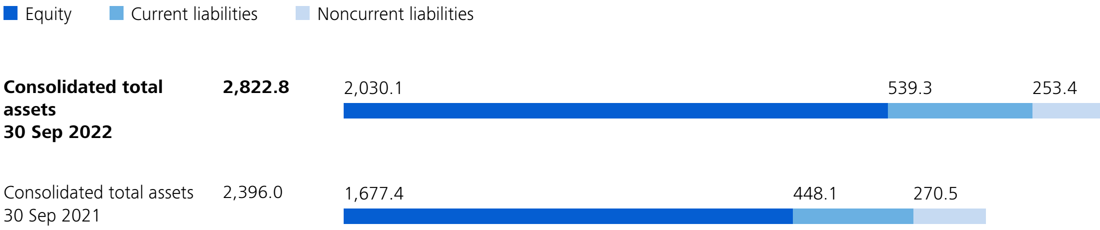
Structure of statement of financial position - Assets in €m



Non-current assets increased from €792.0m as of 30 September 2021 to €1,031.0m as of 30 September 2022. This was due in particular to the increase in goodwill and other intangible assets in connection with the acquisition of Preceyes B.V. and the acquisition of Kogent Surgical LLC and Katalyst Surgical LLC. Currency effects, in particular from the appreciation of the US dollar against the euro, also had an increasing effect.

Current assets amounted to €1,791.9m (30 September 2021: €1,604.0m). This was primarily due to a stockpiling of inventories in connection with the build-up of safety stocks for important components in light of the tense supply chain situation. Due to the strong sales trend, trade receivables and trade receivables from related parties increased also compared with the prior year. Currency effects, in particular from the appreciation of the US dollar against the euro, also had an increasing effect.

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



The **equity** recognized in the Carl Zeiss Meditec Group's statement of financial position amounted to €2,030.1m as of 30 September 2022 (30 September 2021: €1,677.4m). The equity ratio increased to 71.9% (30 September 2021: 70.0%) and thus remained high.

Non-current liabilities were down slightly to €253.4m as of 30 September 2022 (30 September 2021: €270.5m).

As of 30 September 2022, **current liabilities** amounted to €539.3m (30 September 2020: €448.1m). Due to the strong sales trend, among other things, trade payables (and trade payables from related parties) increased. Due to the valuation of forward exchange contracts as of the balance sheet date, there was an increase in current financial liabilities.

Key ratios relating to net assets

Key ratios relating to net assets

		30 Sep 2022	30 Sep 2021	Change
Key ratio	Definition	in %	in %	% pts
Equity ratio	Equity (including non-controlling interests)	71.9	70.0	+1.9
	Total assets			
Inventories in % of rolling 12-month revenue[10]	Inventories (net)	20.1	17.4	+2.7
	Rolling revenue			
Receivables in % of rolling 12-month revenue[10]	Trade receivables at the end of the reporting period (including non-current receivables)	22.2	20.0	+2.2
	Rolling revenue			

Order backlog

The Carl Zeiss Meditec Group's order backlog amounted to €662.9m as of 30 September 2022, an increase of 142.0% (30 September 2021: €273.9m). Due to the strong demand and strained global supply chains at the same time production and delivery time in the equipment business increased significantly.

Events of particular significance

There were no other events of particular significance during fiscal year 2021/22.

[10] Revenue of the past twelve months as of the end of the reporting period (30 September 2022).

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 and civic responsibility as well as innovations 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.

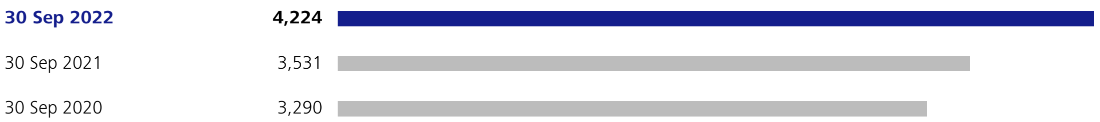
The central growth factors, which are presented in the medical technology industry report, are not significantly compromised by climate change. The production sites are not situated in locations that are particularly at risk from the forces of nature. Nor is the Company dependent on the purchase of CO_2 certificates. Nevertheless, the Company aims to use its know-how and innovations to make an important contribution to tackling climate challenges, so that it can achieve its economic goals and the associated continued growth in line with a responsible approach to the environment and society.

Carl Zeiss Meditec AG prepares a separate non-financial consolidated report in accordance with Section 315b in connection with Section 289b et seqq. 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 to amend Regulation (EU) 2019/2088 (Taxonomy Regulation) on key non-financial aspects of the Carl Zeiss Meditec Group for fiscal year 2021/22. Included in this report are the aspects necessary for understanding the course of business, the business results and the position of the Carl Zeiss Meditec Group, as well as the effects of business activities on the environment and society. This separate non-financial report is available for inspection in German and English at https://www.zeiss.com/meditec-ag/investor-relations/reports-publications.html.

Employees

Highly qualified and motivated employees are a necessity for ensuring a company's long-term success. Responsible human resources development and attractive development opportunities play a vital role in this. As of 30 September 2022, the Carl Zeiss Meditec Group had 4,224 (prior year: 3,531) employees worldwide.

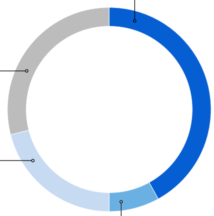
Employees



At 42% and 29%, respectively, the majority of employees were working in Production or Sales and Marketing as of 30 September 2022. This includes a total of 597 Service employees, who are spread across various areas. The percentage of employees working in Research and Development was 21% at the end of the reporting period. The percentage of employees working in administration as of 30 September 2022 was 8%.

Employees by function as of 30 September 2022

Production	**42%**
Sales and marketing	**29%**
Research and development	**21%**
Administration	**8%**

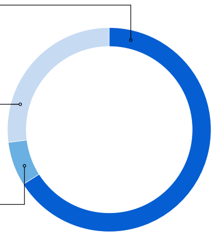


With 66% and thus the majority of the Carl Zeiss Meditec Group's employees were working in the EMEA region as of 30 September 2022. A total of 27% of employees were working in the Americas region and 7% in the APAC region.

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

Employees by regions as of 30 September 2022

EMEA	**66%**
Americas	**27%**
APAC	**7%**



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 April 2020, is also adhered to. The Code of Conduct contains, among other things, rules on data protection, product safety, environmental protection and on combating corruption. This Code of Conduct sets out the fundamental ethical principles and values of good conduct 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, Guangzhou in China, and La Rochelle in France. None of these production sites is 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 and Dublin. The Company manufactures microsurgical visualization solutions and phacoemulsification systems in Oberkochen; intraocular lenses (IOL) are manufactured in La Rochelle, Berlin, Ontario and Guangzhou. 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

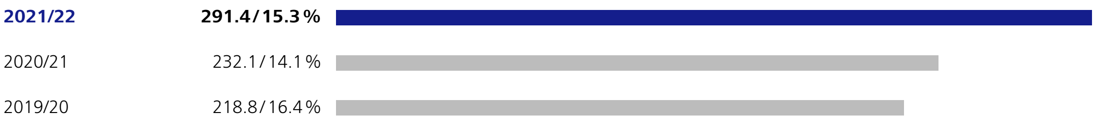
Objectives and focus of research and development

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 2021/22, research and development expenses increased by 25.6% to €291.4m (prior year: €232.1m). In spite of the strong sales trend, the R&D ratio was higher compared with the prior year, at 15.3% (prior year: 14.1%). Primary development costs of €37.4m 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, 21% (prior year: 19%) of the entire workforce of the Carl Zeiss Meditec Group were employed 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 2021/22 the expenses incurred for this amounted to 19.2% (prior year: 20.0%) of total research and development expenses.

Focus of research and development activities in the reporting period

Research and development at the Company mainly focuses on:

» examining new technological concepts in terms of their clinical relevance and effectiveness;
» the continuous development of the existing product portfolio;
» 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 by optimized workflows.

Brands and patents

The Company invests in innovations and solutions and protects its innovations with patents. Currently, as in the previous year, the Carl Zeiss Meditec Group is the owner of 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 2021/22. 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 193 (prior year: 186) registered brand families (as of 30 September 2022). 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.

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 were prepared in accordance with the rules of the German Commercial Code (Handelsgesetzbuch, HGB).

Summary of business development

Carl Zeiss Meditec AG ended fiscal year 2021/22 with growing sales; thus, the growth trend of previous years continued again in the fiscal year under review.

Revenue increased by 20.8% compared with the prior year and was thus slightly aboce the growth rate of the Carl Zeiss Meditec Group. Exchange rate fluctuations had no material effect overall on the development of sales. EBIT (gross profit less selling and general administrative expenses, R&D expenses and other operating expenses, plus other operating income) increased by €7.9m year-on-year to €296.7m (prior year: €288.8m). The EBIT margin therefore decreased by 3.9 percentage points, from 25.8% in the prior year, to 21.9%. The forecast range of 19-21% was thus slightly exceeded.

Income statement according to HGB

	Appendix	2021/22 1 Oct 21 to 30 Sep 22	2020/21 1 Oct 20 to 30 Sep 21	Change
		€k	€k	in %
Sales	(17)	**1,353,236**	**1,120,046**	**20.8%**
Cost of sales		-532,927	-451,212	18.1%
Gross profit on sales		**820,309**	**668,834**	**22.6%**
Selling expenses		-150,663	-120,489	25.0%
General and administrative expenses		-46,263	-35,138	31.7%
Research and development expenses		-258,437	-209,067	23.6%
Other operating income	(20)	45,021	37,295	20.7%
Other operating expenses	(21)	-113,239	-52,656	115.1%
Income from long-term equity investments	(22)	3,602	1,212	197.2%
of which from affiliated companies		3,602	1,212	197.2%
Income from profit and loss transfer agreements	(23)	640	10,173	-93.7%
Income from long-term loans		470	676	-30.5%
of which from affiliated companies		470	676	-30.5%
Other interest and similar income		949	831	14.2%
of which from affiliated companies		387	357	8.4%
Write-downs of long-term financial assets and securities classified as current assets		-12,549	-4,500	178.9%
Interest and similar expenses	(24)	-16,777	-4,208	298.7%
of which from affiliated companies		-	-	
Result before tax		**273,063**	**292,963**	**-6.8%**
Income taxes	(25)	-107,277	-95,645	12.2%
Result after tax		**165,786**	**197,318**	**-16.0%**
Other taxes	(26)	-307	-396	-22.5%
Net income for the fiscal year		**165,479**	**196,922**	**-16.0%**
Retained profits brought forward		516,505	364,303	41.8%
Dividend		-80,497	-44,720	80.0%
Net retained profits		**601,487**	**516,505**	**16.5%**

Results of operations

Compared with the prior year (€1,120.0m), revenue rose by 20.8% to €1,353.2m. Overall, currency translations had no material effect on the increase in sales. Sales include €3.0m in service revenue pursuant to Section 277 (1) HGB.

Gross profit in fiscal year 2021/22 increased from €668.8m to €820.3m. The corresponding margin increased by 0.9 percentage points to 60.6 %(prior year: 59.7 %).

Selling expenses in the fiscal year amounted to €150.7m, general and administrative expenses amounted to €46.3m. Selling, general and administrative expenses increased in absolute terms in the fiscal year under review, which is mainly due to the higher business volume and an increase in travel and trade fair activities. Carl Zeiss Meditec AG’s research and development expenses in fiscal year 2021/22 amount to €258.4m (prior year: €209.1m).

The increase in other operating income is mainly attributable to foreign currency gains. Other operating expenses increased mainly as a result of foreign currency losses. Income from long-term equity investments results from the dividend payment of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan. Income from profit and loss transfer agreements 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".

The write-down of long-term financial assets relates to Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanay A.Ş, Ankara, Turkey and InfiniteVision Optics S.A.S., Strasbourg, France. Further details can be found in the notes to the annual financial statements of Carl Zeiss Meditec AG in the note on "Fixed assets".

The increase in interest and similar expenses within the financial result mainly relates to pension obligations.

As a result, earnings before income taxes fell from €293.0m in the previous year to € 273.1 million. Net income for the fiscal year under review amounts to €165.5m (prior year: €196.9m).

Statement of financial position

	Note	30 Sep 2022	30 Sep 2021
		€k	€k
ASSETS			
A. Fixed assets	**(5)**	**747,498**	**686,940**
I. Intangible fixed assets		50,197	65,861
II. Tangible fixed assets		55,990	36,296
III. Long-term financial assets		641,311	584,783
B. Current assets		**1,295,473**	**1,125,699**
I. Inventories		217,194	161,693
II. Receivables and other assets	(7) - (9)	1,078,224	964,006
III. Cash-in-hand and bank balances	(10)	55	-
C. Prepaid expenses	**(11)**	**2,315**	**1,437**
Total ASSETS		**2,045,286**	**1,814,076**
EQUITY AND LIABILITIES			
A. Equity	**(12)**	**1,648,810**	**1,563,828**
I. Subscribed capital		89,441	89,441
II. Capital reserve		954,942	954,942
III. Revenue reserves		2,940	2,940
IV. Net retained profits		601,487	516,505
B. Provisions	**(13)**	**215,589**	**126,407**
C. Liabilities	**(14)**	**179,201**	**122,346**
D. Deferred income	**(15)**	**1,686**	**1,495**
Total LIABILITIES		**2,045,286**	**1,814,076**

Net assets and results of operations

Pursuant to German commercial law (HGB), the total assets of Carl Zeiss Meditec AG amounted to €2,045.3 €m as of 30 September 2022. This corresponds to an increase of compared with the prior year (€1,814.1m) 12.8%.

Long-term financial assets increased due in particular to an addition of shares in affiliated companies resulting from the acquisition of Preceyes B.V., Eindhoven, Netherlands. At €217.2m, inventories were up by €55.5m year-on-year (€161.7m). Receivables and other assets increased compared with the prior year due in particular to the increase in sales.

Cash and cash equivalents consist exclusively of bank balances. Term deposit balances are deposited with the treasury of Carl Zeiss AG and are recognized under "Receivables from affiliated companies".

Net retained profits increased by the net income for the fiscal year of €165.5m, less the dividend paid of €80.5m.

Provisions increased to €215.6m (prior year: €126.4m). This was mainly due to higher provisions for pensions, remaining purchase price components from company acquisition and currency forward contracts. Further information can be found in the notes to the annual financial statements of Carl Zeiss Meditec AG under "Provisions". Liabilities increased due to the higher purchase volumes.

The debt ratio (ratio of borrowed capital to equity) increased to 23.9% as of 30 September 2022 (prior year: 15.9%).

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. As Carl Zeiss Meditec AG has enough cash funds at its disposal to finance its operating and strategic objectives, changes in interest rates and credit conditions are not currently having any material effect on the Company’s financial position.

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 2022, Carl Zeiss Meditec AG had 1,864 employees. This number does not include Management Board members.

Appropriation of profits

Fiscal year 2021/22 closes with net income the year of €165,478,551.60. The Management Board proposes utilizing the net retained profits of €601,486,740.29 for fiscal year 2021/22 as follows:

» Payment of a dividend of €1.10 per no-par value share for 89,440,570 no-par-value shares: €98,384,627.00.
» Carryforward of residual profit to new account €503,102,113.29.

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 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. This can be found on the website https://www.zeiss.com/meditec-ag/investor-relations/declaration-on-corporate-management.html.

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

Carl Zeiss Meditec Group prepares a separate non-financial report in accordance with Section 315b and Section 289b et seqq. 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 to amend Regulation (EU) 2019/2088 (Taxonomy Regulation) on key non-financial aspects of the Carl Zeiss Meditec Group for fiscal year 2021/22. Included in this report are the aspects necessary for understanding the course of business, the business results and the position of the Carl Zeiss Meditec Group, as well as the effects of business activities on the environment and society. This separate non-financial report is available for inspection in German and English at https://www.zeiss.com/meditec-ag/investor-relations/reports-publications.html.

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 minority interests are also taken into account. 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 two key components: a **risk reporting system** and an **internal control 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.
» 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, the early warning indicators 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, i.e., risk assessment goes beyond mere financial risks. For central processes, there are key risks and defined control mechanisms, which are regularly evaluated with regard to their effectiveness. The Management Board is responsible for ensuring an appropriate and effective internal control system and for continuously improving it. The Supervisory Board’s Audit Committee monitors the effectiveness of internal auditing, risk management and the internal control system, as well as the accounting process. The accounting-related part of the internal control system is a system structured within the sphere of responsibility and under the supervision of the CFO, which ensures that the preparation of the consolidated financial statements is in line with the International Financial Reporting Standards (IFRSs), and that external financial reporting is reliable.

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.

Assessment of risk-bearing capacity
The risk-bearing capacity of the Carl Zeiss Meditec Group is the difference between the aggregated overall risks and the risk coverage potential. The risks are evaluated by means of 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 taxes of the current fiscal year and the minimum 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%.

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 of measures, and relates to the risk assessment period.

War in Ukraine
The war in Ukraine and its effects increased the risk situation of the Carl Zeiss Meditec Group in the past fiscal year.

On the one hand, and with the most direct impact, this concerns procurement. Carl Zeiss Meditec AG procures certain materials and components for its production activities through the ZEISS Group, which has these manufactured by a supplier in Minsk, Belarus, in which the ZEISS Group had held a stake for many years. In the event of a further tightening of international sanctions against Belarus, for example due to further military support for Russia by Belarus or direct involvement in the war, the flow of materials and goods could be severely delayed or stopped completely. This would have a material adverse effect on the Carl Zeiss Meditec Group's production and therefore its revenue. In order to reduce risk, the Carl Zeiss Meditec Group is working intensively on establishing a second procurement source or on manufacturing these itself, particularly for the key prioritized materials and components, but subsequently also for all other affected parts. Priority was given to those materials that are necessary for the manufacture of products with significant contributions to earnings, for products of important strategic significance for the Carl Zeiss Meditec Group and, of course, for products that ensure the continuous supply for patients. The establishment of alternative procurement sources is progressing according to plan, but will take the following fiscal year before the targets are fully achieved.

The war also has an impact on the sales side, especially on sales and services in Russia itself. However, current sanctions are not having a significant impact on the sale of products of the Carl Zeiss Meditec Group in Russia at the present time. This could change, however, if sanctions are tightened in future. In order to continue to provide patients and the population in Russia with high-quality ophthalmic care, the Carl Zeiss Meditec Group decided not to break off business relations with Russia.

The Ukraine war and the resulting conflicts of Germany and the European Union with Russia may give rise to shortages or outages in the area of electricity, gas and oil supply, which could lead to disruptions in energy supply to the European locations of the Carl Zeiss Meditec Group or its suppliers in this region. This could result in supply, production and sales losses, which could have an adverse effect on net assets, financial position and results of operations. The energy intensity of production of the Carl Zeiss Meditec Group's products is very low overall. The Carl Zeiss Meditec Group endeavors to reduce these risks by providing specific alternative supply options or back-up solutions for energy supply at the individual locations. In addition, there is currently an energy supply via prioritized district heating systems in some cases.

Finally, it should be mentioned that especially the influences in the supply chain at the designated Belarusian supplier and in the energy supply have a significant impact on the price level of the energy media, materials and components to be procured. Rising procurement prices could have a negative impact on the net assets, financial position and results of operations of the Carl Zeiss Meditec Group. Likewise, prices on the procurement market for materials and intermediate products from other suppliers, who are themselves negatively affected by the war, may rise additionally.

Overall, the risks arising from the war in Ukraine amount to a low double-digit million euro figure. However, this information is only intended to classify the effects and is not to be understood as addition to the risks explained in the following sections. The following sections include the monetary effects of the Ukraine war as well, but separated by topic.

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, 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 deteriorated once more due to the COVID-19 pandemic and more recently the Ukraine war. Lockdowns, entry restrictions, disrupted supply chains, volatile commodity prices and worsening financial parameters have set off a lasting chain reaction, raising fears of a global recession. The Carl Zeiss Meditec Group’s business was only very moderately affected by the adverse effects of the pandemic and, in particular, the lockdowns in China, and the war in Ukraine in the fiscal year under review, and thus significantly less than expected.

Apart from the pandemic, 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 and the USA may have an impact on global growth in general and the growth of the Carl Zeiss Meditec Group, in particular in these countries. There are also local risks and instabilities in emerging markets, such as Turkey or South America, for example, which may cause global chain reactions.

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 enables these risks to be identified in good time to allow countermeasures to be initiated. In addition, the Carl Zeiss Meditec Group's international presence means it is less affected by regional crises, and the highly differentiated product and customer structure of the Company limits its sales risks. According to current estimates, and in particular due to the pandemic and the Ukraine war, there are risks in the macroeconomic environment in the lower double-digit million euro range.

Market and competition

The Carl Zeiss Meditec Group is exposed to intense 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 pandemic, may lead to the denial or reduction of reimbursements, which could reduce the demand for 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 may impact the Group's earnings by an amount in the higher single-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, the Carl Zeiss Meditec Group has been investing heavily in research and development for years, which has increasingly extended to digital applications in recent years, to increase organic growth opportunities and market share gains.

Sales market Russia

Current sanctions are not having a significant impact on the sale of products of the Carl Zeiss Meditec Group in Russia at the present time as explained in the section “War in Ukraine” above. We refer to our statements in the section “War in Ukraine”. The risks with respect to this sales market are in the lower single-digit million euro range.

Sales market China

The continued positive business development of the Carl Zeiss Meditec Group is heavily influenced by the positive 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. There are, however, a number of risks with regard to net assets and results of operations, in that regional competitors are increasingly entering the market and, in this connection, China is increasingly pursuing a protectionist policy, also in the area of medical technology, which could lead to a reduction in the Carl Zeiss Meditec Group’s revenue and market shares.

Furthermore, the continued lockdowns in China, particularly in larger ports and cities, could have an adverse effect on sales and thus result in direct sales losses in the short term, e.g. due to the postponement of elective surgical procedures. However, the COVID-19 pandemic has also previously shown that such losses are temporary in nature and are recuperated once restrictions are dropped.

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 with respect to this sales market are currently in the low double-digit million euro range.

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.

Due to the war in Ukraine, the procurement risk to the Carl Zeiss Meditec Group has increased further. In particular, the risk of procurement from a Belarusian supplier described above has an impact here. We refer to our statements in the section “War in Ukraine”.

Due to the current lockdowns in China, especially in larger ports and cities, the supply chain situation is continuing to intensify. If these lockdowns persist for a longer period of time, this could significantly delay the flow of materials and components for the Carl Zeiss Meditec Group’s production activities, which could have an adverse effect on sales. In addition, there is a risk of suppliers failing to deliver or not being able to deliver in full due to the transport and supply bottlenecks being observed worldwide in a large number of areas.

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 potential effect of supplier risks on earnings is in the mid double-digit million euro range.

Innovation risks
The business success and reputation of the Carl Zeiss Meditec Group are heavily dependent 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 sales and earnings. The potential negative impact these risks could have on earnings equates to an amount in the low single-digit million euro range.

In order to exploit opportunities in this area early 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, as well as in the development of its strategy as a solutions provider.

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, offers for health promotion or child care. At the current time, the management expects these risks to have very minor effects on the Carl Zeiss Meditec Group's net assets, financial position or results of operations in the low single-digit million euro range.

Risks of inflation
Rising inflation and the shortage of international transport capacities are causing the costs of production factors, production and sales of the Carl Zeiss Meditec Group to increase It is possible that these higher costs may not be able to be fully passed on to the customers or be cushioned by efficiency measures. Risks in this area amount to a lower double-digit million euro sum.

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. 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 continuously monitors the implementation of and compliance with these standards.

Risks in this area amount to a lower single-digit million euro sum.

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 sales 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 2017. Any residual risks that remain move within the single-digit million euro range.

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. Any residual risks that remain are within 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. In addition, it could have adverse effects on the Company's 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 endeavors to minimize the risk of such failures by carrying out regular maintenance, replacing technically obsolete equipment and operating an appropriate contingency management system.

The Ukraine war and the resulting conflicts of Germany and the European Union with Russia may give rise to shortages or outages in the area of electricity, gas and oil supply, which could lead to disruptions in energy supply to the European locations of the Carl Zeiss Meditec Group or its suppliers in this region. We refer to detailed statements in the section “War in Ukraine”.

Risks in this area amount to a low single-digit million euro sum.

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. Given the importance of innovations for the Company, cases of this kind can be expected with a certain degree of probability in future, although such cases 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. Pending litigation amounts to a sum in the low single-digit millions 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 expects effects in the lower million euro range on the Carl Zeiss Meditec Group's net assets, financial position and results of operations.

Risks from acquisitions
Acquisitions or investments shall offer the Carl Zeiss Meditec Group the opportunity to expand its portfolio of expertise and technology, or to increase its access to regional markets. In the area of cataract surgery, the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. in December 2018 can contribute to the further improvement of the quality of treatment results and workflows in cataract surgery through novel treatment options. A further acquisition was made in the field of cataract surgery in March 2022. The acquisition of Preceyes B.V. shall allow Carl Zeiss Meditec AG to strengthen its technological position and its product portfolio, particularly in the area of retinal surgery using robotic technologies and implants. The acquisition of Katalyst Surgical LLC and Kogent Surgical LLC, both producers of surgical instruments, followed in April 2022. This

acquisition could further expand Carl Zeiss Meditec Group’s position as a solutions provider, and enable it to generate additional recurring revenue in the medium term.

Acquisitions bear the entrepreneurial risk of the acquired company not performing as well economically as expected in the market, or of the sales 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. 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 economic impact and probability of occurrence are therefore small.

The consolidated statement of financial position shows goodwill from acquisitions totaling €429.6m, which is tested annually for impairment in accordance with IAS 36. A total of €405.1m of this goodwill is attributable to the Ophthalmic Devices SBU, and €24.5m 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 or changes in business models, impairment losses cannot be ruled out on goodwill recognized for the companies acquired.

Financial risks
As a result of the European debt crisis 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 71.9%, the large 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 "(37) 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 0.5% in the fiscal year under review (prior year: 0.7%).

The Carl Zeiss Meditec Group's financial situation can be considered sound. Cash and cash equivalents amounted to €7.7m as of the end of the reporting period on 30 September 2022. Added to this are credit balances recognized as receivables from the treasury of Carl Zeiss AG, in the amount of €907.5m. The Group also generated cash flows from operating activities of €188.2m in the 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 assessment of the Company's risk 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. For the overall assessment, there is a higher risk situation in terms of amount compared to the previous year, which results in particular from the increased uncertainties in the overall economic environment including the inflation trend and in the supply chain. However, it should also be noted that the Carl Zeiss Meditec Group was less affected than expected due to the COVID-19 pandemic and that the war in Ukraine also had less of an impact on the Carl Zeiss Meditec Group than expected. 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.

DISCLOSURES PURSUANT TO SECTION 289 A AND 315 A HGB

Carl Zeiss Meditec AG's issued capital amounts to €89,440,570 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 around 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 limitation 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.

Based on the resolution of the Annual General Meeting of Carl Zeiss Meditec AG on 6 August 2020, the Management Board is authorized to purchase own shares. This authorization is valid until 5 August 2025. 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 equivalent to a proportionate amount of the share capital of €8,940,000.00. 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.

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.

SUPPLEMENTARY REPORT

No events of material significance for the Group's net assets, financial position and results of operations occurred after the end of the fiscal year 2021/22.

The development of business at the beginning of fiscal year 2022/23 validates the statements made in the following "Outlook".

Reference is made to the information in the notes to the financial statements under note "(39) Events after the end of the reporting period".

OUTLOOK

Future conditions for business development

Macroeconomic conditions[11]
Economists are forecasting only moderate growth of the global economy in the coming year, although that growth is expected to vary from region to region and there are fears of a recession, especially in Europe. It is possible that the base rates will be raised further to combat inflation. The higher interest expenses compared with previous years associated with a high rate of inflation may lead to increased payment defaults and consumer and investor restraint, which could in turn impact economic growth. Capacity and supply bottlenecks are expected to continue to have adverse effects in the coming year. The still ongoing COVID-19 pandemic could also give rise to risks, although these are considered low at the current time.

The geopolitical situation is tense in relation to the war in Ukraine. In addition, the tensions between the U.S. and China are increasing the risks to free trade and may adversely affect global economic development. The high energy prices may have a positive effect on the economies of oil and gas producing countries, while the higher prices are putting a strain on importing countries and energy-intensive industries. High food prices are impacting in particular countries that rely on food imports, and could lead to social tensions.

Future situation in the medical technology industry[12]
The Company's management generally expects to see further growth in the medical technology market, as the factors responsible for this still hold true. In addition to the increase in the global population, key growth drivers also include a rising proportion of elderly people and a growing percentage of the global population with access to state-of-the-art medical care. The greater demands being placed on innovative capacity in the medical technology industry also play an important role. Consequently, the products and procedures of medical technology manufacturers shall no longer be measured based solely on their effectiveness and safety for the patients, but also on their cost-efficiency. Digitalization is another aspect that has already transformed the structure of the medical technology industry today. Integrated system solutions for simplified workflows are a key differentiator for customers. This presents a major opportunity for companies to help design 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.

[11] IMF, World economic outlook, October 2022
[12] Luther. and Clairfield International, Market Study Medical Technology 2020

If nothing else, the development of the global economy shall influence the growth of the medical technology industry. Both private customers and public authorities base their investment decisions on this to a certain extent. The medical technology market recovered in 2021 and 2022, particularly the number of elective surgeries, such as non-urgent eye operations which had been postponed or canceled due to the COVID-19 pandemic. Market growth was also driven by the number of approvals granted for medical devices and the launch of new devices with advanced technologies.

The current forecast for the medical technology industry as a whole in the years ahead is further growth.[13]

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

Ophthalmic Devices strategic business unit

Ophthalmic Devices recorded strong revenue growth in fiscal year 2021/22 compared with the prior year. Renewed growth is expected in fiscal year 2022/23, at least to the same extent as the underlying market. From a current perspective, and without taking currency effects into account, this corresponds to growth at least in the mid-single-digit percentage range. One overriding uncertainty, among others, is the situation regarding the global supply chains. Due to difficulties in materials procurement, lead times in the equipment business are currently significantly longer than the long-term averages. The result is an increased order backlog. If it proves possible to counter these procurement difficulties in the course of fiscal year 2022/23, it will be possible to process existing orders at a faster pace and thus achieve faster revenue growth. The EBIT margin is expected to be slightly lower year-on-year in fiscal year 2022/23, due, among other things, to the high level of investment planned in sales and marketing and research and development in light of the launch of new products and innovations.

In the fiscal year under review, investments in future technologies were once again driven further forward by acquisitions, shareholdings and partnerships. These investments offer significant potential for medium-term growth in related technologies and new fields of application, but shall initially require further development and marketing investment.

In the area of cataract surgery, the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. in December 2018 shall help to further improve the quality of treatment results and the efficiency of workflows through innovative, novel treatment options. The aim of product development is the safe removal of the natural lens before implantation of an intraocular lens. This procedure has already become one of the most frequently performed surgical procedures worldwide today. In fiscal year 2021/22, the purchase price liabilities from the acquisition were remeasured due to rescheduled planning caused, among other things, by the COVID-19 pandemic. The valuation of the purchase price liabilities will continue to be reviewed on an ongoing basis in fiscal 2022/23, and further effects from this on the Company's results of operations cannot be ruled out.

A further acquisition was made in the field of surgical ophthalmology in March 2022. The acquisition of Preceyes B.V. shall allow Carl Zeiss Meditec AG to strengthen its technological position and its product portfolio in the area of ophthalmic surgery through robotic technologies.

The acquisition of Katalyst Surgical LLC, a producer of surgical instruments, followed in April 2022. This acquisition shall further expand the Group’s position as a solutions provider, and shall enable it to generate additional recurring revenue in the medium term.

[13] Fortune Business Insights, Medical Devices Market, June 2022.

Microsurgery strategic business unit
The Microsurgery strategic business unit achieved significant revenue growth in fiscal year 2021/22 under review, in spite of supply chain bottlenecks, and thus further expanded its market position. A positive effect was in particular from a normalization or recovery of the investment activity of many hospitals after the COVID-19 pandemic.

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. From a current perspective, and excluding currency effects, the growth anticipated in fiscal year 2022/23 will be at least in the mid-single-digit percentage range. One major uncertainty is the situation regarding the global supply chains. Due to difficulties in materials procurement, lead times in the equipment business are currently significantly longer than the long-term averages. The result is an increased order backlog. If it proves possible to counter these difficulties in the course of fiscal year 2022/23, it will be possible to process existing orders at a faster pace and thus achieve faster revenue growth. The EBIT margin is expected to be at least on a comparable level with the prior year in fiscal year 2022/23.

The acquisition of Kogent Surgical LLC, a producer of surgical instruments, followed in April 2022. This acquisition shall further expand the Group's position as a solutions provider, and shall enable it to generate additional recurring revenue in the medium term.

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 increase further in fiscal year 2022/23, by at least a low double-digit percentage amount (2021/22: €291.4m).

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 2 - 3% of its revenue in property, plant and equipment (cash) in fiscal year 2022/23.

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 dividend of €1.10 per share for the past fiscal year. The dividend ratio would therefore be 33.4% (prior year: 34.1%).

Future employee development

Qualified and highly motivated employees are essential for the Company's success: we need them 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

Interest income and expenses depend on changes in interest rates on the financial markets. At present, the Company does not expect any marked improvements in investment conditions in the next two years. Interest income and interest expenses are thus expected to remain around the prior year's level. As of 30 September 2022, current cash and cash equivalents of around €885.6m are available for financing. Based on this and the continued expectation of positive business development and a positive cash flow from operating activities as a result, as well as the possibility to use other financial instruments and sources of financing, if required, the management considers the Carl Zeiss Meditec Group's financing capacity to be adequate. In fiscal year 2022/23, the aim is to achieve operative cash flow that is at least in the low three-digit million range, based on active working capital management.

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 considers the outlook for the coming fiscal year to be generally positive. This assumption is also based on the persistent long-term trends already described above. In the Company’s estimation, the remaining uncertainties are the tense global supply chain situation already described above, also in light of the sanctions policy as a result of the war in Ukraine, the high inflation rate and the consumer behavior influenced by fears of recession, the Zero COVID policy in China and geopolitical conflicts and exchange rate 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 46% was achieved in fiscal year 2021/22. A further increase is expected in the mdeium term.

Based on the assumption that the above uncertainties are not exacerbated further, the Carl Zeiss Meditec Group anticipates further revenue growth in fiscal year 2022/23 that is at least on a par with the market growth projected for the industry, which, from today’s perspective and without taking currency effects into consideration, corresponds to growth at least in mid-single-digit percentage range. The EBIT margin is expected to be around 19% to 21% due, among other things, to the rising personnel and material costs, the planned high level of investment in sales and marketing and research and development against the backdrop of new product launches and innovations.

In the medium term, the Company expects to be able to sustainably stabilize its EBIT margin at a level above 20% (2021/22: 20.9%). In principle, the growing proportion of recurring revenue offers further upward potential in this respect. Conversely, there is an ongoing high need for investments, particularly in the areas of research and development and sales and marketing.

In terms of free cash flow for fiscal year 2022/23, Carl Zeiss Meditec AG is striving for a figure in at least the low three-digit million range. The Company expects Economic Value Added® (EVA®) in the coming fiscal year to be slightly below to around the level of fiscal year 2021/22.

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 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.

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). In light of the circumstances known to the Management Board at the time the legal transactions were concluded, the companies of Carl Zeiss Meditec AG received an appropriate consideration for each of the transactions listed in this report concerning relationships with affiliated companies. No other reportable transactions pursuant to Section 312 (1) Sentence 2 AktG were entered into by the Company.

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 https://www.zeiss.com/meditec-ag/investor-relations/declaration-on-corporate-management.html.

Jena, 25 November 2022

Dr. Markus Weber
Chairman of the Management Board

Justus Felix Wehmer
Member of the Management Board

Remuneration report

The Management Board and Supervisory Board of Carl Zeiss Meditec AG report for the first time, pursuant to the new requirements of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) in accordance with Section 162 AktG (version dated 22 December 2020), on the remuneration granted and owed to the members of the Management Board and Supervisory Board for fiscal year 2021/22. Remuneration is considered to have been granted when it has actually accrued to the body member and has thus been transferred to his or her assets (inflow principle). The contents of the remuneration report summarize the main elements of the remuneration system approved by the Annual General Meeting on 27 May 2021. Furthermore, they correspond to the regulatory requirements of the German Stock Corporation Act (AktG) and are also based on the recommendations of the German Corporate Governance Code (GCGC) in its version dated 20 March 2020.

The Management Board and Supervisory Board have resolved, in addition to the legally required formal check, to also have Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, carry out a content audit of the disclosures in the report.

Fiscal year 2021/22 was yet another successful year for Carl Zeiss Meditec AG. In spite of the tense political situation worldwide and increased investment, the Group once again looks back on strong financial results, with a year-on-year increase in revenue of 15.5% (adjusted for currency effects: 13.3%) and an EBIT margin of 20.9%. The forecasts made at the beginning of the year and specified in more detail over the course of the year were met in full. This achievement of the Company is reflected in the “Pay for Performance” principle and accordingly also in the variable remuneration of the Management Board.

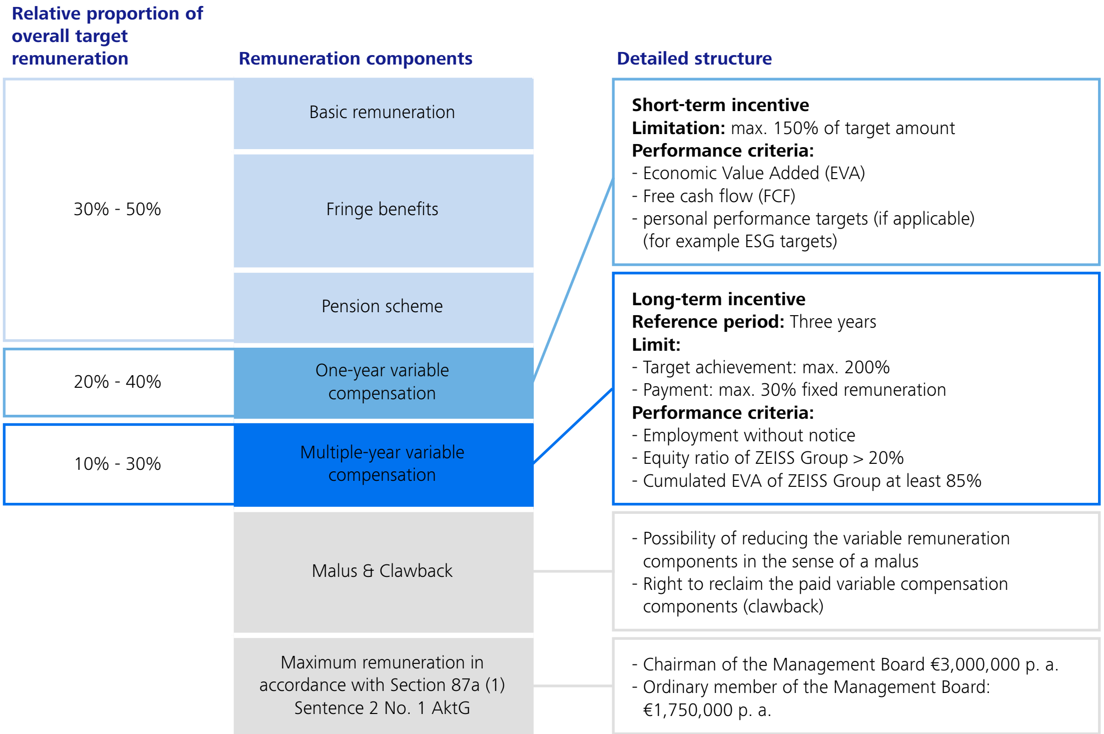
REMUNERATION OF THE MANAGEMENT BOARD

I. Main principles of the Management Board remuneration system

The remuneration of the members of the Management Board is based on Section 87 AktG in conjunction with Section 87a AktG and the remuneration system approved 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 27 May 2021 with a majority of 95.61% of the share capital represented and have since applied to all newly concluded Management Board service contracts, and thus specifically to the Management Board service contract for Dr. Markus Weber.

The new remuneration system can be found on Carl Zeiss Meditec AG’s website at https://www.zeiss.com/content/dam/meditec-ag/financial-communication/hauptversammlung-2020-21/7_afx_agm_agenda_2021.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 aims to set incentives for the implementation of the corporate strategy by simultaneously ensuring a long-term commitment of the Management Board members. 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 long-term 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 2021/22.

II. Maximum remuneration

The new remuneration system provides for an upper limit on the total annual remuneration for each member of the Management Board (maximum remuneration). 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, the short-term and long-term variable remuneration, plus all 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 2021 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. This upper limit for the fixed remuneration and one-year and multi-year variable remuneration was not reached in fiscal year 2021/22.

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 the companies listed in the MDAX of the German Stock Exchange that have comparable market capitalization in free float and operate 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 the global structure of the Company, the Supervisory Board does not consider such a comparison constructive.

IV. Remuneration components in detail

The Supervisory Board determined the target total remuneration for the members of the Management Board. The new remuneration system for fiscal year 2021/22 wans not yet applied for the remuneration of President and CEO Dr. Ludwin Monz (until 31 December 2021) and of Management Board members Justus Felix Wehmer and Jan Willem de Cler. The remuneration for Dr. Markus Weber (President and CEO from 1 January 2022) is already being set based on the new remuneration system.

Target remuneration for fiscal year 2021/22, in €k

	Dr. Ludwin Monz President and CEO (until 31 Dec 2021)			Dr. Markus Weber[1] President and CEO (since 1 Jan 2022)			Justus Felix Wehmer Member of the Management Board			Jan Willem de Cler Member of the Management Board		
	Target remunera-tion	Minimum	Maximum	Target remunera-tion	Minimum	Maximum	Target remunera-tion	Minimum	Maximum	Target remunera-tion	Minimum	Maximum
Remuneration not related to performance												
Fixed remuneration	100.0	100.0	100.0	298.1	298.1	298.1	316.5	316.5	316.5	316.5	316.5	316.5
Fringe benefits	3.5	3.5	3.5	12.5	12.5	12.5	15.2	15.2	15.2	11.9	11.9	11.9
Pension cost	221.0	221.0	221.0	581.0	581.0	581.0	43.2	43.2	43.2	42.4	42.4	42.4
Total	**324.5**	**324.5**	**324.5**	**891.6**	**891.6**	**891.6**	**374.9**	**374.9**	**374.9**	**370.8**	**370.8**	**370.8**
Remuneration related to performance												
Short-term incentive	-	-	-	198.8	-	397.5	211.0	-	316.5	211.0	-	316.5
Long-term incentive	275.0	-	550.0	99.4	-	198.7	525.3	-	924.4	583.6	-	901.0
LTI tranche 8	275.0	-	550.0	-	-	-	112.1	-	228.2	154.7	-	179.9
LTI tranche 9	-	-	-	-	-	-	159.9	-	223.8	159.9	-	223.8
LTI tranche 10	-	-	-	-	-	-	141.3	-	223.8	157.0	-	248.6
LTI tranche 11	-	-	-	99.4	-	198.7	112.0	-	248.6	112.0	-	248.6
Total	**275.0**	**-**	**550.0**	**298.1**	**-**	**596.2**	**736.3**	**-**	**1,240.9**	**794.6**	**-**	**1,217.5**
Total remuneration	**599.5**	**324.5**	**874.5**	**1,189.7**	**891.6**	**1,487.9**	**1,111.2**	**374.9**	**1,615.8**	**1,165.4**	**370.8**	**1,588.3**

[1] The pension cost of Dr. Markus Weber includes a one-time past service cost in fiscal year 2021/22.

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 2021/22, this totaled €298.1k (prior year: €0) for Dr. Markus Weber for nine months and €316.5k each for Justus Felix Wehmer and Jan Willem de Cler (prior year: €300.0k).

Dr. Ludwin Monz received a fixed salary of €100k for the first three months of the fiscal year (prior year: €400k for twelve months)

Fringe benefits
There are fringe benefits for the members of the Management Board, such as the provision of a company car (for the President and CEO including a driver), a company pension scheme, contributions to an individual private pension plan, health and nursing care insurance and cost absorption for other forms of insurance, as well as accommodation and relocation costs, including estate agent fees, if applicable.

Fringe benefits amount to €43.1k in the fiscal year under review. This does not include any costs for the driving 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
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. Depending on the success of the ZEISS Group, a contribution of between 1% - 5% of the basic income is converted into a pension module for each fiscal year using interest and age-related annuitization factors. The monthly pension is determined from the sum of all pension modules acquired during the period of service. The service cost for the past fiscal year amounts to €43.2k for Justus Felix Wehmer and €42.4 for Jan Willem de Cler.

For the President and CEO this is a final salary-dependent defined benefit plan of Carl Zeiss AG. For each year of service the annual entitlement increases by 2.375% of a target amount of €525k, weighted at a maximum of 50%. Carl Zeiss Meditec AG is charged 75% of the service cost on a pro rata basis by Carl Zeiss AG.

In fiscal year 2021/22, the service cost for Dr. Ludwin Monz totaled €221k thousand and for Dr. Markus Weber €200.6k for nine months. In addition, Dr. Markus Weber was granted a one-time past service cost of €380.4k as part of his contract adjustment.

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 – or, in the case of Dr. Monz, up until 31 December 2021, and Dr. Weber, from 1 January 2022, the proportionate oncharged service cost – 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	Current service cost	Present value of pension commitment, total
		€k	€k
Dr. Markus Weber[2,3]	**2021/22**	581.0	-
(from 1 Jan 2022)	2020/21	-	-
Justus Felix Wehmer	**2021/22**	43.2	216.9
	2020/21	42.6	292.5
Jan Willem de Cler	**2021/22**	42.4	114.8
	2020/21	46.5	131.1
Dr. Ludwin Monz[4]	**2021/22**	221.0	-
(until 31 Dec 2021)	2020/21	361.1	-

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 Cashflow (FCF).

The (one-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.

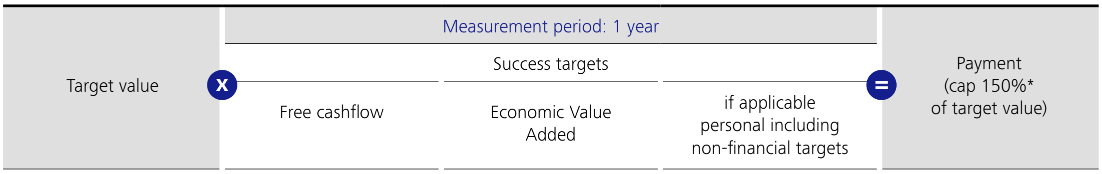
In the current fiscal year 2021/22 under review, the total variable remuneration for Dr. Ludwin Monz may amount to between €0 and a maximum of €596.2k; for Justus Felix Wehmer it may be between €0 and a maximum of €1,240.9k and for Jan Willem de Cler between €0 and a maximum of €1,217.5k.

For Dr. Ludwin Monz, who terminated his service on the Executive Board during the year, all entitlements to variable remuneration components accrued beyond the 2020/21 financial year are deemed to have been settled as part of his severance payment.

[2] Proportionate oncharged service cost from the pension commitment to Dr. Markus Weber (conversion effective 1 January 2022).
[3] The pension cost of Dr. Markus Weber includes a one-time past service cost in fiscal year 2021/22.
[4] Proportionate oncharged service cost from the pension commitment to Dr. Markus Weber (conversion effective 1 January 2014).

Short-term incentive

Short-term incentive



*There was a payment limit of 140% in fiscal year 2020/21, 150% from 2021/22.

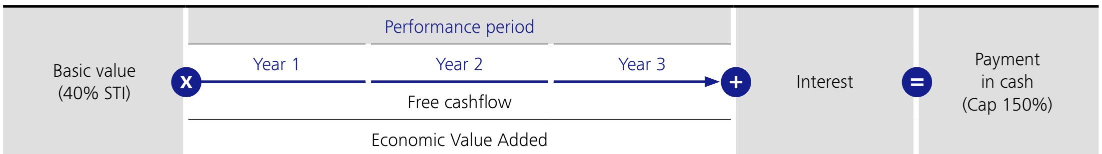
The STI is primarily determined based on the successes achieved in the fiscal year and is granted entirely in cash. Prior to the start of a fiscal year, the Supervisory Board sets targets for the respective fiscal year. The target amount of the STI for 100% target achievement is determined based on the fixed remuneration, i.e. the value corresponds to two-thirds of the fixed remuneration. For fiscal year 2021/22, the target remuneration ranges from €198.8k to €211.0k.

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 2021/22. 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 150%. The STI is generally paid out in cash several weeks after the calculation in December.

Long-term incentive

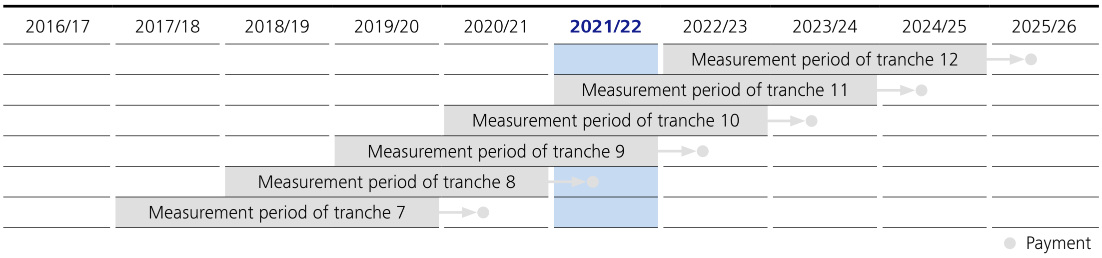
Long-term incentive



To calculate the LTI, firstly a base value is determined. This amounts to 40% of the individual short-term variable remuneration for the fiscal year that preceded the beginning of the term of an LTI tranche. This is followed by a three-year interest phase. The degree of target achievement is determined at the end of the improvement period. Overachievement up to 150% is possible. The base value plus interest multiplied by the degree of target achievement should amount to a maximum of 30% of the annual target total remuneration.

Contrary to the general LTI regulation, a special regulation applies for the Chairman of the Management Board with respect to the long-term variable remuneration. The amount of the LTI is agreed individually. Overachievement up to 200% is possible. The currently agreed target value for 100% target achievement is €99.4k for tranche 11. The amount of the LTI should also not exceed the amount of the fixed annual remuneration. Financial targets are agreed annually for a three-year period, which are then evaluated at the end of the period.

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 remuneration. 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 fiscal year under review no members of the Management Board were awarded or promised any benefits by a third party with regard to 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 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 2021/22

Following his departure from the Management Board effective 31 December 2021, Dr. Ludwin Monz was paid severance of €919.0k under the terms of his exit agreement.

Mr. Jan Willem de Cler stepped down at the end of the fiscal year. In accordance with his exit agreement, he received a severance payment of €1,366.3k, which also includes a waiting allowance.

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 2021/22. Remuneration granted is defined as remuneration paid out in fiscal year 2021/22.

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

			Management Board remuneration									
	Fiscal year		Fixed remuneration	Remuneration in kind and other remuneration[5]	Variable remuneration	Overall target achievement[6]	LTIP	Overall target achievement[7]	One-time special payment	**Total remuneration acc. to section 162 AktG**	Pension cost	**Total remuneration acc. to Section 162 AktG, plus pension cost**
			€k	€k	€k		€k		€k	**€k**	€k	**€k**
Dr. Markus Weber[8] (from 1 Jan 2022)	**2021/22**	absolute	298.1	12.2	-	-	-	-	0.3	**310.6**	581.0	**891.6**
		relative	33%	1%	-	-	-	-	0%	**35%**	65%	**100%**
	2020/21	absolute	-	-	-	-	-	-	-	**-**	-	**-**
		relative	-	-	-	-	-	-	-	**-**	-	**-**
Justus Felix Wehmer	**2021/22**	absolute	316.5	14.9	280.0	140%	112.1	131%	0.3	**723.8**	43.2	**767.0**
		relative	41%	2%	37%	-	15%	-	0%	**94%**	6%	**100%**
	2020/21	absolute	300.0	21.9	229.4	113%	128.6	129%	-	**679.9**	42.6	**722.5**
		relative	42%	3%	32%	-	18%	-	-	**94%**	6%	**100%**
Jan Willem de Cler	2021/22	absolute	316.5	11.6	280.0	140%	154.7	131%	0.3	**763.1**	42.4	**805.5**
		relative	39%	1%	35%	-	19%	-	0%	**95%**	5%	**100%**
	2020/21	absolute	300.0	12.3	254.9	113%	141.7	129%	-	**708.9**	46.5	**755.4**
		relative	40%	2%	34%	-	19%	-	-	**94%**	6%	**100%**
Dr. Ludwin Monz (until 31 Dec 2021)	2021/22	absolute	100.0	3.5	550.0	200%	275.0	200%	919.0	**1,847.5**	221.0	**2,068.5**
		relative	5%	0%	27%	-	13%	-	44%	**89%**	11%	**100%**
	2020/21	absolute	400.0	15.3	223.4	86%	216.6	165%	-	**855.3**	361.1	**1,216.4**
		relative	33%	1%	18%	-	18%	-	-	**70%**	30%	**100%**

VI. Comparative presentation of the development of remuneration

The development of the remuneration awarded to the members of the Management Board and Supervisory Board, the development of earnings and the development of the average employee remuneration is presented for comparison purposes in the table below, for a four-year period from 2018/19 to 2021/22. Remuneration granted is defined as remuneration paid out in fiscal year 2021/22. For this reason, there is a time lag between the results of operations and the development of compensation, as the variable remuneration components are not paid out until the following financial year. In the case of entry into or exit from the respective board during the year, the comparison was based on the pro rata temporis principle.

[5] Remuneration in kind and other remuneration shall be understood as fringe benefits as explained in the section "Remuneration not related to performance".
[6] The overall STI target achievement for ordinary Management Board members can be between 0% (minimum) and 140% (maximum) and for the Management Board Chairman between 0% (minimum) and 200% (maximum) for fiscal year 2020/21.
[7] The overall LTI target achievement for ordinary Management Board members can be between 0% (minimum) and 150% (maximum) and for the Management Board Chairman between 0% (minimum) and 200% (maximum) for fiscal year 2020/21.
[8] The pension cost of Dr. Markus Weber includes a one-time past service cost in fiscal year 2021/22.

	2018/19 vs. 2017/18	2019/20 vs. 2018/19	2020/21 vs. 2019/20	2021/22 vs. 2020/21
Officiating members of the Management Board in 2021/22				
Dr. Markus Weber (from 1 Jan 2022)	-	-	-	-
Justus Felix Wehmer (from 1 Oct 2018)	-	49%	-16%	6%
Jan Willem de Cler (from 1 Oct 2018)	-	33%	-15%	8%
Dr. Ludwin Monz (until 31 Dec 2021)	13%	3%	-26%	152%
Officiating members of the Supervisory Board in 2021/22				
Dr. Karl Lamprecht[9] (from 25 Jun 2020)	-	-	-	-
Tania von der Goltz (from 10 Apr 2018)	-	6%	13%	-4%
Peter Kameritsch (from 27 May 2021)	-	-	-	-
Dr. Christian Müller[9] (from 19 Mar 2019)	-	-	-	-
Isabel De Paoli (from 25 Jun 2020)	-	-	-	-7%
Torsten Reitze[9] (from 27 May 2021)	-	-	-	-
Renè Denner (from 1 Oct 2019)	-	-	-	-3%
Jeffrey Marx (from 6 Mar 2020)	-	-	-	-7%
Brigitte Koblizek (from 30 Mar 2022)	-	-	-	-
Cornelia Grandy (until 30 Mar 2022)	-	7%	50%	-8%
Development of earnings / Key performance indicators				
EVA	62%	-43%	213%	-4%
FCF	21%	-21%	105%	-34%
Average employee remuneration on a full-time equivalent basis				
Staff of the Meditec Group (German sites)	-	-	-	1%

VII. Remuneration of former members of the Management Board

There are pension commitments to four former members of the Management Board in accordance with IAS 19, in the amount of €902.3k for fiscal year 2021/22.

VIII. Clawback & malus

In the case of contracts concluded under the new remuneration system, the Company reserves the right in the case of material breaches of internal guidelines or legal or contractual obligations and in the event 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 2021/22.

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

[9] 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.

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.

This requirement is met by the remuneration applicable under Art. 19 of the Articles of Association since the resolution of the Annual General Meeting on 4 March 2014, in conjunction with the supplementary resolution of the Annual General Meeting on 19 March 2019. 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	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 Chairman of the Supervisory Board receives double this amount; the Deputy Chairman and the Chairman of the Audit Committee receive 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. In addition, each member of the Supervisory Board 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 following overview provides an individualized breakdown of the total remuneration paid to each Supervisory Board member in fiscal year 2021/22:

Individualized breakdown of remuneration paid to the Supervisory Board of Carl Zeiss Meditec AG pursuant to Art. 19 of the Articles of Association of Carl Zeiss Meditec AG

	Fiscal year	Basic remuneration	Committees and attendance fee	Total remuneration
		€k	€k	€k
Dr. Karl Lamprecht[10] (Chairman)	**2021/22**	-	-	-
	2020/21	-	-	-
Tania von der Goltz (Deputy Chairwoman)	**2021/22**	45.0	7.0	52.0
	2020/21	45.0	9.0	54.0
Peter Kameritsch	**2021/22**	15.7	5.0	20.7
	2020/21	-	-	-
Dr. Christian Müller[10]	**2021/22**	-	-	-
	2020/21	-	-	-
Isabel De Paoli	**2021/22**	30.0	8.0	38.0
	2020/21	8.0	3.0	11.0
Torsten Reitze[10]	**2021/22**	-	-	-
	2020/21	-	-	-
Renè Denner	**2021/22**	30.0	6.0	36.0
	2020/21	30.0	7.0	37.0
Jeffrey Marx	**2021/22**	30.0	6.0	36.0
	2020/21	17.1	5.0	22.1
Brigitte Koblizek (from 30 Mar 2022)	**2021/22**	-	-	-
	2020/21	-	-	-
Cornelia Grandy (until 30 Mar 2022)	**2021/22**	30.0	14.0	44.0
	2020/21	30.0	18.0	48.0
Dr. Markus Guthoff (until 27 May 2021)	**2021/22**	29.4	5.0	34.4
	2020/21	45.0	20.2	65.2
Prof. Dr. Michael Kaschke (Chairman and member until 27 May 2021)	**2021/22**	39.1	4.0	43.1
	2020/21	60.0	11.0	71.0

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.

A resolution is passed by the Annual General Meeting on the remuneration of the members of the Supervisory Board based on the proposal of the Management Board and the Supervisory Board at least once every four years. To the extent that this resolution concerns the confirmation of the remuneration of the Supervisory Board, a majority of the votes cast shall be sufficient to pass the resolution. Insofar as the resolution is intended to effect a change in the remuneration, this resolution shall also require a simultaneous amendment of the relevant provisions of the Articles of Association; this shall require a majority of the votes cast and – as the Company's Articles of Association provide for an easement in this respect with regard to the capital majority required – the majority of the share capital represented at the Annual General Meeting upon adoption of the resolution.

Prior to making the proposal to the Annual General Meeting, the Management Board and Supervisory Board shall review the remuneration of the members of the Supervisory Board, generally on the basis of publicly accessible information and information available in professional circles, such as, in particular, peer group comparisons, and, if necessary, with the help of external compensation consultants.

The Company did not pay members of the Supervisory Board any additional remunerations or benefits for personally rendered services (in particular advisory and agency services) in fiscal year 2021/22.

[10] 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.

Independent auditor's report

To Carl Zeiss Meditec AG

We have audited the attached remuneration report of Carl Zeiss Meditec AG, Jena, prepared to comply with Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] for the fiscal year from 1 October 2021 to 30 September 2022 and the related disclosures.

Responsibilities of the executive directors and the Supervisory Board
The executive directors and Supervisory Board of Carl Zeiss Meditec AG are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, the executive directors and Supervisory Board are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express an opinion on this remuneration report and the related disclosures based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits 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 and the related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the remuneration report and the related disclosures. The selection of the assurance procedures is subject to the professional judgment of the auditor, including the assessment of the risks of material misstatement of the remuneration report and 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 and the related disclosures in order 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 entity's internal control. An audit also includes evaluating the 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 and the related disclosures.

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

Opinion
In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from 1 October 2021 to 30 September 2022 and the related disclosures comply, in all material respects, with the financial reporting provisions of Sec. 162 AktG.

Other matter – formal audit of the remuneration report
The audit of the content of the remuneration report described in this auditor's report comprises the formal audit of the remuneration report required by Sec. 162 (3) AktG and the issue of a report on this audit. As we are issuing an unqualified opinion on the audit of the content of the remuneration report, this also includes the opinion that the disclosures pursuant to Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects.

Limitation of liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the IDW on 1 January 2017 (https://assets.ey.com/content/dam/ey-sites/ey-com/de_de/legal/ey-idw-aab-2017-en.pdf), which are attached to this report, are applicable to this engagement and also govern our responsibility and liability to third parties in the context of this engagement.

Eschborn/Frankfurt am Main, 25 November 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bendler	Schoenfeldt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Consolidated financial statements

Consolidated income statement (IFRS)
from 1 October 2021 to 30 September 2022

	Note	2021/22 1 Oct 21 to 30 Sep 22	2020/21 1 Oct 20 to 30 Sep 21
		€k	€k
Revenue	**(2p) (4)**	**1,902,836**	**1,646,785**
Cost of sales		-775,238	-679,572
Gross profit		**1,127,598**	**967,213**
Selling and marketing expenses		-360,179	-303,233
General and administrative expenses		-77,881	-60,747
Research and development expenses	(35)	-291,365	-232,066
Other operating result	(5)	-1,294	2,447
Earnings before interest, taxes, depreciation and amortization		466,648	435,198
Depreciation and amortization		-69,769	-61,584
Earnings before interest and taxes		**396,879**	**373,614**
Interest income	(7)	13,250	1,562
Interest expenses	(7)	-9,099	-8,578
Net interest from defined benefit pension plans	(7)	-494	-787
Foreign currency gains (+)/ losses (-), net	(2c) (2v) (7)	-48,630	-25,104
Other financial result	(7)	51,583	-1,657
Earnings before income taxes		**403,489**	**339,050**
Income taxes	(2i) (8)	-107,578	-101,531
Consolidated profit		**295,911**	**237,519**
Attributable to:			
Shareholders of the parent company		293,909	236,276
Non-controlling interests		2,002	1,243
Earnings per per share attributable to the shareholders of the parent company in the fiscal year (in €):			
– Basic/diluted	**(2r) (9)**	**3.29**	**2.64**

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

Consolidated statement of comprehensive income (IFRS)
from 1 October 2021 to 30 September 2022

	Note	2021/22 1 Oct 21 to 30 Sep 22	2020/21 1 Oct 20 to 30 Sep 21
		€k	€k
Consolidated profit		**295,911**	**237,519**
Other comprehensive income that may be reclassified to the income statement in subsequent periods:			
Gains/losses on foreign currency translation	(2c) (21)	90,809	7,742
Other comprehensive income not reclassified to the income statement in subsequent periods:			
Remeasurement from equity instruments	(2m) (27)	-2,253	-328
Deferred taxes from the remeasurement from equity instruments	(14)	954	80
Remeasurement from defined benefit pension plans	(2n) (22)	76,003	35,329
Deferred taxes from the remeasurement from defined benefit pension plans	(14)	-24,758	-7,632
Other income (after tax)		**140,755**	**35,191**
Comprehensive income for the period		**436,666**	**272,710**
of which attributable to shareholders of the parent company		436,270	272,330
of which attributable to non-controlling interests		396	380

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

Consolidated statement of financial position (IFRS)
as of 30 September 2022

	Note	30 Sep 2022	30 Sep 2021
		€k	€k
ASSETS			
Non-current assets			
Goodwill	(2e) (11)	429,648	328,714
Other intangible assets	(2f) (12)	240,427	153,698
Property, property and equipment	(2g) (13)	236,145	199,555
Loans	(27)	152	-
Investments and other holdings in affiliated non-consolidated companies	(27)	10,828	6,713
Deferred taxes	(2i) (14)	71,749	84,964
Non-current trade receivables	(17)	8,474	9,191
Other non-current assets	(15)	33,541	9,115
		1,030,964	**791,950**
Current assets			
Inventories	(2j) (16)	382,745	286,375
Trade receivables	(17)	197,801	185,940
Trade receivables from related parties	(2t) (35)	216,480	134,868
Treasury receivables	(2t) (35)	907,534	949,317
Tax refund claims		4,645	4,178
Other current financial assets	(2h) (18)	25,185	10,479
Other current non-financial assets	(19)	49,734	25,422
Cash and cash equivalents	(2l) (20)	7,729	7,439
		1,791,853	**1,604,018**
		2,822,817	**2,395,968**
EQUITY AND LIABILITIES			
Equity			
Share capital	(21)	89,441	89,441
Capital reserve	(21)	620,137	620,137
Retained earnings	(21)	1,213,890	1,000,478
Other components of equity	(2m) (21)	91,632	-50,729
Equity before non-controlling interest		**2,015,100**	**1,659,327**
Non-controlling interests	(2a) (21)	14,991	18,056
		2,030,091	**1,677,383**
Non-current liabilities			
Provisions for pensions and similar obligations	(2n) (22)	8,480	54,457
Other non-current provisions	(2o) (23)	7,018	7,409
Non-current financial liabilities	(2h) (24) (27)	91,772	76,496
Non-current leasing liabilities	(2k) (28)	106,316	101,929
Other non-current non-financial liabilities		17,445	14,738
Deferred taxes	(2i) (14)	22,379	15,438
		253,410	**270,467**
Current liabilities			
Current provisions	(2o) (23)	22,290	19,873
Current accrued liabilities	(25)	141,979	127,787
Current financial liabilities	(2h) (27)	66,879	54,943
Current portion of non-current leasing liabilities	(2k) (28)	21,587	19,341
Trade payables		124,388	98,230
Trade payables to related parties	(2t) (35)	64,797	47,235
Treasury payables	(2t) (35)	29,675	16,835
Current income tax payables		16,439	21,560
Other current non-financial liabilities	(26)	51,282	42,314
		539,316	**448,118**
		2,822,817	**2,395,968**

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

Consolidated statement of changes in equity (IFRS)

	Note	Share capital	Capital reserve	Retained earnings	Other components of equity	Equity before non-controlling interests	Non-controlling interests	Equity
		€k	€k	€k	€k	€k	€k	€k
As of 1 Oct 2020		**89,441**	**620,137**	**808,922**	**-86,783**	**1,431,717**	**18,841**	**1,450,558**
Gains/losses on foreign currency translation	(2c) (21)	-	-	-	8,565	8,565	-823	7,742
Remeasurement from equity instruments	(2m) (14) (27)	-	-	-	-248	-248	-	-248
Remeasurement from defined benefit pension plans	(2n) (14) (22)	-	-	-	27,737	27,737	-40	27,697
Changes in value of equity recognized in other comprehensive income	**(2m) (21)**	**-**	**-**	**-**	**36,054**	**36,054**	**-863**	**35,191**
Consolidated profit		-	-	236,276	-	236,276	1,243	237,519
Comprehensive income for the period	**(2m) (21)**	**-**	**-**	**236,276**	**36,054**	**272,330**	**380**	**272,710**
Dividend payment	(10)	-	-	-44,720	-	-44,720	-1,165	-45,885
As of 30 Sep 2021	**(2m) (21)**	**89,441**	**620,137**	**1,000,478**	**-50,729**	**1,659,327**	**18,056**	**1,677,383**
As of 1 Oct 2021		**89,441**	**620,137**	**1,000,478**	**-50,729**	**1,659,327**	**18,056**	**1,677,383**
Gains/losses on foreign currency translation	(2c) (21)	-	-	-	92,478	92,478	-1,669	90,809
Remeasurement from equity instruments	(2m) (14) (27)	-	-	-	-1,299	-1,299	-	-1,299
Remeasurement from defined benefit pension plans	(2n) (14) (22)	-	-	-	51,182	51,182	63	51,245
Changes in value of equity recognized in other comprehensive income	**(2m) (21)**	**-**	**-**	**-**	**142,361**	**142,361**	**-1,606**	**140,755**
Consolidated profit		-	-	293,909	-	293,909	2,002	295,911
Comprehensive income for the period	**(2m) (21)**	**-**	**-**	**293,909**	**142,361**	**436,270**	**396**	**436,666**
Dividend payment	(10)	-	-	-80,497	-	-80,497	-3,461	-83,958
As of 30 September 2022	**(2m) (21)**	**89,441**	**620,137**	**1,213,890**	**91,632**	**2,015,100**	**14,991**	**2,030,091**

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

Consolidated statement of cash flows (IFRS)
from 1 October 2021 as of 30 September 2022

	Note	2021/22 1 Oct 21 to 30 Sep 22	2020/21 1 Oct 20 to 30 Sep 21
		€k	€k
Consolidated profit		295,911	237,519
Income taxes	(8)	107,578	101,531
Interest income/expenses	(7)	-3,657	7,803
Result from other investments	(7)	-87	-95
Result from the change in fair value of contingent purchase price obligations	(7)	-53,746	1,840
Result from the sale of assets held for sale		-	-2,447
Depreciation and amortization	(12) (13)	69,769	61,584
Gains/losses on disposal/depreciation of fixed assets	(12) (13)	259	1,442
Other non-cash income/expenses		1,913	-
Interest and dividends received		1,733	1,376
Interest paid		-1,520	-1,629
Income tax payments		-120,444	-97,908
Change in trade receivables	(17)	-74,370	-62,102
Change in inventories	(16)	-74,631	18
Change in other assets	(15) (18) (19)	-38,273	-5,531
Change in trade payables		33,729	52,692
Change in provisions and financial liabilities	(22) (23) (25)	39,273	54,459
Change in other liabilities	(26)	4,762	12,111
Cash flows from operating activities		**188,199**	**362,663**
Cash outflow for investments in property, plant and equipment	(13)	-42,804	-30,122
Cash outflow for investments in other intangible assets	(12)	-39,167	-35,979
Proceeds from disposal of fixed assets		218	403
Cash outflow for investments in financial assets		-5,851	-2,416
Purchase of shares in affiliated consolidated companies, net of cash acquired	(3)	-61,290	-11,509
Proceeds from the sale of assets held for sale		-	4,423
Cash flows from investing activities		**-148,894**	**-75,200**
Change in current loans	(29)	-597	420
Payments from the repayment of loans	(29)	-1,456	-
Change in treasury receivables	(2t) (29) (35)	56,008	-241,624
Change in treasury payables	(2t) (29) (35)	11,671	14,950
Cash receipts from sale-and-leaseback transactions	(28)	-	3,977
Repayment of leasing liabilities	(28) (29)	-19,904	-17,727
Dividend payment to shareholders of Carl Zeiss Meditec AG	(10)	-80,497	-44,720
Dividend payment to non-controlling interests		-3,461	-1,165
Cash flows from financing activities		**-38,236**	**-285,889**
Effect of exchange rate fluctuation on cash and cash equivalents		-779	-337
Change in cash and cash equivalents		**290**	**1,237**
Cash and cash equivalents, beginning of reporting period	(20)	7,439	6,202
Cash and cash equivalents, end of reporting period	**(20)**	**7,729**	**7,439**

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

Consolidated notes
for fiscal year 2021/22 (IFRS)

GENERAL INFORMATION, ACCOUNTING AND VALUATION PRINCIPLES

1 The Company

(a) Description of operations
Carl Zeiss Meditec AG, Jena, Germany, is the parent company of the Carl Zeiss Meditec Group (“Carl Zeiss Meditec”, the "Company", the "Group"), which comprises additional subsidiaries. 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 customers are physicians in various fields and hospitals worldwide.

Carl Zeiss Meditec AG's headquarters are located in 07745 Jena, Germany (Göschwitzer Straße 51-52), Germany’s traditional center of excellence for optical and optical-related technologies. The Company has major subsidiaries in the USA, France, Japan, Spain, the United Kingdom, Turkey and Germany.

Carl Zeiss Meditec AG is recorded in the commercial register of Jena Local Court under HRB 205623.

The present consolidated financial statements for fiscal year 2021/22 were released for publication by the Management Board on 25 November 2022.

The consolidated financial statements are published on the internet and in the electronic version of the Federal Gazette (Bundesanzeiger).

Consolidated financial statements for the largest group of 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 electronic version of the Federal Gazette.

(b) Basis of presentation
The consolidated financial statements of Carl Zeiss Meditec AG are based on the going concern assumption. They have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"), London, and take into account all accounting standards and interpretations adopted by 30 September 2022 for which application is mandatory, as they are to be applied in the EU. The present version of the consolidated financial statements complies with the provisions of Section 315e of the German Commercial Code (Handelsgesetzbuch, HGB).

The fiscal year of Carl Zeiss Meditec Group ends on 30 September.

2 Accounting and valuation policies

(a) Principles of consolidation
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.

All major intragroup transactions, balances and interim results from transactions between Group companies were eliminated within the scope of consolidation. Non-controlling interests in the net assets of consolidated subsidiaries were calculated and shown in the consolidated statement of financial position separate from the equity attributable to stockholders of the parent company.

Major subsidiaries with non-controlling interests in the Carl Zeiss Meditec Group are Carl Zeiss Meditec Co. Ltd., Tokyo, Japan, whose non-controlling interest amounts to 49%, and Ophthalmic Laser Engines LLC, Lafayette, USA, (hereinafter: OLE), whose non-controlling interest amounts to 48%. Due to the fact that Ophthalmic Laser Engines is treated for tax purposes in the USA similar to a German partnership, the earnings presented here for Ophthalmic Laser Engines have no tax effect. This is recognized, according to the company form, on a pro rata basis at the respective shareholders.

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:

	2021/22		2020/21	
	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC
	€k	€k	€k	€k
Revenue	102,751	-	101,554	-
Net income	4,130	-68	2,545	-11
» thereof profit/loss attributable to non-controlling interests	2,024	-33	1,247	-5
Other result (recognized in other comprehensive income)	-2,973	-175	-1,742	-10
Comprehensive income	1,157	-243	803	-21
» thereof comprehensive income attributable to non-controlling interests	567	-117	393	-10

Condensed statement of financial position:

	30 Sep 2022		30 Sep 2021	
	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC
	€k	€k	€k	€k
Non-current assets	5,854	10	6,369	29
Current assets	47,202	-	55,501	-
Non-current liabilities	5,502	333	5,791	386
Current liabilities	17,700	812	20,318	536
Equity	29,854	-1,135	35,761	-893
» thereof comprehensive income attributable to non-controlling interests	15,622	-545	18,516	-429

Condensed statement of cash flows:

	2021/22		2020/21	
	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC	Carl Zeiss Meditec Co. Ltd.	Ophthalmic Laser Engines LLC
	€k	€k	€k	€k
Cash flows from operating activities	5,493	100	978	86
Cash flows from investing activities	-17	-	-9	-
Cash flows from financing activities	-6,934	-100	587	-88
Effect of exchange rate fluctuation on cash and cash equivalents	-244	-	-126	-
Change in cash and cash equivalents	**-1,702**	**-**	**1,430**	**-2**

(b) Business combinations
Capital is consolidated in accordance with the acquisition method pursuant to IFRS 3 *Business Combinations.* This means that the first-time valuation measures the identifiable assets and liabilities at their respective fair values at the acquisition date. Non-controlling interests are thus stated as a proportion of the fair values of the assets and liabilities. The acquisition costs of the acquired interests are offset against the Group's share in the subsidiary's equity measured at fair value. Incidental acquisition costs are recorded as an expense as they are incurred. Insofar as an asset-side difference remains after this offsetting, this is reported as goodwill.

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 date of acquisition (possibility to be controlled). A subsidiary is deconsolidated as soon as Carl Zeiss Meditec loses its control over the company. Third-party equity interests are recorded in the consolidated financial statements as part of consolidated equity under the item "Non-controlling interests".

(c) Foreign currency translation
The consolidated financial statements have been prepared in euros, as the majority of the Group's transactions are executed in this currency, and because the 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.

The assets and liabilities of those foreign subsidiaries whose functional currency is not the 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. Differences arising from currency translation are carried under "Other components of equity". In hyperinflationary economies, currency translation is always at the respective closing rate.

Transactions executed in foreign currencies are translated using the effective exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency, such as cash and cash equivalents, trade receivables or payables, are revalued at each reporting date until settlement. The resulting income or expenses are shown in the income statement under "Foreign currency gains (+)/ losses (-), net".

The following table shows the principal exchange rates applied in the preparation of the consolidated financial statements:

	Exchange rate at end of reporting period as of		Change	Average exchange rate		Change
	30 Sep 2022	30 Sep 2021	%	**2021/22**	2020/21	%
AUD	0.6633	0.6213	6.8	0.6574	0.6287	4.6
BRL	0.1902	0.1597	19.1	0.1755	0.1563	12.3
CNY	0.1442	0.1336	7.9	0.1409	0.1285	9.6
GBP	1.1325	1.1621	-2.5	1.1805	1.1443	3.2
JPY	0.0071	0.0077	-7.8	0.0074	0.0078	-5.1
KRW	0.0007	0.0007	0.0	0.0007	0.0007	0.0
SGD	0.7142	0.6345	12.6	0.6728	0.6238	7.9
TRY	0.0553	0.0971	-43.0	0.0632	0.1039	-39.2
USD	1.0259	0.8636	18.8	0.9217	0.8363	10.2

In fiscal year 2021/22 Turkey was categorized as a “hyperinflationary economy”. Accordingly, the accounting for Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanay A.Ş., Ankara, Turkey, was changed to comply with IAS 29 *Financial Reporting in Hyperinflationary Economies*. 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 2021, the CPI price index was at 571 points and increased in the fiscal year under review by 83% to 1,047 points as of 30 September 2022. The adjustment of the carrying amounts in the amount of €-1,339k was recognized in equity at the date of initial application. Gains and losses from the ongoing hyperinflation of non-monetary assets and liabilities and equity in the amount of €-199k were recognized in other financial result in the consolidated income statement.

(d) Discretionary decisions and use of estimates
The preparation of the consolidated financial statements in accordance with the IFRSs requires the use of certain assumptions and discretionary decisions that relate to the measurement and recognition of assets and liabilities, income and expenses, and contingent liabilities. The assumptions, estimates and discretionary decisions mainly relate to the determination of values in use of cash-generating units, particularly for the purposes of the goodwill impairment test, the accounting and valuation of pensions, other provisions, inventories and contingent purchase price obligations in the scope of company acquisitions, the capitalization date for self-constructed intangible assets as well as the realizability of future tax charges and tax relief. Assumptions, estimates and discretionary decisions are also often necessary with respect to the default rates for determining the valuation allowances on financial assets, the terms and interest rates for leasing liabilities and the corresponding rights of use. From the fiscal year under review, assumptions, estimates and discretionary decisions have been necessary regarding the adjustment of the carrying amounts and determining the price index from hyperinflation. Actual values may vary from the assumptions and estimates made in individual cases. Changes are shown at the time the true value became known.

(e) Goodwill
Goodwill is not subject to scheduled amortization but is reviewed regularly for impairment (impairment test).

To do this, Carl Zeiss Meditec determines the following: 1. the cash-generating units), 2. the respective net assets of the cash-generating units and 3. the recoverable amounts of the cash-generating units. The cash-generating units of the goodwill correspond to the defined business segments according to IFRS 8.5, which represent the lowest level at which goodwill is monitored for internal management purposes.

Insofar as the recoverable amount of the asset – which corresponds to the higher of fair value less costs to sell and the value in use – falls below the carrying amount, an impairment shall be made.

The recoverable amount of the cash-generating units – in the periods presented, this was the respective value in use – is calculated using cash flow forecasts. These forecasts are based on financial forecasts approved by the Company’s management and modified annually to the current state of knowledge. These financial forecasts, or management forecasts, relating to the development of revenue, costs and earnings, which are taken as a basis for the impairment test, are based on a planning horizon of three years. They are determined based on historical values, budgets for the following year and the future strategic orientation of the business unit or cash-generating 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.

At the time of publication of this management report, the management of the Carl Zeiss Meditec Group considers the outlook for the coming fiscal year to be generally positive. This assumption is based on the persistent underlying long-term trends: In the Company’s estimation, the remaining uncertainties are the tense global supply chain situation already described above, also in light of the sanctions policy as a result of the war in Ukraine, the high inflation rate and the consumer behavior influenced by fears of recession, the Zero COVID policy in China and geopolitical conflicts and exchange rate fluctuations. More details can be found in the risk report in the management report. Based on the assumption that the above uncertainties are not exacerbated further, Carl Zeiss Meditec anticipates further revenue growth in fiscal year 2022/23 that is at least on a par with the market growth projected for the industry, which, from today's perspective and without taking currency effects into consideration, corresponds to growth at least in the mid-single-digit percentage range. Cost planning also considers strategic aspects as well as price trends in the procurement markets.

The EBIT margin is expected to be around 19% to 21% due, among other things, to the rising personnel and material costs, the planned high level of investment in sales and marketing as well as research and development against the backdrop of new product launches and innovations. In the medium term, the Company expects to be able to sustainably stabilize its EBIT margin at a level above 20% (2021/22: 20.9%). In principle, the growing proportion of recurring revenue offers further upward potential in this respect. Conversely, there is an ongoing high need for investments, particularly in the areas of research and development as well as sales and marketing.

The Company is confident that its strategic business unit (SBU) "Ophthalmic Devices" will grow at least to the same extent as the underlying market in the new fiscal year. From a current perspective, and without taking currency effects into account, this corresponds to growth at least in the mid-single-digit percentage range. One overriding uncertainty, among others, is the situation regarding the global supply chains. Due to difficulties in materials procurement, lead times in the equipment business are currently significantly longer than the long-term averages. The result is an increased order backlog. If it proves possible to counter these procurement difficulties in the course of fiscal year 2022/23, it will be possible to process existing orders at a faster pace and thus achieve faster revenue growth. The EBIT margin is expected to be slightly lower year-on-year in fiscal year 2022/23, due, among other things, to the high level of investment planned in sales and marketing as well as research and development in light of the launch of new products and innovations.

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 a current perspective, and excluding currency effects, the growth anticipated in fiscal year 2022/23 will be at least in the mid-single-digit percentage range. One major uncertainty is the situation regarding the global supply chains. Due to difficulties in materials procurement, lead times in the equipment business are currently significantly longer than the long-term averages. The result is an increased order backlog. If it proves possible to counter these procurement difficulties in the course of fiscal year 2022/23, it will be possible to process existing orders at a faster pace and thus achieve faster revenue growth. The EBIT margin is expected to be at least on a comparable level with the prior year in fiscal year 2022/23.

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 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. The value in use of the cash-generating unit is derived from the sum of discounted future flows at a standard, risk-adjusted capitalization interest rate.

The capitalization interest rate is calculated from the parameters risk-free base rate, risk premium (market risk premium and beta factor), borrowed capital spread and tax effect, and reflects the capital structure customary within the industry of the cash-generating unit under review. For the purposes of the impairment test, a growth rate of 1.0% (prior year: 1.0%) is applied for the cash flows, for the perpetuity period. The pre-tax discount rate applied for cash flow forecasts is around 9% (prior year: around 9%). The carrying amount of a cash-generating unit includes all assets that stimulate the flow of cash, i.e., that contribute to the creation of a salable service. This means that all non-operating items and interest-bearing borrowings are excluded from the calculation.

The Carl Zeiss Meditec Group reviews its goodwill for impairment at least once a year or at the onset of major events or changed circumstances which indicate that the fair value of a reporting unit of the Group has fallen below its carrying amount. In addition, intangible assets not yet available for use are examined at least once a year for impairment.

The Carl Zeiss Meditec Group completed its annual scheduled impairment testing of goodwill, and intangible assets not yet available for use on 30 June 2022. The results of these tests did not give any indication of a need for impairment of goodwill or of the intangible assets not yet available for use, 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 the assessment as of the end of June.

The sensitivity analyses carried out by the Company for the two SBUs Microsurgery and Ophthalmic Devices relate to the changes in the valuation parameters capitalization interest rate and long-term growth rate deemed possible by the management. An increase in the capitalization interest rate by one percentage point and a reduction in the long-term growth rate for the perpetuity period by half a percentage point were assumed for these analyses. Neither of the sensitivity analyses, nor a combination of both adjustments (simultaneous increase in discount rate and reduction in long-term growth rate) results in a need for impairment. Even a simulation under further expansion of the relevant parameters (increase of the capitalization interest rate by two percentage points and simultaneous reduction of the long-term growth rates to zero percent) would give rise to a need for impairment.

(f) Other intangible assets
Intangible assets acquired separately are valued at cost less accumulated amortization and impairment.

Research and development expenses are recorded as expenses in the period in which they arise.

A self-constructed intangible asset, which results from development activities (or from the development phase of an internal project), is recognized if evidence can be provided that the recognition criteria according to IAS 38.57 are fulfilled. Essentially, fulfillment of these criteria is based on certain milestones in the internal development process. These are recognized from the date on which the intangible asset meets the criteria prescribed by IAS 38.57, in the amount that corresponds to the total expenses incurred. An agile approach to development is frequently pursued, especially in digital development projects. In this context, no specific milestones can generally be used as criteria, but the review of the criteria according to IAS 38.57 takes place continuously. If a self-constructed intangible asset cannot be capitalized, the development costs are recognized through profit or loss in the period in which they arise, and are not capitalized retrospectively at a later date.

In subsequent periods, self-constructed intangible assets are valued at cost less accumulated amortization and impairment.

All other intangible assets that are ready for use shall be amortized either over their expected useful life or on a straight-line basis over the following periods:

Brand names and trademarks	2 to 15 years
Software	1 to 10 years
Licenses, royalties	1 to 10 years
Patents and other industrial property rights	2 to 19 years
Development expenses	3 to 15 years
Miscellaneous other intangible assets	3 to 10 years

The amortization amounts for other intangible assets may be recognized in the income statement under both cost of goods sold and other operating costs. Assets are each allocated individually with respect to their intended purpose or assignment to certain business groups. These assets are also reviewed regularly for impairment (impairment test). The results of these tests did not give any indication of a need for impairment of capitalized other intangible assets in the current fiscal year.

(g) Property, plant and equipment
Property, plant and equipment are measured at cost, net of accumulated depreciation and impairment. 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. Depreciation is calculated using the straight-line method over the expected useful life of each asset. The following depreciation periods were applied:

Buildings and leasehold improvements	2 to 32 years
Technical equipment and machinery	2 to 21 years
Other office equipment, fixtures and fittings	1 to 23 years

Leasehold improvements are depreciated over their estimated useful life or the expected term of the rental or lease agreement, if shorter. Estimated useful life is reviewed regularly by the Company's management, taking current technological advancement into account. Maintenance and repairs are expensed as incurred, while renewals and improvements that extend the expected useful life or increase capacity are capitalized if they fulfill the general recognition criteria under IAS 16 *Property, Plant and Equipment*. Property, plant and equipment are also reviewed for impairment (impairment test), if indicated. Upon the sale or retirement of property, plant and equipment, the accounts are relieved of the cost and the related accumulated depreciation and impairments, and any resulting gain or loss is recognized through profit or loss. 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.

(h) Financial instruments
Financial assets and financial liabilities are recognized in the consolidated statement of financial position from 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.

Financial assets and liabilities are generally carried at their gross amounts. Netting only occurs if Carl Zeiss Meditec currently has a legally enforceable right to offset the amounts and netting is actually intended.

Primary financial instruments
The Company's primary financial instruments consist of cash and cash equivalents, long-term financial assets, treasury receivables and treasury payables (mainly group cash management [Treasury] with Carl Zeiss Financial Services GmbH, Oberkochen, Germany), trade receivables and trade payables, current and non-current loans, as well as other financial assets and liabilities.

When recognized for the first time, financial assets and financial liabilities should be measured at fair value and classified in accordance with the provisions of IFRS 9 *Financial Instruments*. As a general rule, the fair value equates to the transaction price. 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 the "Revenue recognition" section.

Fair value generally corresponds to the market or quoted value. If there is no active market, the fair value is determined using recognized valuation methods (for example, present value method or option pricing model). The amortized cost corresponds to the acquisition cost adjusted for repayments, write-downs, impairment and the amortization of any discounts or premiums.

Pursuant to IFRS 9, financial assets are to be allocated to the following categories: “measured at amortized cost (AC)”, “measured at fair value through profit or loss (FVPL)” and “measured at fair value through other comprehensive income (FVOCI)”.

The classification of financial assets in the form of debt instruments depends 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. Crucial for the classification is therefore

» whether the underlying business model is designed to hold financial assets for the collection of contractual cash flows (business model “Hold”) and
» the contractual cash flows are solely payment of principal and interest (SPPI).

The business model is determined based on the corporate management system of Carl Zeiss Meditec AG. The financial instruments are combined into groups for this purpose, each of which is based on a uniform 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 instrument.

Financial assets for which the cash flows are solely payment of principal and interest on the capital employed and which are held within the scope of the “Hold” business model, shall be measured at amortized cost (AC). This generally includes all debt instruments held by the Group. These include, for example, trade receivables, receivables from related parties, treasury receivables, loans, cash and other financial assets. The effective interest method shall be applied for subsequent measurement. Gains and losses from impairment or from derecognition shall be recorded in the income statement.

Financial assets for which the cash flow condition is not fulfilled shall be measured at fair value through profit or loss (FVPL). Gains and losses from a change in fair value shall be recognized directly in the income statement. By definition, all derivatives with a positive market value, which are employed within the scope of currency hedges, but are not recognized in accordance with the rules on hedge accounting, fall into this category.

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

The Group does not currently apply the fair value option under IFRS 9.

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. The default risk is taken into account by the creation of specific valuation allowances and portfolio-based valuation allowances in the amount of the expected loss. IFRS 9 essentially provides for a three-step procedure for this. A loan loss provision is created either on the basis of the 12-month expected credit losses (Step 1) or on the basis of the credit losses expected over the term, if the credit risk has increased significantly since the first-time recognition (Step 2), or if impaired credit is established (Step 3). As a rule, impaired credit is assumed if the debtor is no longer meeting their payment obligations in the short term (indication: overdue > 30 days) or if there are signs of a deterioration in the debtor's business situation. The default of a contracting party leads to a valuation allowance on all open items with the contracting party. The default is determined on the basis of an individual assessment, the first indicator being an overdue payment of more than 90 days or specific indications, such as a bankruptcy declaration.

The simplified procedure is applied for a majority of the financial assets, including trade receivables that do not contain any significant financing components. The expected credit losses are always calculated over the entire term of the financial instruments. The calculation is based on an age structure (days overdue) and the probability of default determined from the past, supplemented by relevant future-related parameters. Current macroeconomic forecasts are also taken into account, which span at least one full economic cycle. A financial instrument is derecognized, if it is not reasonable to assume that a financial asset can be realized in full or in part. This may be the case, for example, after the conclusion of insolvency proceedings or depending on other circumstances under local law.

Non-current, non-interest-bearing receivables and loans are discounted according to normal market conditions. Interest amounts are recognized using the effective interest method.

Derivative financial instruments and hedging

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. To secure an intragroup loan, a long-term currency forward contract with a term of three years was also concluded in the fiscal year under review. Depending on the term, derivative financial instruments with a positive fair value are recognized under other non-current and current financial assets and derivative financial instruments with a negative fair value are recognized under non-current and current financial liabilities. The sole purpose of the derivative financial instruments is currency hedging. The rules for presenting hedges are not applied, however.

(i) Income taxes

Current taxes are recognized for taxes owed on income at the time the Group companies incur them. Income taxes are calculated in accordance with the Asset and Liability Method pursuant to the provisions of IAS 12 "*Income Taxes*". All liabilities or claims relating to taxes on income and earnings arising during a fiscal year are reflected in the consolidated financial statements pursuant to the relevant tax laws. There were no uncertainties concerning the income tax treatment that would have to be treated in accordance with IFRIC 23.

In order to take account of the tax effects of differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases, and of differences arising from consolidation processes, and loss carryforwards, deferred taxes are calculated each year, if these differences are expected to be offset over time. In addition, deferred tax liabilities are carried for net retained earnings. This is based on those tax rates that are expected to apply in the years in which these temporary differences are reversed or settled. The effects of changes in tax rates on deferred tax assets and liabilities are recognized in income in the period in which the change was legally enacted or pronounced.

Deferred tax assets are written down as necessary to reflect the net amount that is likely to be realized. Income tax expense comprises the taxes payable to or refundable by the tax authorities for the reporting period, plus or minus the changes in deferred taxes (to be recognized through profit or loss).

Deferred tax claims for tax losses carried forward are carried at the amount at which the associated tax benefits are expected to be realized as a result of future tax profits.

Deferred tax assets and liabilities are carried net, insofar as a right exists to offset actual income tax receivables and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authorities and are owed by the same Group companies.

(j) Inventories

Inventories are measured at the lower of cost or net realizable value. Costs are determined using the weighted-average cost method. Production costs include materials and labor, as well as direct manufacturing and material overheads, including depreciation. 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. Production costs do not include any borrowing costs.

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). The write-ups are mainly attributable to the adjustment of parameters for depreciation routines to new empirical values.

(k) Leasing

A lease is established by a contract which, for a fee, transfers to the user (lessee) of an identified asset the right to control the use of that asset for a specific period of time. In this sense, the Group is both lessor and lessee. As lessor, Carl Zeiss Meditec offers, on the one hand, financing models in the form of finance leases, under which the main opportunities and risks arising from the use of the leased property are transferred to the customer. Under such leases the present value of the outstanding minimum lease payments is recognized as a receivable. Payments made by the lessee are treated as repayments or interest income and the interest income over the term of the lease is recognized in accordance with the effective interest method. The Group also acts as lessor under operating leases. In these cases, the lease payments are recognized immediately through profit or loss in earnings before interest and tax.

The general rule for leases where the Carl Zeiss Meditec Group acts as lessor is for the present value of future lease payments to be recognized as a financial liability, depending on the time to maturity. The lease payments are divided into principal and interest portions in accordance with the effective interest method. At the beginning of the lease the Group recognizes a right of use to the leased asset in the same amount under property, plant and equipment. The value of the right of use is then corrected for any initial direct costs incurred as well as reimbursements received. This right of use shall be written down over the term of the lease.

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 (e.g. cars), 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).

(l) Cash and cash equivalents
Cash on hand and at the bank, as well as all financial investments with an original maturity of up to three months, which are only subject to minor risks of valuation changes, are disclosed as cash and cash equivalents. The carrying amounts of cash and cash equivalents essentially correspond to their fair values due to their short-term maturity.

(m) Other components of equity
The item "Other components of equity" includes the other changes in equity recognized in other comprehensive income that are not associated with transactions with shareholders. For the Group, this currently relates to both currency translation and the actuarial effects of pension commitments and the taxes levied on these. The fluctuations in value arising from the financial instruments classified as at fair value through other comprehensive income are also recognized under this item at the same time.

(n) Pension commitments
The company pension scheme of the Carl Zeiss Meditec Group comprises various defined contribution and defined benefit obligations arising from current pensions and future pension entitlements, primarily in Germany, the USA and Japan. Provisions for pensions also include liabilities of the US company for post-employment health care benefit obligations.

Defined benefit plans within the Group are financed partly with provisions and partly with funds from external sources.

Pension commitments and related costs are calculated according to the prescribed projected unit credit method pursuant to IAS 19 *Employee benefits*. This takes into account both the pensions and acquired future pension entitlements known as of the end of the reporting period, as well as the salary and pension increases expected in the future. 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 recognized under interest income.

The service cost is classified as an operating expense.

Actuarial gains or losses that may result from changes in the valuation assumptions or a deviation of actual circumstances from the valuation basis shall be recognized in their full amount through other comprehensive income in the period in which they arise.

(o) Provisions
Provisions are formed if the Group has a current (de facto or statutory) commitment as a result of a past event, the outflow of resources with an economic benefit to fulfill the commitment is probable and it is possible to reliably estimate the amount of the commitment. To the extent that the Company expects at least a partial reimbursement for a provision carried as a liability (as is the case, for example, in insurance policies), the reimbursement is only recorded as a separate asset if the reimbursement is as sufficiently certain. The expense for the formation of provisions is disclosed in the consolidated income statement after deduction of the reimbursement.

If the interest impact is material, provisions are discounted using a pre-tax interest rate, which reflects the specific risks for the liability. In the event of discounting, the increase in the provision over time is carried as an interest expense. Provisions are classified according to their expected maturity, thus provisions with a maturity of up to one year are considered as current provisions and provisions with a maturity of more than one year are considered as non-current.

The provisions for obligations under the German phased retirement scheme, and long-service awards are determined and measured on the basis of actuarial reports.

(p) Revenue recognition
Carl Zeiss Meditec recognizes revenue when the control over identifiable goods or services is transferred to the customer, in other words, as soon as the customer has the ability to determine the use of the transferred goods and services and essentially derives the residual benefit from those goods and services. This is subject to the existence of a contractual agreement that sets forth legally enforceable rights and obligations. The amount of revenue recognized corresponds to the expected consideration to which the Company has a contractual claim. Variable price components such as discounts, concessions, customer bonuses and rebates are measured based on past experience and reduce revenue accordingly. At Carl Zeiss Meditec AG such components are mainly volume-related bonus payments, which are measured on the basis of estimated future purchase volumes based on the individual customers.

As a general rule, Carl Zeiss Meditec recognizes revenue from contracts with customers from the sale of goods, the provision of services, and from royalties/licenses. Revenue from the sale of goods is recognized at the point at which control passes to the purchaser, which is generally upon delivery of the goods. Depending on the business unit, these are products for the diagnosis and treatment of eye diseases, including implants and consumables, or visualization solutions in the field of neurosurgery, ear, nose and throat surgery, as well as products for intraoperative radiation therapy. Revenue from services, which mainly consist of services arising, for example, from maintenance contracts, is recognized over a specific period, as the customer receives the benefit from the service and uses it at the same time. The revenue is recognized either on a straight-line basis, or – where the service is not provided on a straight-line basis – according to the provision of the services, in other words, the service actually provided in relation to the overall services to be provided. License fees collected by the Group in the form of royalties (remuneration for the right of access) over the period of use are recognized on an accrual basis in accordance with the economic substance of the underlying contract. In all of the cases described revenue is recognized according to the output-based method, as customers generally use the licenses and the services 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.

In addition to conventional product sales, the Company also offers several performance obligations in so-called multi-component contracts. This may be, for example, the combination of a product sale with a warranty extension or with consumables. Insofar as a single contract with a customer contains several performance obligations (multi-component contracts) and the respective dates of performance differ, the agreed transaction price is allocated to the individual performance obligations in accordance with the relative individual selling prices. The relative individual selling prices generally correspond to the contractually agreed prices for product delivery and service, as the prices have generally already been allocated according to value-added and therefore no theoretical reallocation is necessary.

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.

With respect to the sale of goods, the usual statutory warranties are also granted. Their expected utilization is reflected by the formation of provisions.

Revenue from the sale of extended warranties that can be purchased separately (*service type warranties*) are 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 generally recognized immediately as an expense.

The Group does not generally offer any product sales with return rights. For this reason, the contractual obligations are mainly advance payments received on orders and deferred revenue due to period-related revenue recognition (e.g. revenue from services).

Interest income is recognized pro rata temporis using the effective interest method. Dividends are recognized when the legal right to receive the payment is established.

(q) Government grants
Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, government grants are only recognized, if there is sufficient assurance that the associated conditions will be fulfilled and the grants will be allocated.

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 complied with 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.

(r) 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. There were no conversion or option rights in circulation. As in the prior fiscal year there were also no dilutive effects in the reporting year.

(s) Borrowing costs
Borrowing costs are recognized as expenses in the period in which they are incurred, since there are not and were not any qualified assets pursuant to IAS 23.5 in the presented reporting periods.

(t) 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). The Carl Zeiss Foundation, Heidenheim 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"), as well as the associated and joint venture companies, are regarded as related parties.

The Carl Zeiss Meditec Group sells some of its products through 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. Pursuant to the cash pooling agreement, the companies of the Carl Zeiss Meditec Group are authorized to utilize liquidity to finance their ongoing business activities, so that, from the Group's perspective, the cash pool transactions have the character of financing, are thus to be classified as financing activities and are therefore carried in the statement of cash flows under cash flows from financing activities. Since the treasury receivables are also cash pool transactions, these are also carried in the statement of cash flows under cash flows from financing activities, thus ensuring consistency of the accounting.

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.

The members of the Management Board and the Supervisory Board of Carl Zeiss Meditec AG, and their next of kin, are considered to be related parties (management in key positions).

(u) Recent pronouncements on accounting principles
Carl Zeiss Meditec has implemented all accounting standards adopted by the EU and mandatory from 1 October 2021. 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 statutory regulation
16 Dec 2020	Amendment to IFRS 4 *Insurance Contracts*	Temporary exemption from the application of IFRS 9 up until first-time application of IFRS 17
14 Jan 2021	Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 4, 7, 9, 16 and IAS 39)	Additional simplifications in the application of IAS 39 and IFRS 9 for hedge accounting in connection with IBOR Reform

The IASB and IFRS IC also issued the following standards, interpretations and revisions of existing standards; however, application of these is not yet mandatory for Carl Zeiss Meditec AG. The Company did not opt to apply these standards early:

Date of issue	Standard/Interpretation	Amendment/new statutory regulation	Date of first mandatory application	Endorsed by the EU
18 May 2017	IFRS 17 *Insurance Contracts*	Principles for the recognition, measurement, presentation and disclosure of insurance contracts (supersedes IFRS 4)	Fiscal years beginning on or after 1 January 2023	Yes
23 Jan 2020/ 15 Jul 2020	Amendment to IAS 1 *Presentation of Financial Statements*	Clarification of when debt is to be classified as non-current; postponement of first-time application	Fiscal years beginning on or after 1 January 2023	No
14 May 2020	Improvements to IFRSs (2018 - 2020)	Amendment to standards IAS 41, IFRS 1, 9 and the illustrative examples for IFRS 16	Fiscal years beginning on or after 1 January 2022	Yes
14 May 2020	Amendment to IFRS 3 *Business Combinations*	Adjustment of a reference to the framework concept	Fiscal years beginning on or after 1 January 2022	Yes
14 May 2020	Amendment to IAS 16 *Property, Plant and Equipment*	Clarification that revenue generated during preparation of an asset for use must be recognized in the income statement	Fiscal years beginning on or after 1 January 2022	Yes
14 May 2020	Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Clarification of which costs are to be recognized for loss-making contracts	Fiscal years beginning on or after 1 January 2022	Yes
25 Jun 2020	Amendment to IFRS 17 *Insurance Contracts*	Clarifications on the first-time application of IFRS 17	Fiscal years beginning on or after 1 January 2023	Yes
12 Feb 2021	Amendment to IAS 1 *Presentation of Financial Statements*	Restriction of the presentation of accounting policies to "significant", i.e., relating to significant transactions, changes in policy or highly discretionary	Fiscal years beginning on or after 1 January 2023	Yes
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	Fiscal years beginning on or after 1 January 2023	Yes
7 May 2021	Amendment to IFRS 12 *Income Taxes*	Partial withdrawal of an exception to the recognition of deferred taxes in special cases	Fiscal years beginning on or after 1 January 2023	Yes
9 Dec 2021	Amendment to IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*	Transitional solution for initial application of IFRS 17 via presentation of comparative information	Fiscal years beginning on or after 1 January 2023	Yes
22 Sep 2022	Amendment to IFRS 16 *Leases*	Clarifying amendment to subsequent accounting of sale-and-leaseback agreements	Financial years beginning on or after 1 January 2024	No

Carl Zeiss Meditec is not expected to apply any of the standards listed above until the date of first mandatory application. According to the current state of knowledge, the future application of these standards is not expected to have material effects on the accounting and valuation.

(v) Calculation of fair values

A large number of the consolidated accounting principles and notes to the financial statements require a definition of the fair values of the respective financial and non-financial assets and liabilities involved. The fair values are calculated in accordance with the methods described below. If required, additional information on the assumptions made for the calculation of the fair values is provided in the specific notes on the respective items described in the statement of financial position and the income statement.

Other intangible assets

The fair values of trademark, patent and technology rights or similar, which were acquired within the scope of a business combination, are determined according to the relief from royalty method. In this 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.

The fair values of intangible assets consisting of customer relationships acquired within the scope of a business combination are determined according to the multi-period excess earnings method. Customer relationships generally only generate cash flows in conjunction with other tangible or intangible assets. The planning of excess earnings is thus based on a collection of assets. The calculation of the relevant excess earnings received thus regards fictitious payments made for these "supporting" assets as fictitious user fees. It is assumed that the supporting assets are fictitiously rented or leased by a third party to the extent necessary to generate the cash flows.

Trade receivables and other receivables
The fair value of trade receivables and other receivables is calculated as the present value of future cash flows, discounted by a standard market interest rate. The fair value of current trade receivables and other receivables basically corresponds to their nominal value, due to their short-term nature.

Investments and securities
The fair value of financial assets, which are measured at fair value through profit or loss, is based, if an active market exists, on listed stock prices. If there is no active market, the fair value is measured using an appropriate valuation method, e.g. based on current market prices of similar financial instruments, or the discounted cash flow method.

Derivative financial instruments
The fair value of derivative financial instruments is based on the prevailing market or stock market value. The market value of a financial instrument is estimated as the amount that could be obtained in a business transaction between independent contracting partners under prevailing market conditions. The market values are calculated on the basis of market conditions as of the end of the reporting period – interest rates, foreign exchange rates, commodity prices – and the evaluation methods described below.

If there is no active market, the fair value is determined using recognized valuation methods (present value method or option pricing model). Current market volatilities are used in option pricing models. The interest rates applied across the various maturities and foreign currencies range from -0.2% to +11.9% (prior year: -0.7% to +5.9%).

The Carl Zeiss Meditec Group exclusively holds currency forward contracts as derivative financial instruments and classifies these as assets and liabilities measured at fair value through profit or loss (“FVPL”). The fair value of forward currency transactions is calculated based on the average spot exchange rate at the end of the reporting period, adjusted for forward premiums and discounts for the respective residual term of the contract, compared to the contracted forward exchange rate and the counterparty risk.

Financial liabilities
The fair value of financial liabilities is calculated based on the present value of future capital and interest payment flows – discounted by a standard market interest rate – as of the end of the reporting period.

3 Purchase and sale of business operations

Acquisitions in the fiscal year under review

Acquisition of Preceyes B.V.
By way of an agreement effective 10 March 2022, Carl Zeiss Meditec AG, Germany, acquired 100% of the shares in Preceyes B.V., Eindhoven, Netherlands, (hereinafter: Preceyes).

Preceyes is a company that specializes in the development of products and procedures in the area of cataract surgery. The acquisition will enable the Group to consolidate its technological position and product portfolio for cataract surgery.

The purchase price allocation was carried out in the reporting year in compliance with IFRS 3. The purchase price amounts to €42.4m and is composed of a fixed component (including escrow amount) of €18.9m as well as discounted performance-related components totaling €23.5m, which reward the achievement of defined revenue and performance targets. These components include milestones for the successful completion of clinical trials, for obtaining regulatory approval and for the sale of a certain initial number of products. Furthermore, an earnout component was agreed for the achievement of fixed sales targets. If these objectives are achieved in full, a maximum sum of €41.4m will be due for these components. In the event of delays or failure to achieve the objectives, the amount due will be reduced incrementally and may reach the lower limit of zero. As of 30 September 2022, the Group assumes a total fair value of €22.8m for the performance-related components and has recognized this amount under its non-current financial liabilities. In addition to pro rata temporis compounding, this amount also includes the effect from the adjustment of the discount rate as of the end of the reporting period, in the amount of €-1.6m.

At the date of publication of Carl Zeiss Meditec AG's Annual Report, the allocation of the purchase price to the assets and liabilities of the acquired company was complete. The fair values of the identified assets and liabilities as of the acquisition date are as follows:

	Fair value
	€k
Other intangible assets	27,100
Property, property, plant and equipment	227
Deferred taxes	443
Inventories	74
Trade receivables	4
Other current financial assets	539
Other current non-financial assets	125
Cash and cash equivalents	258
Total assets	**28,770**
Non-current financial liabilities	995
Deferred taxes	6,761
Current accrued liabilities	328
Current financial liabilities	462
Current non-financial liabilities	270
Trade payables	72
Total liabilities	**8,888**
Net assets	**19,882**
Goodwill from acquisition	22,490
Total costs of acquisition	**42,372**
Cash received	258
Past cash outflow for purchase price components	-18,873
Net capital outflow to 30 September 2022	**-18,615**

The other intangible assets mainly include the technology acquired and intellectual property.

The goodwill from the acquisition is mainly the result of the anticipated synergy effects of the company's integration into the existing Ophthalmic Devices business. As expected, goodwill shall not be deductible for tax purposes.

Incidental acquisition costs amounting to €0.1m were incurred in fiscal year 2021/22. These were recognized under general administrative expenses.

Effect of Preceyes on Carl Zeiss Meditec's result
The acquired company accounted for a share of €0.1m of the revenue reports in the consolidated income statement for fiscal year 2021/22. Preceyes contributed €0.0m to consolidated profit.

Pro forma account of the acquisition
Assuming that the presented acquisition had already been completed as of 1 October 2021, pro forma revenue would have amounted to €1,902.8m; pro forma consolidated profit would have amounted to €283.0m.

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 had the acquisition taken place at the beginning of the period, nor of future results.

Acquisition of Katalyst Surgical LLC
On 25 March 2022, Carl Zeiss Meditec, Inc., Dublin, California, USA, signed an agreement for the acquisition of 100% of the shares in Katalyst Surgical LLC, Chesterfield, Missouri, USA, (hereinafter: Katalyst). The acquisition took place on 14 April 2022.

Katalyst develops and produces solutions and instruments for ophthalmic surgery. This acquisition shall enable the Group to further strengthen its position as a solutions provider.

The purchase price allocation was carried out in the reporting year in compliance with IFRS 3. The purchase price amounts to €25.9m and is composed of a fixed component (including escrow amount) of €22.8m as well as discounted performance-related components totaling €3.1m, which reward the achievement of defined performance targets. These components include milestones for the successful achievement of certain objectives in product development and production processes. If these objectives are achieved in full, a maximum sum of €4.6m will be due for these components. In the event of delays or failure to achieve the objectives, the amount due will be reduced and may reach the lower limit of zero. As of 30 September 2022, the Group assumes a total fair value of €3.3m for the performance-related components and has recognized this amount under its non-current financial liabilities. In addition to pro rata temporis compounding, this amount also includes the effect from the adjustment of the discount rate as of the end of the reporting period, in the amount of €-0.2m.

At the date of publication of Carl Zeiss Meditec AG's Annual Report, the allocation of the purchase price to the assets and liabilities of the acquired company was complete. The fair values of the identified assets and liabilities as of the acquisition date are as follows:

	Fair value
	€k
Other intangible assets	10,900
Property, property, plant and equipment	1,168
Inventories	2,603
Trade receivables	1,152
Other current financial assets	5
Cash and cash equivalents	261
Total assets	**16,089**
Non-current leasing liabilities	768
Current accrued liabilities	136
Current financial liabilities	545
Current portion of non-current leasing liabilities	378
Current non-financial liabilities	6
Trade payables	619
Total liabilities	**2,452**
Net assets	**13,637**
Goodwill from acquisition	12,226
Total costs of acquisition	**25,863**
Cash received	261
Past cash outflow for purchase price components	-22,814
Net capital outflow to 30 September 2022	**-22,553**

The other intangible assets mainly include the technology acquired and intellectual property. No significant customer base was identified.

The acquired trade receivables of €1.2m do not include any valuation allowances, as the recoverability is given and the determination of the expected credit loss has not had any material effect.

The goodwill from the acquisition is mainly the result of the anticipated synergy effects of the company's integration into the existing "Ophthalmic Devices" business. As expected, goodwill shall be deductible for tax purposes.

Effect of Katalyst on Carl Zeiss Meditec's result

The acquired company accounted for a share of €3.8m of the revenue reported in the consolidated income statement for fiscal year 2021/22. Katalyst contributed €-0.5m to consolidated profit.

Pro forma account of the acquisition

Assuming that the presented acquisition had already been completed as of 1 October 2021, pro forma revenue would have amounted to €1,905.7m; pro forma consolidated profit would have amounted to €281.2m.

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 had the acquisition taken place at the beginning of the period, nor of future results.

Acquisition of Kogent Surgical LLC

On 25 March 2022, Carl Zeiss Meditec, Inc., Dublin, California, USA, signed an agreement for the acquisition of 100% of the shares in Kogent Surgical LLC, Chesterfield, Missouri, USA, (hereinafter: Kogent). The acquisition took place on 14 April 2022.

Kogent is a company that specializes in technical solutions and instruments for microsurgery. This acquisition shall enable the Group to further strengthen its position as a solutions provider.

The purchase price allocation was carried out in the reporting year in compliance with IFRS 3. The purchase price amounts to €45.1m and is composed of a fixed component (including escrow amount) of €21.6m as well as discounted performance-related components totaling €23.5m, which reward the achievement of defined revenue and performance targets. The components contain milestones for receipt of approvals and the successful achievement of certain targets in product development and production processes. Furthermore, an earnout component was agreed for the achievement of fixed sales targets. If these objectives are achieved in full, a maximum sum of €30.4m will be due for these components. In the event of delays or failure to achieve the objectives, the amount due will be reduced and may reach the lower limit of zero. As of 30 September 2022, the Group assumes a total fair value of €26.7m for the performance-related components and has recognized this amount under its non-current financial liabilities. In addition to pro rata temporis compounding, this amount also includes the effect from the adjustment of the discount rate as of the end of the reporting period, in the amount of €-0.3m.

At the date of publication of Carl Zeiss Meditec AG's Annual Report, the allocation of the purchase price to the assets and liabilities of the acquired company was complete. The fair values of the identified assets and liabilities as of the acquisition date are as follows:

	Fair value
	€k
Other intangible assets	21,430
Property, property, plant and equipment	82
Inventories	1,100
Trade receivables	774
Cash and cash equivalents	1,473
Total assets	**24,859**
Current financial liabilities	33
Trade payables	168
Total liabilities	**201**
Net assets	**24,658**
Goodwill from acquisition	20,399
Total costs of acquisition	**45,057**
Cash received	1,473
Past cash outflow for purchase price components	-21,595
Net capital outflow to 30 September 2022	**-20,122**

The other intangible assets mainly include the technology acquired and intellectual property.

The acquired trade receivables amounting to €0.8m do not contain any valuation allowances, as the recoverability is given and the calculation of the expected credit loss has had any material effect.

The goodwill from the acquisition primarily results from the anticipated synergy effects from the integration of the company into the existing “Microsurgery” business. As expected, goodwill shall be deductible for tax purposes.

Incidental acquisition costs of €1.1m were incurred in fiscal year 2021/22 for the acquisition of Katalyst and Kogent. These were recognized under general administrative expenses.

Effect of Kogent on Carl Zeiss Meditec's result
The acquired company accounted for a share of €2.6m of the revenue reported in the consolidated income statement for fiscal year 2021/22. Kogent contributed €-0.1m to consolidated profit.

Pro forma account of the acquisition
Assuming that the presented acquisition had already been completed as of 1 October 2021, pro forma revenue would have amounted to €1,905.2m; pro forma consolidated profit would have amounted to €282.1m.

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 had the acquisition taken place at the beginning of the period, nor of future results.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4 Revenue

Group earnings for fiscal years 2021/22 and 2020/21 mainly consist of sales revenues. The table below shows a breakdown of revenue:

	2021/22	2020/21
	€k	€k
Income from the sale of merchandise	1,739,843	1,499,228
Income from the provision of services (incl. sale of replacement parts)	157,799	137,263
Income from royalties/licenses	1,291	1,059
Revenue from contracts with customers	**1,898,933**	**1,637,550**
Income from operating leases (rent)	2,210	2,351
Income from finance leases	1,693	6,884
Total	**1,902,836**	**1,646,785**

Revenue recognized in the amount of €31,537k (prior year: €24,035k) 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 €39,908k (prior year: €31,537k), 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 €8,605k in fiscal year 2023/24 (prior year for fiscal year 2022/23: €7,813k) and €7,542k in subsequent fiscal years (prior year: €5,497k). In addition, there are performance obligations as order backlog in the amount of €662,904k (prior year: €273,926k).

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.

5 Other operating result

The item “Other operating result” in the prior year included the proceeds from the sale of the administration building in Jena Göschwitz to Landesentwicklungsgesellschaft Thüringen mbH, in the amount of €4,648k, less the proportionate amount not immediately recoverable of €2,201k, due to the contract being structured as a sale-and-lease-back transaction. In the fiscal year under review, this item mainly consists of expenses in connection with the Company’s commitment to supporting humanitarian and scientific causes in the Ukraine war. These are distributed among both SBUs.

6 Personnel expenses

Personnel expenses for fiscal years 2021/22 and 2020/21 are as follows:

	2021/22	2020/21
	€k	€k
Wages and salaries	358,280	306,743
Social security contributions	60,978	54,061
Pension costs	18,345	17,663
Total	**437,603**	**378,467**

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 €6,447k (prior year: €4,789k).

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

	30 September 2022	30 September 2021	**Average 2021/22**	Average 2020/21
Production	1,761	1,509	1,685	1,445
Sales & Marketing	1,202	1,064	1,126	1,039
Research & Development	903	684	816	648
Administration	358	274	334	270
Total	**4,224**	**3,531**	**3,961**	**3,402**
Trainees	20	21	22	21

7 Financial result

The financial result comprises the following:

	2021/22	2020/21

	€k	€k
Interest income	13,250	1,562
Interest expenses	-9,099	-8,578
Net interest from defined benefit pension plans	-494	-787
Net interest income/loss	**3,657**	**-7,803**
Currency gains	66,416	28,617
Currency losses	-115,046	-53,721
Foreign currency gains (+)/ losses (-), net	**-48,630**	**-25,104**
Other financial result	**51,583**	**-1,657**
Total financial result	**6,610**	**-34,564**

The change in interest income mainly results from the adjustment of capital costs for the measurement of the contingent purchase price obligations. Interest expenses mainly relate to the annual compounding of the liabilities arising from these contingent purchase price obligations.

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 is mainly influenced by the remeasurement of the purchase price obligation for the acquisition of IanTECH, Inc.

Further information on this can be found in note 24 “Non-current financial liabilities”.

8 Income taxes

Income taxes comprise the following:

	2021/22	2020/21
	€k	€k
Germany	107,277	95,794
Other countries	7,635	5,514
Current taxes:	**114,912**	**101,308**
(thereof prior-period)	(-1,475)	(2,110)
Germany	791	-1,904
Other countries	-8,125	2,127
Deferred taxes:	**-7,334**	**223**
Total	**107,578**	**101,531**

In accordance with the tax law applicable in fiscal year 2021/22, the income of Group subsidiaries in Germany is subject to a corporation tax rate of 15.0% (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 19.00% 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 19.00% to 34.59%(prior year: 19.00% to 34.59%).

The reconciliation of the expected income tax expense in relation to earnings before income taxes to the actual income tax expense is as follows:

	2021/22	2020/21
	€k	€k
Earnings before income taxes	**403,489**	**339,050**
Expected income tax expense	120,522	101,274
Non-deductible expenses	1,522	1,829
Tax-free income	-13,971	-154
Effect of changes in tax rates	81	363
Taxes prior years	-1,475	2,110
Foreign tax rate differential	-1,355	-461
Net retained earnings of subsidiaries intended for disbursement	87	219
Recognition and measurement of deferred tax assets	-1,719	-4,436
Other	3,886	787
Actual income tax expense	**107,578**	**101,531**
Effective tax rate	26.7%	29.9%

The other effects include permanent effects of €5,438k (prior year: €1,349k) and effects from the application of IAS 29 amounting to €-844k (prior year: €0k).

9 Earnings per share

The following table shows the calculation of earnings per share:

	2021/22	2020/21
Consolidated profit attributable to shareholders of the parent company (€k)	293,909	236,276
Weighted average of issued shares	89,440,570	89,440,570
Earnings per share basic/diluted (in €)	**3.29**	**2.64**

10 Dividend

During the period under review, a dividend of 90 cents per share was paid to the shareholders of Carl Zeiss Meditec AG for fiscal year 2021/22 (prior year: 50 cents per share).

	2021/22		2020/21	
	€ cent per share	€k Total	€ cent per share	€k Total
Dividend paid	**90**	**80,497**	**50**	**44,720**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

11 Goodwill

The table below shows the development of the Group's recognized goodwill and its allocation to the respective strategic business units (SBUs) for fiscal years 2021/22 and 2020/21:

	Ophthalmic Devices SBU	Microsurgery SBU	Total
	€k	€k	€k
As of 30 Sep 2020	**325,530**	**980**	**326,510**
Currency effects	2,271	-67	2,204
As of 30 Sep 2021	**327,801**	**913**	**328,714**
Additions	34,716	20,399	55,115
Adjustment for inflation according to IAS 29	1,352	1,100	2,452
Currency effects	41,275	2,092	43,367
As of 30 Sep 2022	**405,144**	**24,504**	**429,648**

The recognized book values correspond to the acquisition costs. Accumulated impairment losses of the capitalized goodwill do not exist. The allocation of existing goodwill to cash-generating units conforms to 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 cash-generating unit, which is expected to benefit from the synergy effects of the business combination. The cash-generating unit is determined based on the Group's internal reporting system.

The additions to the goodwill of the cash-generating unit SBU Ophthalmic Devices in 2021/22 result from the acquisitions of Preceyes and Katalyst, while the additions in the SBU Microsurgery are attributable to the acquisition of Kogent. The effects of the inflation adjustment result from the adjustment of the carrying amounts of the goodwill in TRY; the currency effects result in particular from the goodwill in USD.

12 Other intangible assets

Other intangible assets developed as follows in fiscal years 2021/22 and 2020/21:

	Brand names and trademarks	Software	Licenses, royalties	Patents and other industrial property rights	Development costs	Miscellaneous other intangible assets	Total
	€k	€k	€k	€k	€k	€k	€k
Acquisition and production costs as of 1 Oct 2021	**8,765**	**41,916**	**9,869**	**41,492**	**207,893**	**34,441**	**344,376**
Additions reporting entity/ acquisitions	-	-	-	911	58,427	92	59,430
Additions	-	1,055	-	126	37,364	668	39,213
Disposals	-	-	-	-23	-	-609	-632
Reclassifications	-	743	12	-	-	-755	-
Adjustment for inflation according to IAS 29	-	256	13	-	-	-	269
Currency effects	296	3,289	224	1,384	28,166	2,758	36,117
As of 30 Sep 2022	**9,061**	**47,259**	**10,118**	**43,890**	**331,850**	**36,595**	**478,773**
Amortization as of 1 Oct 2021	**8,613**	**34,976**	**7,402**	**38,763**	**70,773**	**30,151**	**190,678**
Additions	26	3,800	576	181	25,661	64	30,308
Disposals	-	-	-	-	-	-609	-609
Adjustment for inflation according to IAS 29	-	38	3	-	-	-	41
Currency effects	271	3,191	227	988	10,584	2,667	17,928
As of 30 Sep 2022	**8,910**	**42,005**	**8,208**	**39,932**	**107,018**	**32,273**	**238,346**
Net carrying amount as of 30 Sep 2022	**151**	**5,254**	**1,910**	**3,958**	**224,832**	**4,322**	**240,427**

	Brand names and trademarks	Software	Licenses, royalties	Patents and other industrial property rights	Development costs	Miscellaneous other intangible assets	Total
	€k	€k	€k	€k	€k	€k	€k
Acquisition and production costs as of 1 Oct 2020	**8,748**	**39,922**	**9,845**	**41,097**	**173,663**	**35,657**	**308,932**
Additions	-	963	5	96	32,698	774	34,536
Disposals	-	-	-	-109	-	-1,006	-1,115
Reclassifications	-	834	5	204	-	-1,043	-
Currency effects	17	197	14	204	1,532	59	2,023
As of 30 Sep 2021	**8,765**	**41,916**	**9,869**	**41,492**	**207,893**	**34,441**	**344,376**
Amortization as of 1 Oct 2020	**8,574**	**29,977**	**6,815**	**37,781**	**50,511**	**30,053**	**163,711**
Additions	23	4,803	573	793	19,468	45	25,705
Currency effects	16	196	14	189	794	53	1,262
As of 30 Sep 2021	**8,613**	**34,976**	**7,402**	**38,763**	**70,773**	**30,151**	**190,678**
Net carrying amount as of 30 Sep 2021	**152**	**6,940**	**2,467**	**2,729**	**137,120**	**4,290**	**153,698**

13 Property, property, plant and equipment

Property, plant and equipment, including rights of use

Property plant and equipment, including rights of use developed as follows in fiscal years 2021/22 and 2020/21:

	Land, buildings and leasehold improvements	Technical plant and machinery	Other office equipment, fixtures and fittings	Payments on account and assets under construction	Total
	€k	€k	€k	€k	€k
Acquisition and production costs as of 1 Oct 2021	**161,131**	**60,935**	**135,645**	**22,169**	**379,880**
Additions reporting entity/acquisitions	1,198	234	45	-	1,477
Additions	8,771	8,130	20,372	24,901	62,174
Disposals	-1,717	-534	-6,698	-55	-9,004
Reclassifications	457	9,476	2,757	-12,690	-
Adjustment for inflation according to IAS 29	548	33	374	-	955
Currency effects	11,494	4,203	7,071	521	23,289
As of 30 Sep 2022	**181,882**	**82,477**	**159,566**	**34,846**	**458,771**
Amortization as of 1 Oct 2021	**45,953**	**40,805**	**93,567**	**-**	**180,325**
Additions	17,687	5,295	16,479	-	39,461
Disposals	-1,617	-78	-6,433	-	-8,128
Reclassifications	81	24	-105	-	-
Adjustment for inflation according to IAS 29	438	17	246	-	701
Currency effects	2,259	2,980	5,028	-	10,267
As of 30 Sep 2022	**64,801**	**49,043**	**108,782**	**-**	**222,626**
Net carrying amount as of 30 Sep 2022	**117,081**	**33,434**	**50,784**	**34,846**	**236,145**
thereof owned property, plant and equipment	10,620	33,434	36,035	34,846	114,935
thereof leased property, plant and equipment (rights of use)	106,461	-	14,749	-	121,210

	Land, buildings and leasehold improvements	Technical plant and machinery	Other office equipment, fixtures and fittings	Payments on account and assets under construction	Total
	€k	€k	€k	€k	€k
Acquisition and production costs as of 1 Oct 2020	**130,594**	**56,026**	**118,179**	**15,509**	**320,308**
Additions	60,559	3,391	20,556	15,907	100,413
Disposals	-35,531	-2,631	-5,485	-61	-43,708
Reclassifications	3,962	3,420	2,203	-9,585	-
Currency effects	1,547	729	192	399	2,867
As of 30 Sep 2021	**161,131**	**60,935**	**135,645**	**22,169**	**379,880**
Amortization as of 1 Oct 2020	**63,014**	**37,510**	**84,519**	**-**	**185,043**
Additions	17,373	4,714	13,792	-	35,879
Disposals	-34,226	-1,908	-4,960	-	-41,094
Currency effects	-208	489	216	-	497
As of 30 Sep 2021	**45,953**	**40,805**	**93,567**	**-**	**180,325**
Net carrying amount as of 30 Sep 2021	**115,178**	**20,130**	**42,078**	**22,169**	**199,555**
thereof owned property, plant and equipment	11,296	20,130	31,089	22,169	84,684
thereof leased property, plant and equipment (rights of use)	103,882	-	10,989	-	114,871

As in the prior year, no items of property, plant and equipment were pledged as collateral for liabilities as of 30 September 2022.

Leases to rights of use

The table below shows the separately presented rights of use to assets that are recognized under fixed assets as part of a leasing arrangement:

	Land, buildings and leasehold improvements	Technical plant and machinery	Other office equipment, fixtures and fittings	Total
	€k	€k	€k	€k
Net carrying amount as of 1 Oct 2021	**103,882**	**-**	**10,989**	**114,871**
Additions reporting entity/acquisitions	1,146	-	-	1,146
Additions	8,725	-	6,283	15,008
Depreciation and amortization	-16,146	-	-3,548	-19,694
Adjustment for inflation according to IAS 29	92	-	15	107
Other changes	8,762	-	1,010	9,772
As of 30 Sep 2022	**106,461**	**-**	**14,749**	**121,210**
Net carrying amount as of 1 Oct 2020	**61,074**	**5**	**4,490**	**65,569**
Additions	57,794	-	10,045	67,839
Depreciation and amortization	-15,339	-5	-3,405	-18,749
Other changes	353	-	-141	212
As of 30 Sep 2021	**103,882**	**-**	**10,989**	**114,871**

In the property segment, the Group rents primarily administrative and production buildings. The rights of use to other equipment, operating and office equipment mainly relate to rented vehicles. The terms of the lease agreement are negotiated individually and contain a multitude of different conditions. The other changes presented are mainly the result of currency effects.

Details of the corresponding lease liabilities can be found in note 28 “Leasing liabilities and further disclosures on leases”.

14 Deferred taxes

Deferred tax assets and liabilities comprise the following items in the statement of financial position:

	30 Sep 2022		30 Sep 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€k	€k	€k	€k
Loss carryforwards	4,220	-	3,569	-
Other intangible assets	68	43,773	194	29,483
Fixed assets	2,116	2,548	1,514	1,320
Long-term financial assets	1,178	-	-	-
Inventories	22,286	795	15,673	560
Trade receivables	2,173	433	1,683	602
Other assets	850	4,158	990	1,398
Provisions	25,720	1,591	52,132	-
Trade payables	-	164	-	134
Other liabilities	46,732	2,423	27,515	28
Retained earnings	-	88	-	219
Total	**105,343**	**55,973**	**103,270**	**33,744**
Deferred tax assets (net)	**49,370**		**69,526**	

After netting according to IAS 12 *Income Taxes*, the consolidated statement of financial position includes deferred tax assets totaling €71,749k (prior year: €84,964k) and deferred tax liabilities totaling €22,379k (prior year: €15,438k).

Deferred tax liabilities were carried in the amount of €10,235k in the fiscal year under review (prior year: €15,097k) for net retained earnings of subsidiaries intended for disbursement in the amount of €-131k (prior year: €14k). The Group did not carry as liabilities deferred tax liabilities of €11,944k (prior year: €9,909k) on retained earnings of subsidiaries of €788,332k (prior year: €668,198k), because, from today's perspective, these earnings are to remain permanently invested.

The loss carryforwards result mainly from the US subsidiaries and can be used indefinitely.

The table below shows the reconciliation of deferred taxes:

	€k
Deferred tax assets (net) as of 30 Sep 2020	**77,406**
Effects recognized through profit or loss	-224
Effects recognized in other comprehensive income	-7,573
Currency effects	-83
Deferred tax assets (net) as of 30 Sep 2021	**69,526**
Effects recognized through profit or loss	7,334
Effects recognized in other comprehensive income	-23,804
Changes in the reporting entity	-6,318
Currency effects	2,632
Deferred tax assets (net) as of 30 Sep 2022	**49,370**

15 Other non-current assets

Other non-current assets comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Plan assets for pension commitments	27,754	5,932
Plan assets for accrued flexitime	4,598	2,398
Other	1,189	785
Total other non-current assets	**33,541**	**9,115**

Further details can be found in note 22 “Pension commitments”.

16 Inventories

Inventories comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Raw materials and supplies	179,604	127,556
Work in progress	53,834	37,383
Finished goods	198,008	166,458
Total inventories, gross	**431,446**	**331,397**
Valuation allowances	-48,701	-45,022
Total inventories, net	**382,745**	**286,375**

Inventories were written up/down as follows:

	2021/22	2020/21
	€k	€k
Beginning of fiscal year	**45,022**	**54,716**
Additions recognized as expenses	20,112	12,285
Currency effects	2,903	33
Utilization	-11,775	-17,880
Reversals	-7,561	-4,132
End of fiscal year	**48,701**	**45,022**

The carrying amount of the inventories recognized at net realizable value amounted to €204,787k as of 30 September 2022 (prior year: €157,939k). Write-ups in the amount of €7,561k (prior year: €4,132k) were recognized through profit or loss. The cost of materials amounted to €538,551k and €490,893k, respectively, for fiscal years 2021/22 and 2020/21. 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 and changes in inventories. No inventories have been pledged as collateral for liabilities.

17 Trade receivables

Trade receivables, which also include leasing receivables in the amount of €7,729k (prior year: €8,243k), comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Current trade receivables	206,619	197,140
Non-current trade receivables	8,486	9,215
Trade receivables, gross	**215,105**	**206,355**
Valuation allowances	-8,830	-11,224
Trade receivables, net	**206,275**	**195,131**

The schedule of valuation allowances and the range of default rates are presented in note 37 "Financial risk management".

18 Other current financial assets

Other current financial assets comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Credit card receivables	1,853	2,706
Derivative financial instruments	20,698	6,049
Receivables from the ZEISS Group	389	241
Debit balances of accounts payable	1,168	957
Receivables from the German Federal Employment Agency (reduced hours compensation)	-	76
Commission receivable	223	53
Other receivables	854	397
Other current financial assets	**25,185**	**10,479**

19 Other current non-financial assets

Other current non-financial assets comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Prepaid expenses	12,446	8,557
Receivables from tax office/other tax receivables	34,885	15,641
Advances paid	1,799	945
Other receivables	604	279
Other current non-financial assets	**49,734**	**25,422**

The receivables from the tax office mainly include advance VAT payments.

20 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Cash	15	8
Bank balances	7,714	7,431
Cash and cash equivalents	**7,729**	**7,439**

21 Equity

Share capital
As in the prior fiscal year 2020/21, 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 by issuing new, no-par value bearer shares against cash and/or contributions in kind (Authorized Capital 2022). The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of shareholders in the certain cases. The previous authorized capital of €12,196k (Authorized Capital 2017) was canceled in accordance with the resolution of the Annual General Meeting on 30 March 2022 and entry in the commercial register on 6 April 2022. The authorized capital of €32,524k (Authorized Capital 2016) had already expired on 5 April 2021 and was also canceled with entry in the commercial register on 6 April 2022.

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 single-entity 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 2022, the annual financial statements of Carl Zeiss Meditec AG showed a net profit of €601,487k (prior year: €516,505k).

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 and Ophthalmic Laser Engines, LLC, Lafayette, USA. The change in this item is mainly due to the payment of a dividend by Carl Zeiss Meditec Co. Ltd., Tokyo, Japan, to the minority shareholder, in the amount of €3,461k (prior year: €1,165k)

22 Pension commitments

The commitments arising from defined benefit plans are mainly attributable to retirement benefit obligations in Germany, the USA and Japan. The features and the risks thus associated with the defined benefit plans vary, depending on the general legal, tax and economic conditions of the respective country.

Defined benefit plans

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 amounts recognized by the Company in its statement of financial position for this year's asset (prior year: liability) from defined benefit plans are as follows:

	30 Sep 2022	30 Sep 2021
	€k	€k
Present value of obligations not financed by plan assets	8,480	9,996
Present value of obligations wholly or partly financed by plan assets	149,740	224,804
Total value of defined benefit obligation (DBO)	**158,220**	**234,800**
Fair value of plan assets	177,494	186,275
Net asset value/liability	**-19,274**	**48,525**
thereof in: Other non-current assets	27,754	5,932
thereof in: Provisions for pensions and similar obligations	8,480	54,457

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

	30 Sep 2022			30 Sep 2021		
	Defined benefit obligations (DBO)	**Fair value of plan assets**	**Net asset-value/ liability**	Defined benefit obligations (DBO)	Fair value of plan assets	Net asset-value/ liability
	€k	€k	€k	€k	€k	€k
Germany	135,223	157,078	-21,855	208,059	162,386	45,673
USA	15,480	20,416	-4,936	17,957	23,889	-5,932
Japan	5,128	-	5,128	5,540	-	5,540
Other	2,389	-	2,389	3,244	-	3,244
Carrying amount	**158,220**	**177,494**	**-19,274**	**234,800**	**186,275**	**48,525**

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

	2021/22	2020/21
	€k	€k
Current service cost	11,898	12,874
Net interest expense	494	787
Net expenditure in the fiscal year recognized in the income statement	**12,392**	**13,661**
Income (-)/loss (+) from plan assets, excluding amounts already included in interest	13,502	-16,164
Actuarial gains (-)/losses (+)	-89,505	-19,165
Result recognized in other comprehensive income	**-76,003**	**-35,329**
Actual income (-)/expense (+) on plan assets	10,732	-18,051

The current service cost of €11,898k (prior year: €12,874k) is carried under both cost of goods sold and functional costs, depending on the allocation of personnel expenses to the functional areas.

The present value of defined benefit obligations developed as follows:

	2021/22	2020/21
	€k	€k
Defined benefit obligation (DBO) at beginning of fiscal year	**234,800**	**242,573**
Current service cost	11,898	12,874
Interest expense	3,264	2,674
Benefit payments	-4,549	-3,746
Actuarial gains (-)/losses (+) based on demographic assumptions	55	109
Actuarial gains (-)/losses (+) based on financial assumptions	-92,707	-18,788
Actuarial gains (-)/losses (+) based on empirical assumptions	3,147	-485
Additions/Disposals	-20	-308
Currency effects from foreign plans	2,332	-103
Defined benefit obligation (DBO) at end of fiscal year	**158,220**	**234,800**

The changes in the fair value of the plan assets are as follows:

	2021/22	2020/21
	€k	€k
Fair value of plan assets at beginning of fiscal year	**186,275**	**157,483**
Interest income	2,770	1,887
Remeasurements (income (+)/ expense (-) from plan assets, excluding amounts already included in interest)	-13,502	16,164
Employer contributions	2,288	11,700
Employee contributions	238	171
Pension payments from plan assets	-4,254	-1,391
Currency effects from foreign plans	3,679	261
Fair value at end of fiscal year	**177,494**	**186,275**

For the coming fiscal year the Group intends to pay a contribution of €315k (prior year: €272k) 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 main investment categories of the plan assets were as follows at the end of the reporting period:

	30 Sep 2022	30 Sep 2021
	€k	€k
Developed markets	42,652	45,468
Growth markets	13,204	15,740
Equity instruments (shares)	**55,856**	**61,208**
Government bonds	6,155	7,690
Corporate bonds	40,183	50,800
Other	13,919	14,202
Debt instruments (bonds, notes)	**60,257**	**72,692**
Real estate	**29,227**	**20,970**
Alternative instruments	**21,132**	**14,562**
Cash	**11,022**	**16,843**
Total plan assets	**177,494**	**186,275**

Pension commitments were calculated using the following average valuation factors:

	Germany		USA		Japan	
	2021/22	2020/21	**2021/22**	2020/21	**2021/22**	2020/21
	in %	in %	in %	in %	in %	in %
Discount factor	3.75	1.35	5.10	2.55	0.68	0.37
Long-term salary increase	3.00	2.75	0.00	0.00	2.97	2.97
Future pension increase	2.25	1.75	0.00	0.00	0.00	0.00

The calculation of pensions is linked to employee turnover. Depending on the respective plan, the pensionable age was set at 62 to 65. Pension obligations in Germany were calculated based on Prof. Dr. Klaus Heubeck's 2018 G life expectancy tables. Country-specific mortality tables were used in other countries. In addition, market changes were taken into account in the calculation of the underlying discount factor.

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	€k
Actuarial interest (change by +1.0% /-1.0%)	-25,068	33,460
Salary trend (change by +0.5% / -0.5%)	1,160	-1,021
Pension trend (change by +0.5% /-0.5%)	4,022	-3,681

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 2022 would therefore have been €4,383k higher.

The weighted duration of the pension obligations (Macaulay duration) was 19.5 years as of 30 September 2022 (prior year: 24.3 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. Due to the increased discount factor in the fiscal year under review, the duration is declining.

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:

Fiscal year ending 30 September	Expected benefit payments
	€k
2023	4,223
2024	4,625
2025	4,822
2026	5,412
2027	5,403
2028-2032	34,330

23 Provisions

Current and non-current provisions developed as follows:

	Personnel and social	Ongoing operations	Other	Total
	€k	€k	€k	€k
As of 1 Oct 2021	**2,824**	**14,768**	**9,690**	**27,282**
Additions	2,887	11,681	3,730	18,298
Interest	14	-	-22	-8
Reversals	-333	-2,863	-553	-3,749
Utilization	-669	-10,560	-2,459	-13,688
Adjustment for inflation according to IAS 29	-	106	-	106
Currency effects	289	242	536	1,067
As of 30 Sep 2022	**5,012**	**13,374**	**10,922**	**29,308**
thereof current provisions	1,880	13,051	7,359	22,290
thereof non-current provisions	3,132	323	3,563	7,018
As of 30 Sep 2021	**2,824**	**14,768**	**9,690**	**27,282**
thereof current provisions	381	14,744	4,748	19,873
thereof non-current provisions	2,443	24	4,942	7,409

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. In the fiscal year under review, a provision was also set up for labor law proceedings in the USA.

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 2022	30 Sep 2021
	€k	€k
Present value of partial retirement obligations	1,096	1,118
Fair value of plan assets	673	856
Reported net liability for partial retirement obligations	**423**	**262**

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, 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. Taxes unrelated to income mainly result from taxes on social security contributions in the U.S., which are not due until December 2022 because of COVID-19. In the fiscal year under review, a provision was set up in connection with the Company’s commitment to providing humanitarian and scientific aid in the Ukraine war.

24 Non-current financial liabilities

Non-current financial liabilities comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Liabilities from contingent purchase price components	91,179	67,672
Other purchase price liabilities	-	8,231
Other non-current financial liabilities	593	593
Non-current financial liabilities	**91,772**	**76,496**

The liabilities from contingent purchase price components presented in the table include the fair value for the performance-related purchase price components and are attributable, on the one hand, to the acquisition of IanTECH, Inc. The obligations arising from the acquisition of the assets of InfiniteVision Optics S.A.S. and the obligations arising from the acquisitions of Preceyes, Katalyst and Kogent in the fiscal year under review are also included.

Originally non-current financial liabilities of €8,231k (prior year: €20,727k) are now recognized under current financial liabilities due to their maturity. In the fiscal year under review, these relate entirely to the remaining outstanding purchase price liabilities from the acquisition of Photono.

The change in liabilities from contingent purchase price components results, on the one hand, from the three companies acquired during the fiscal year, in the amount of €50,010k. In addition, the purchase price components were revalued for all companies due to changed capital costs, in the amount of €-11,552k. Furthermore, IanTECH, Inc. and InfiniteVision Optics S.A.S. were revalued due to a reduced expectation of future earnings contributions from the acquired business compared with the prior year, due in particular to time delays, in the amount of €-53,746k. The delay in the payment obligations of IanTECH, Inc. also led to the reclassification to non-current financial liabilities of a purchase price component of €22,120k that was carried as a current liability in the prior year.

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.

25 Current accrued liabilities

Current accrued liabilities include the following items:

	30 Sep 2022	30 Sep 2021
	€k	€k
Outstanding invoices	48,377	41,830
Christmas bonus, special payments, and other personnel-related liabilities	82,624	74,414
Commissions/bonuses	7,252	7,569
Year-end costs	889	942
Other accrued liabilities	2,837	3,032
Current accrued liabilities	**141,979**	**127,787**

26 Other current non-financial liabilities

Other current non-financial assets comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Contract liabilities	39,908	31,537
Liabilities from taxes not related to income	3,787	4,976
Liabilities from social security	2,496	1,758
Wage withholding tax	3,488	2,914
Other liabilities	1,603	1,129
Other current non-financial liabilities	**51,282**	**42,314**

The contract liabilities presented in the table relate to advance payments received on orders in the amount of €11,563k (prior year: €9,833k) as well as deferred revenue due to period-related revenue recognition, in the amount of €28,345k (prior year: €21,704k).

27 Additional disclosures on financial instruments

The following table shows the carrying amounts by valuation category of the financial instruments as of 30 September 2022 and 30 September 2021. In all items presented, the carrying amounts correspond to the fair values.

	Valuation category IFRS 9	Carrying amount 30 Sep 2022	Carrying amount 30 Sep 2021
		€k	€k
Primary financial instruments			
Assets			
Trade receivables	AC	206,275	195,131
Receivables from related parties	AC	216,480	134,868
Treasury receivables	AC	907,534	949,317
Investments	FVOCI	10,803	6,688
Loans	AC	383	231
Other financial assets	AC	4,256	4,431
Cash	AC	7,729	7,439
Equity and liabilities			
Trade payables	AC	124,388	98,230
Liabilities to related parties	AC	64,797	47,235
Treasury payables	AC	29,675	16,835
Outstanding invoices	AC	48,377	41,830
Other financial accrued liabilities	AC	8,141	8,511
Loans from banks	AC	98	645
Contingent purchase price obligations	FVPL	91,179	88,399
Other financial liabilities	AC	29,790	20,483
Derivative financial instruments			
Assets			
Currency hedging contracts	FVPL	21,085	6,049
Equity and liabilities			
Currency hedging contracts	FVPL	37,584	21,912
Thereof aggregated by valuation category pursuant to IFRS 9			
Amortized cost (AC)		1,647,923	1,525,186
Fair value through other comprehensive income (FVOCI)		10,803	6,688
Fair value through profit or loss (FVPL)		149,848	116,360

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	Non-current trade receivables Trade receivables
Receivables from related parties	AC	Trade receivables from related parties
Treasury receivables	AC	Treasury receivables
Investments	FVOCI	Investments and other holdings in affiliated non-consolidated companies
Loans	AC	Loans Other current financial assets
Other financial assets	AC	Other non-current assets Other current financial assets
Asset-side currency hedging contracts	FVPL	Other non-current financial assets Other current financial assets
Cash	AC	Cash and cash equivalents
Trade payables	AC	Trade payables
Liabilities to related parties	AC	Trade payables to related parties
Treasury payables	AC	Treasury payables
Outstanding invoices Other accrued financial liabilities	AC	Current accrued liabilities
Other financial liabilities	AC	Non-current financial liabilities Current financial liabilities
Loans from banks	AC	Non-current financial liabilities Current financial liabilities
Contingent purchase price obligation	FVPL	Non-current financial liabilities Current financial liabilities
Liabilities-side currency hedging contracts	FVPL	Non-current financial liabilities Current financial liabilities

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 2022		30 Sep 2021	
	Nominal value	**Market value**	Nominal value	Market value
	€k	€k	€k	€k
Derivatives excluding hedge accounting				
» Derivatives with a positive market value	445,749	21,085	336,730	6,049
» Derivatives with a negative market value	723,108	37,584	600,561	21,912

Net results by valuation category

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.

		Interest effects	From subsequent valuation			Write-offs	Net result
			at fair value	Currency translation	Valuation allowance		
		€k	€k	€k	€k	€k	€k
From financial assets measured at amortized cost	30 Sep 2022	1,071	n.a.	14,491	-1,994	-1	13,567
	30 Sep 2021	514	n.a.	5,060	29	-14	5,589
From financial assets measured at fair value through other comprehensive income	30 Sep 2022	-	-2,253	-	-	-	-2,253
	30 Sep 2021	-	-328	-	-	-	-328
From financial assets and liabilities measured at fair value through profit or loss	30 Sep 2022	5,019	36,163	-41,151	-	-	31
	30 Sep 2021	-6,239	-17,707	-13,752	-	-	-37,698
From financial liabilities measured at amortized cost	30 Sep 2022	-1,299	n.a.	-4,681	n.a.	n.a.	-5,980
	30 Sep 2021	-1,110	n.a.	-545	n.a.	n.a.	-1,655
Other	30 Sep 2022	-1,134	64	-	261	-	-809
	30 Sep 2021	-968	-	-	183	-	-785
Total	**30 Sep 2022**	**3,657**	**33,974**	**-31,341**	**-1,733**	**-1**	**4,556**
	30 Sep 2021	**-7,803**	**-18,035**	**-9,237**	**212**	**-14**	**-34,877**
thereof through profit or loss	30 Sep 2022	3,657	36,227	-31,341	-1,733	-1	6,809
	30 Sep 2021	-7,803	-17,707	-9,237	212	-14	-34,549
thereof selling and marketing expenses	30 Sep 2022	-	-	-	201	-1	200
	30 Sep 2021	-	-	-	29	-14	15

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, which are allocated to the valuation category financial assets measures at amortized cost and are reported under selling costs.

Financial assets and liabilities carried at fair value by valuation category

The following table shows the financial assets and liabilities carried at fair value by valuation category. 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. Key valuation parameters include, in particular, exchange rates, interest rate differences and future forward rates.

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

Carl Zeiss Meditec AG reviews at the end of each reporting period whether there are grounds for reclassification to or from a valuation category. In the reporting period there were no reclassifications between categories 2 and 3.

		Category 1	Category 2	Category 3	**Total**
		€k	€k	€k	€k
Financial assets measured at fair value through other comprehensive income	30 Sep 2022	-	-	10,803	**10,803**
	30 Sep 2021	-	-	6,688	**6,688**
Financial assets measured at fair value through profit or loss	30 Sep 2022	-	21,085	-	**21,085**
	30 Sep 2021	-	6,049	-	**6,049**
Financial liabilities measured at fair value through profit or loss	30 Sep 2022	-	37,584	91,179	**128,763**
	30 Sep 2021	-	21,912	88,399	**110,311**

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	**Total**
	€k	€k	€k
As of 1 Oct 2021	**6,688**	**88,399**	**95,087**
Additions	5,715	50,010	**55,725**
Changes in fair value recognized through profit or loss	-	-58,766	**-58,766**
Changes in fair value recognized through other comprehensive income	-2,253	-	**-2,253**
Currency effects	653	11,536	**12,189**
As of 30 Sep 2022	**10,803**	**91,179**	**101,982**

	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss	**Total**
	€k	€k	€k
As of 1 Oct 2020	**4,083**	**87,827**	**91,910**
Additions	2,835	-	**2,835**
Changes in fair value recognized through profit or loss	-	8,079	**8,079**
Changes in fair value recognized through other comprehensive income	-328	-	**-328**
Payment of contingent purchase price obligations	-	-8,509	**-8,509**
Currency effects	98	1,002	**1,100**
As of 30 Sep 2021	**6,688**	**88,399**	**95,087**

The financial assets allocated to category 3 are distributed among the individual investments as follows: Audioptics Medical, Inc. (€619k; prior year: €741k), Hydrex S.A. (€0k; prior year: €0k), MicroOptx, Inc. (€0k; prior year: €3,667k), OcuTerra Therapeutics, Inc. (€2,565k; prior year: €2,158k), PolymerExpert S.A. (€1,904k; prior year: €122k), Precise Bio, Inc. (€5,715k; prior year: €0k). An upward or downward fluctuation in the interest rate of 1.0% points would reduce or increase the investment book value , respectively, in the lower single-digit-million range. In the fiscal year under review, a dividend of €87k was distributed by PolymerExpert S.A.

The financial liabilities assigned to category 3 that already existed at the start of the fiscal year are contingent purchase price obligations arising from the acquisition of IanTECH, Inc. and InfiniteVision Optics S.A.S., which was acquired in an asset deal. At the same time, the additions include the new financial liabilities existing since the fiscal year under review associated with the contingent purchase price obligations arising from the acquisitions of Preceyes, Kogent and Katalyst. 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. The other financial result also includes the income from the remeasurement of the contingent purchase price obligation in relation to IanTECH, Inc. and InfiniteVision Optics S.A.S., 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 discounted at a standard market interest rate. An upward or downward fluctuation in the interest rate by 0.5% points 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 €14m.

28 Leasing liabilities and further disclosures on leases

In fiscal year 2021/22 leasing liabilities in the amount of €19,904k (prior year: €17,727k) were paid and €1,191k (prior year: €1,139k) in interest was paid on leases. The total payment for leasing liabilities, including payments for short-term and low-value leases not recognized in financing cash flow, amounted to in the fiscal year under review €21,536k (prior year: €19,161k). At the end of the reporting period there were future cash outflows amounting to €127,903k; please refer to note 37 “Financial risk management” for the maturity analysis of the undiscounted lease payments.

There are no future cash outflows that have not been included in leasing liabilities, the reason being that it is not sufficiently certain whether the lease agreements will be renewed or that they will not be terminated. There are no leases that the Group has entered into as lessee that have not yet commenced.

Further disclosures on leases:

	2021/22	2020/21
	€k	€k
Expense for short-term leases	610	490
Expense for leases for a low-value asset	1,022	944
Income from sub-leasing rights of use	417	508
Gains and losses on sale-and-lease-back agreements	-	2,447

Cancellation and extension options in the amount of €10,543k, which have been deemed unlikely, relate to the leasing of the Group’s administration building in Jena Göschwitz, leased space at the Spanish subsidiary and leasing of the production and administration building in Ontario, California, USA.

OTHER DISCLOSURES

29 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 treasury receivables are also cash pool transactions and these are also carried under cash flows from financing activities, the change in this item in the statement of financial position is likewise presented in the table below.

The other non-cash changes relate to new contracts and/or contract amendments from leasing, the interest portion of treasury payables and valuation allowances on treasury receivables. Other changes in leasing liabilities in the prior fiscal year included an amount of €3,977k in connection with the payment from sale-and-leaseback transactions.

	As of 1 Oct 2021	Cash changes	Non-cash changes			**As of 30 Sep 2022**
			Currency effects	Changes to the reporting entity	Other changes	
	€k	€k	€k	€k	€k	€k
Liabilities to banks	645	-597	50	-	-	**98**
Leasing liabilities	121,270	-19,904	10,572	1,146	14,819	**127,903**
Treasury payables	16,835	11,671	831	-	338	**29,675**
Other loans	-	-1,456	-	1,456	-	**-**
Treasury receivables	949,317	-56,008	16,450	-	-2,225	**907,534**

	As of 1 Oct 2020	Cash changes	Non-cash changes			**As of 30 Sep 2021**
			Currency effects	Changes to the reporting entity	Other changes	
	€k	€k	€k	€k	€k	€k
Liabilities to banks	209	420	16	-	-	**645**
Leasing liabilities	68,605	-17,727	1,537	-	68,855	**121,270**
Treasury payables	1,522	14,950	363	-	-	**16,835**
Treasury receivables	703,560	241,624	3,896	-	237	**949,317**

30 Leases – 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 appropriate settlement payments 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 €2,210k. 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:

	Lease and rental payments
Up to 1 year	1,042
In year 2	326
In year 3	262
In year 4	214
In year 5	79
More than 5 years	29
Total minimum lease and rental payments	**1,952**

The carrying amount of the property, plant and equipment underlying the operating leases amounts to €888k at the end of the reporting period, with €807k relating to technical plant and machinery and €81k to other equipment, operating and office equipment.

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 leases, please refer to the statements under “Operating leases”.

In the fiscal year under review, income from finance leases amounted to €894k (prior year: 3,800k).

The outstanding minimum rental and lease payments from finance leases are as follows:

	30 Sep 2022	30 Sep 2021
	€k	€k
Due in year 1	2,805	3,234
Due in year 2	2,083	2,032
Due in year 3	1,717	1,800
Due in year 4	1,019	1,177
Due in year 5	480	271
Due after more than 5 years	131	246
Total	**8,235**	**8,760**
Financial income on the net investment in the lease	-450	-525
Present value of future lease payments	**7,785**	**8,235**

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.

31 Contingent liabilities and other financial obligations

Guarantees
As in the prior year, there are no guarantees to third parties.

Purchase commitments
The Carl Zeiss Meditec Group has purchase obligations to suppliers for property, plant and equipment amounting to €45,342k (prior year: €21,808k) and for intangible assets in the amount of €454k (prior year: €1,618k).

Litigation and arbitration
With the exception of the proceedings described below, the Carl Zeiss Meditec Group is not currently involved in any litigation or arbitration proceedings which, in the Company's current estimation, could individually have a material effect on the financial position of Carl Zeiss Meditec AG. Nor are such proceedings pending or to be expected to the Company's knowledge.

There is a litigation risk in connection with the claim of a former distribution partner in Egypt for compensation and damages. In the Company's opinion, there is no sufficient basis for this claim; the Company is therefore contesting the claim.

Provisions have been set up for the expected costs.

32 Securities

Assets pledged as security
There are no assets pledged as security as of the end of the reporting period.

Assets held as security
The Group does not hold any assets pledged as security.

33 Segment reporting

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 business activities relating to ophthalmology, such as the intraocular lens business, surgical visualization solutions and medical laser and diagnostic systems are allocated to the "Ophthalmic Devices" SBU. The "Microsurgery" SBU encompasses the activities in 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.

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.

	Ophthalmic Devices SBU		Microsurgery SBU		Total	
	2021/22	2020/21	**2021/22**	2020/21	**2021/22**	2020/21
	€k	€k	€k	€k	€k	€k
External revenue	**1,469,266**	**1,255,711**	**433,570**	**391,074**	**1,902,836**	**1,646,785**
Gross profit	867,821	727,150	259,777	240,063	1,127,598	967,213
Selling and marketing expenses	-258,683	-213,435	-101,496	-89,798	-360,179	-303,233
General and administrative expenses	-62,555	-48,954	-15,326	-11,793	-77,881	-60,747
Research and development expenses	-241,525	-179,796	-49,840	-52,270	-291,365	-232,066
Other operating result	-1,200	2,447	-94	-	-1,294	2,447
Earnings before interest and taxes	**303,858**	**287,412**	**93,021**	**86,202**	**396,879**	**373,614**
Depreciation and amortization	58,135	48,540	11,634	13,044	69,769	61,584
Appropriation to provisions	15,293	14,693	3,005	3,581	18,298	18,274
Reconciliation of segments’ comprehensive income to the Group’s period-end result						
Comprehensive income of the segments					**396,879**	**373,614**
Earnings before interest and taxes					**396,879**	**373,614**
Financial result					6,610	-34,564
Earnings before income taxes					**403,489**	**339,050**
Income taxes					-107,578	-101,531
Consolidated profit					**295,911**	**237,519**
Attributable to:						
Shareholders of the parent company					293,909	236,276
Non-controlling interests					2,002	1,243

As a general rule there were no intersegment sales.

The information on geographical areas is based on the geographical regions of Germany, the USA, 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. Each region essentially offers the same type of products and services.

	2021/22		2020/21	
	Revenue	Non-current assets	Revenue	Non-current assets
	€k	€k	€k	€k
Germany	1,155,749	218,200	938,741	156,362
USA	512,767	502,343	476,701	374,256
Asia	102,728	31,894	101,278	31,111
Europe (without Germany)	131,592	186,369	130,065	128,449
Other	-	955	-	904
Total	**1,902,836**	**939,761**	**1,646,785**	**691,082**

The segment assets comprise non-current assets less deferred income taxes of €71,479k (prior year: €84,964), investments and other holdings in affiliated non-consolidated companies of €10,828k (prior year: €6,713k), loans of €152k (prior year: €0k) and non-current trade receivables of €8,474k (prior year: €9,191k).

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 57% (prior year: 53%) of total revenue. Revenue with Carl Zeiss AG and its subsidiaries is generated in both segments, The share of total revenue totals 36% (prior year: 37%) in the SBU Microsurgery and 62% (prior year: 58%) in the SBU Ophthalmic Devices.

34 Government grants

Grants allocated for fiscal years 2021/22 and 2020/21 were as follows:

	2021/22	2020/21
	€k	€k
Grants for assets/investment subsidies	1,165	-
Research and development cost subsidies	62	-
Reimbursement of social security contributions	-	46
Other expense-related subsidies	2,969	-
Total	**4,196**	**46**

The grants for assets/investment subsidies mainly relate to production plants in Guangzhou, China. The other expense-related subsidies relate in particular to receivables in the USA due to the COVID-19 pandemic.

The Group has not identified any risks of repayment for which provisions have not been set up. The grants for assets/investment subsidies were deducted from the acquisition and production costs. All other grants received were recognized in the cost of goods sold and functional costs.

35 Related party disclosures

The following transactions and outstanding balances arise from various agreements with related parties:

	Transaction amount			
	2021/22		2020/21	
	ZEISS Group	**thereof Carl Zeiss AG**	ZEISS Group	thereof Carl Zeiss AG
	€k	€k	€k	€k
Sale of merchandise	1,073,962	2	865,465	-
Purchase of merchandise	68,630	-	56,342	-
Services rendered excluding financial income	3,032	798	2,634	334
Services procured excluding financial expenses	168,745	91,905	135,802	53,080
Financial income	32,223	-	13,988	-
Financial expense	91,810	-	44,686	-
including:				
Lease and rental costs	2,641	2,051	1,960	1,533
Research and development expenses	55,932	9,350	46,420	6,382

The financial income and expenses presented above mainly include effects from the recognition and valuation of forward exchange contracts.

	Outstanding balance			
	30 Sep 2022		30 Sep 2021	
	ZEISS Group	**thereof Carl Zeiss AG**	ZEISS Group	thereof Carl Zeiss AG
	€k	€k	€k	€k
Receivables	1,145,488	324	1,090,520	75
Liabilities	137,764	28,422	87,557	13,332

The amounts presented above include treasury receivables of €907,534k (prior year: €949,317k) and treasury payables of €29,675k (prior year: €16,835k), mainly to Carl Zeiss Financial Services GmbH. As of 30 September 2022 valuation allowances on receivables from companies of the ZEISS Group totaling €4,242k were recognized (prior year: €1,160k). This had an effect on earnings in the fiscal year of €-3,041k (prior year: €92k). In accordance with the expected loss model of IFRS 9, impairment losses were also recognized on balances due from companies of the ZEISS Group for a technically expected loss based on rating information. A deterioration in creditworthiness or even a default was not identified in any case and is also not considered probable.
For more details on the impairment losses recognized, please refer to note 37 "Financial risk management".

The loans granted by Carl Zeiss Financial Services GmbH and funds invested with said company are subject to variable interest at normal market conditions.

The remuneration paid to the Group's management in key positions (Management Board and Supervisory Board) comprises the following:

	2021/22	2020/21
	€k	€k
Short-term payments due	2,624	2,878
Benefits resulting from termination of employment	1,366	930
Appropriation to defined benefit plans	888	306
Other long-term payments due	540	306
Total remuneration paid to key personalities within the Group	**5,418**	**4,420**

There were no transactions with the Carl Zeiss Foundation in the fiscal year just ended; there were no outstanding items at the end of the reporting period.

36 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.

37 Financial risk management

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 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.

Market risk

Interest 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.

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 changes 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. Variable-interest financial instruments with an original term of less than 91 days show very little fluctuation due to the interest rate which remains low at the current time, which is why the Group can consider the interest rate risk for these financial instruments to be negligible.

As of the end of the reporting period, the Company mainly holds fixed-interest financial instruments measured at fair value. The variable-interest financial instruments relate to a loan of Photono. Due to the contract terms and a minimum interest rate agreed therein, which currently exceeds the current interest rate, a fluctuation in the interest rate of one percentage point up or down would have no effect on the interest expense. 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.

The table below shows the Company's interest-bearing, non-derivative financial instruments with a term of more than 90 days.

	30 Sep 2022	30 Sep 2021
	€k	€k
Variable-interest financial assets	-	-
Fixed-interest financial assets	-	-
Total interest financial assets	**-**	**-**
Variable-interest financial assets	593	593
Fixed-interest financial assets	227,923	217,901
Total interest financial assets	**228,516**	**218,494**

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 with a maximum term of three years at the rate fixed. The Group is currently striving to hedge 100% of the expected foreign currency receipts and outgoings.

The average exchange rates of the currency forward contracts concluded for the major currencies are as follows:

	30 Sep 2022	30 Sep 2021
EUR / AUD	0.6264	0.6110
EUR / CNY	0.1276	0.1247
EUR / GBP	1.1588	1.1228
EUR / JPY	0.0077	0.0082
EUR / KRW	0.0007	0.0007
EUR / SGD	0.6259	0.6319
EUR / USD	0.8418	0.8509

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 tables below provide an overview of the Company's foreign currency financial instruments.

The fair values are calculated exclusively using recognized actuarial methods and based on publicly accessible market information.

		Total	Thereof: in the following currencies – translated to € -								
		EUR	EUR	USD	JPY	GBP	KRW	CNY	AUD	BRL	Other
ASSETS		€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
Loans	30 Sep 2022	383	231	152	-	-	-	-	-	-	-
	30 Sep 2021	231	231	-	-	-	-	-	-	-	-
Trade receivables	30 Sep 2022	206,275	204,035	2,240	-	-	-	-	-	-	-
	30 Sep 2021	195,131	193,338	1,793	-	-	-	-	-	-	-
Receivables from related parties	30 Sep 2022	216,480	20,036	12,922	-	6,876	11,543	132,054	1,287	3,398	28,364
	30 Sep 2021	134,868	23,298	13,524	-	6,853	11,024	48,434	3,564	5,351	22,820
Asset-side currency hedges	30 Sep 2022	21,085	-	2,811	5,780	2,626	3,043	1,866	1,221	-	3,738
	30 Sep 2021	6,049	-	1,081	1,884	228	677	353	702	-	1,124
Total assets	**30 Sep 2022**	**444,223**	**224,302**	**18,125**	**5,780**	**9,502**	**14,586**	**133,920**	**2,508**	**3,398**	**32,102**
	30 Sep 2021	**336,279**	**216,867**	**16,398**	**1,884**	**7,081**	**11,701**	**48,787**	**4,266**	**5,351**	**23,944**
Equity and liabilities											
Trade payables	30 Sep 2022	124,388	110,466	12,871	915	82	-	8	-	-	46
	30 Sep 2021	98,230	88,255	7,846	1,102	20	1	-	-	-	1,006
Liabilities to related parties	30 Sep 2022	64,797	57,770	1,198	-	328	30	4,679	-	81	711
	30 Sep 2021	47,235	42,818	244	-	162	22	3,276	157	94	462
Liabilities-side currency hedges	30 Sep 2022	37,584	-	9,136	130	155	196	18,891	552	-	8,524
	30 Sep 2021	21,912	-	2,295	362	282	156	16,658	53	-	2,106
Total liabilities	**30 Sep 2022**	**226,769**	**168,236**	**23,205**	**1,045**	**565**	**226**	**23,578**	**552**	**81**	**9,281**
	30 Sep 2021	**167,377**	**131,073**	**10,385**	**1,464**	**464**	**179**	**19,934**	**210**	**94**	**3,574**

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 (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
	30 Sep 2022	383	-15	15
Loans	30 Sep 2021	231	-	-
Trade receivables	30 Sep 2022	206,275	144	-144
	30 Sep 2021	195,131	110	-110
Receivables from related parties	30 Sep 2022	216,480	-23,225	23,225
	30 Sep 2021	134,868	-12,761	12,761
Asset-side currency hedging contracts	30 Sep 2022	21,085	29,015	-29,015
	30 Sep 2021	6,049	14,819	-14,819
Total assets	**30 Sep 2022**	**444,223**	**5,919**	**-5,919**
	30 Sep 2021	**336,279**	**2,168**	**-2,168**
Equity and liabilities				
Trade payables	30 Sep 2022	124,388	1,340	-1,340
	30 Sep 2021	98,230	921	-921
Liabilities to related parties	30 Sep 2022	64,797	2,890	-2,890
	30 Sep 2021	47,235	1,099	-1,099
Liabilities-side currency hedges	30 Sep 2022	37,584	64,660	-64,660
	30 Sep 2021	21,912	61,153	-61,153
Total liabilities	**30 Sep 2022**	**226,769**	**68,890**	**-68,890**
	30 Sep 2021	**167,377**	**63,173**	**-63,173**

The most significant effect of exchange rate risks results, as of 30 September 2022, from the asset-side and liabilities-side currency hedges in CNY, KRW, JPY and USD. Under the items receivables from and liabilities to affiliated companies, the effects of exchange rate risks presented here are particularly attributable to CNY, KRW and USD. Effects on equity due to exchange rate fluctuations only arise due to the translation of the financial statements.

Default risk

The Group is exposed to a default 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 previous business relationship is used, in particular regarding payment behavior, in order to minimize the default risk. To the extent that default risks can be identified for the individual financial assets, these risks are covered by valuation allowances. The management is routinely involved in such decisions on risk provisioning. The default risk arising from the derivative financial instruments used is not believed to be material, based on credit checks, among other things. There is no discernible concentration of default risks arising from business relationships with individual debtors or groups of debtors. The maximum default risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.
It is assumed that default rates will not change significantly in the future. No significant financial assets were individually impaired at the end of the reporting period, nor were the terms and conditions of the financial assets re-negotiated, as they would otherwise have been past due or impaired.

The risks associated with trade receivables are adequately covered by valuation allowances. The valuation allowances were derived using historical default rates, taking future-oriented information into account. The resulting valuation allowances developed as follows:

	Valuation allowance on			
	Trade receivables	Receivables from related parties	Treasury receivables	Total
	€k	€k	€k	€k
As of 1 October 2021	**11,224**	**702**	**458**	**12,384**
Appropriation	3,079	1,548	2,653	7,280
Utilization	-185	-	-	-185
Reversal	-4,126	-702	-458	-5,286
Currency effects	-1,162	16	25	-1,121
As of 30 September 2022	**8,830**	**1,564**	**2,678**	**13,072**

The valuation allowances on trade receivables include an amount of €9,722k for individually adjusted trade receivables. No individual valuation allowances were made on receivables from related parties or treasury receivables. The valuation allowances on trade receivables also include valuation allowances on leasing receivables.

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 2022	Default rates 30 Sep 2021	**Gross receivables 30 Sep 2022**	Gross receivables 30 Sep 2021
	%	%	€k	€k
Not overdue	0.5	0.4	166,549	145,837
Up to 30 days overdue	0.6	1.2	22,084	27,573
31 to 60 days overdue	1.0	2.0	8,709	9,158
61 to 90 days overdue	1.4	2.8	5,808	4,073
More than 90 days overdue	1.9	3.6	11,955	19,714

The measurement of the expected losses considers various macroeconomic scenarios to account for the deviation in the default risk expected by the market – compared with previous years. The amendment of the forward-looking information to the current environment did not have any material effect on the average default rates. An increase in this factor in the context of the default risk by two percentage points would result in an increase in the valuation allowances in the low single-digit million range.

The following table provides information on the offsetting of primary financial instruments and the resulting limitation of the default risk:

	30 Sep 2022	30 Sep 2021
	€k	€k
Trade receivables and other receivables (before offsetting)	208,373	197,729
Offsetting of credit notes issued	2,098	2,598
Residual default risk	**206,275**	**195,131**

Liquidity risk
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 cash forecast, and holds a corresponding liquidity reserve in the form of cash and unused lines of credit at the treasury of Carl Zeiss AG. Due to the high amount of cash and cash equivalents and treasury receivables within the Company, as well as its sound financing structure with an equity ratio of 71,9%, the risk of insolvency can currently be considered negligible.

In order to reduce the liquidity risk, invoices for trade payables with corresponding credit notes received are shown in the statement of financial position at the net amount. This is only the case where there is a legal entitlement to settle the liability on a net basis.

The following table provides information on the offsetting of trade payables and the resulting limitation of the liquidity risk:

	30 Sep 2022	30 Sep 2021
	€k	€k
Trade payables (before offsetting)	125,415	99,084
Offsetting of credit notes received	1,027	854
Residual liquidity risk	**124,388**	**98,230**

As of 30 September, the Group's derivative financial liabilities have the following maturities:

	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 outflows	30 Sep 2022	722,352	64,550	112,713	175,970	369,119
	30 Sep 2021	600,483	53,206	87,131	143,647	316,499
Cash inflows	30 Sep 2022	763,923	68,983	122,052	188,873	384,015
	30 Sep 2021	630,580	56,148	91,256	151,837	331,339

As of 30 September, the Group's other financial liabilities have the following maturities:

	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 2022	134,128	22,690	61,472	49,966
	30 Sep 2021	129,199	20,360	55,062	53,777
Loans from banks	30 Sep 2022	98	98	-	-
	30 Sep 2021	645	645	-	-
Other financial liabilities	30 Sep 2022	173,661	29,197	60,395	84,069
	30 Sep 2021	142,765	32,387	12,217	98,161

38 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 71.9% (prior year: 70,0%). Net debt was €-122,537k (prior year: €-238,171k). 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 2022	30 Sep 2021
	€k	€k
Equity (incl. non-controlling interests)	2,030,091	1,677,383
Borrowed capital	792,726	718,585
Total assets	**2,822,817**	**2,395,968**
Cash and cash equivalents	7,729	7,439
Treasury receivables	907,534	949,317
Equity ratio in percent	71.9%	70.0%
Net debt	**-122,537**	**-238,171**

The Group’s dynamic debt ratio, i.e., the ratio of net debt to operative cash flow, amounted to -0.7 years in the course of fiscal year 2021/22 (prior year: -0.7 years). As in the prior year, therefore, existing debts could be settled immediately using cash flows from operating activities. The interest coverage ratio, which is the coverage of interest income by earnings before interest, tax, depreciation and amortization (EBITDA), amounted to -127.6 in fiscal year 2021/22 (prior year: 55.8).

The Company's overall strategy with regard to capital management remained the same as the prior year.

39 Events after the end of the reporting period

Dividend payment

The Management Board and Supervisory Board propose to distribute a dividend of €98,385k (€1.10 per share). Based on fiscal year 2020/21, a dividend of €80,497k (€0.90 per share) was proposed in the fiscal year under review, the proposal was adopted at the Annual General Meeting and the dividend was then distributed to the shareholders.

40 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 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Dr. Ludwin Monz President and CEO of Carl Zeiss Meditec AG (until 31 Dec 2021) Area of responsibility: Ophthalmic Devices SBU, Microsurgery SBU, Strategic business development, Group functions Communication, MarCom, Digital Innovation, Quality, Regulatory First appointed 2007 In addition: Member of the Executive Board of Carl Zeiss AG, Oberkochen, Germany (until 31 Dec 2021)	» Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA (until 31 Dec 2021) » Member of the Board of Directors of Carl Zeiss Meditec USA, Inc., Dublin, USA (until 31 Dec 2021) » Member of the Board of Directors of Carl Zeiss Meditec Technology, Inc., Reno, USA (until 31 Dec 2021) » Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan (until 21 Dec 2021) » Member of the Board of Directors of Carl Zeiss Meditec, Inc., Tokyo, Japan (until 21 Dec 2021) » Chairman of the Board of Directors of Carl Zeiss Meditec Iberia, S.A., Tres Cantos, Spain (until 31 Dec 2021) » Chairman of the Board of Directors of Carl Zeiss Iberia S.L., Tres Cantos, Spain (until 31 Dec 2021)	» Member of the University Council of Friedrich-Schiller-Universität, Jena, Germany (until 31 March 2022) » Member of the board of trustees of the Leibniz Institute of Photonic Technology, Jena, Germany (until 31 Dec 2021) » Member of the board of trustees of the Fraunhofer-Institut für System- und Innovationsforschung, Karlsruhe, Germany
Dr. Markus Weber President and CEO of Carl Zeiss Meditec AG (from 1 Jan 2022) Area of responsibility: Ophthalmic Devices SBU, Microsurgery SBU, Strategic business development, Group functions Communication, MarCom, Digital Innovation, Quality, Regulatory, Sustainability First appointed 2022 In addition: Member of the Management Board of Carl Zeiss AG, Oberkochen, Germany	" Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan (since 21 Dec 2021) » Member of the Board of Directors of Carl Zeiss Co. Ltd, Tokyo, Japan (since 21 Dec 2021)	» Member of the University Council of Universität Ulm, Ulm, Germany (since 1 Jul 2022) » Member of the Administrative Board of the Deutsches Museum München, Munich, Germany (since 5 May 2022)

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
Jan Willem de Cler until 30 Sep 2022 Area of responsibility: Group function Human Resources, Diversity & Inclusion, Global Operations, Global Service and Customer Care, Cultural Development, Training First appointed 2018	» President of the Board of Directors of FCI Ophthalmic, Inc., Pembroke, USA (until 30 Sep 2022) » Member of the Board of Directors of FCI Sud, Goodlands, Mauritius (until 30 Sep 2022) » President of the Board of Directors of FCI SAS, Paris, France (until 30 Sep 2022) » Member of the Board of Directors of Hyaltech Ltd., Livingston, UK (until 30 Sep 2022)	none
Justus Felix Wehmer Area of responsibility: Group functions Finance & Controlling, Investor Relations, IT, Legal Affairs, Taxes 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, Inc., Reno, USA (since 1 Jan 2022) » Member of the Board of Directors of Carl Zeiss Meditec USA, Inc., Dublin, USA (since 1 Jan 2022) » Member of the Board of Directors of Carl Zeiss Iberia , S.L., Tres Cantos, Spain (since 3 Jan 2022) » 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 (Guangzhou) Ltd., Guangzhou, China (since 24 Feb 2022) » Member of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany (since 30 March 2022)	» Member of the Executive Board of Spectaris e.V., Germany » Member of the Executive Board of Ernst-Abbe-Stiftung, Jena, Germany (since 5 Aug 2022)

The total remuneration paid to the active members of the Management Board pursuant to Section 314 (1) No. 6a HGB amounted to €3,645k in fiscal year 2021/22 (prior year: €2,244k). Projected unit credits for pensions for active members of the Management Board amount to €332k (prior year: €424k). The service cost of active Management Board members was €888k (prior year: €450k). Furthermore, projected unit credits for pensions for former members of the Management Board of Carl Zeiss Meditec amount to €902k (prior year: €1,305k).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in fiscal year 2021/22:

Member of the Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of 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 Meditec Co. Ltd., Tokyo, Japan (since 25 Feb 2022) » 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 » Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore » Chairman of the Board of Directors of tooz technologies, Inc., White Plains, USA	» Member of the Supervisory Board of Körber AG, Hamburg, Germany
Dr. Christian Müller Member of the Supervisory Board since 2019 Member of the Executive Board (CFO) of Carl Zeiss AG, Oberkochen, Germany	» Member of the Management Board of Carl Zeiss Pensions-Treuhand e.V., Oberkochen, Germany » Chairman of the Board of Directors of Carl Zeiss, Inc., White Plains, USA » Member of the Management Board of Carl Zeiss Pensions Trust Properties, White Plains, USA	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 (since 5 Apr 2022) » 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., Peabody, USA » Member of the Board of Directors of Carl Zeiss SBE, LLC, White Plains, USA	none
Tania von der Goltz Deputy Chairwoman Member of the Supervisory Board since 2018 Senior Vice President Global Financial Strategy, Fresenius Medical Care AG & Co. KGaA, Bad Homburg, Germany	none	» Member of the Advisory Board of Veonet Vision GmbH, Munich, Germany (since 23 May 2022)
Isabel De Paoli Member of the Supervisory Board since 2020 Partner Private Equity - Healthcare Sector, EQT Partners GmbH, Munich, Germany	none	» Member of the Supervisory Board of Futury Regio Growth GmbH & Co KG, Frankfurt am Main, Germany (until 31 Oct 2021)

Member of the Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies of 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
Cornelia Grandy* Member of the Supervisory Board until 30 March 2020 Deputy Chairwoman of the Works Council of Carl Zeiss Meditec AG, Oberkochen, Germany (until 15 Mar 2022)	none	none
Renè Denner* Member of the Supervisory Board since 2019 Chairman of the Works Council of Carl Zeiss Meditec AG, Jena, Germany, and Chairman of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany	none	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 30 March 2022 Industrial engineer, Deputy Chairwoman of the Works Council of Carl Zeiss Meditec AG, Oberkochen, Germany	none	none

*elected employee representatives

Committees of the Supervisory Board

	Members
General and Personnel Committee	Dr. Karl Lamprecht, Chairman Tania von der Goltz Dr. Christian Müller
Audit Committee	Peter Kameritsch, Chairman Torsten Reitze Cornelia Grandy (until 30 Mar 2022) Renè Denner (from 30 Mar 2022)
Nominating Committee	Dr. Christian Müller, Chairman Isabel De Paoli Dr. Karl Lamprecht

The remuneration of the active members of the Supervisory Board amounted to €410k for fiscal year 2021/22 (prior year: €419k).

The remuneration of Supervisory Board members is governed by Art. 19 of the Articles of Association of Carl Zeiss Meditec AG.

Advances/loans and contingent liabilities in favor of members of executive bodies
No advances or loans were granted to members of the executive bodies. The Company did not enter into any contingent liabilities in favor of members of the Management Board or Supervisory Board.

Auditors' fees
The total fee charged by the Group auditor comprises the following:

	2021/22	2020/21
	€k	€k
Auditing of financial statements	421	437
Other auditing services, other countries	402	308
Other audit expenses	25	-
Other services	2	-
Total	**850**	**745**

Information on shareholdings (consolidated companies)

Name and registered office of the company	in local currency:	Share of voting capital (in %)	Equity 30 Sep 2022		of which profit/loss for fiscal year 2021/22	
			in local currency (k)	in €k translated at market rate at end of reporting period	in local currency (k)	in €k translated at average annual exchange rate
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	59,174	59,174	1,743	1,743
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	12,238	12,238	1,541	1,541
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	EUR	100	10,560	10,560	2,418	2,418
France Chirurgie Instrumentation S.A.S., Paris, France	EUR	100	7,442	7,442	2,863	2,863
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	EUR	100	6,289	6,289	901	901
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	EUR	100	3,051	3,051	233	233
Carl Zeiss Meditec Portugal Unipessoal Lda., Lisbon, Portugal	EUR	100	2,853	2,853	304	304
Preceyes B.V., Eindhoven, Netherlands	EUR	100	439	439	38	38
Photono Oy, Helsinki, Finland	EUR	49	33	33	-534	-534
HYALTECH Ltd., Livingston, United Kingdom	GBP	100	4,757	5,387	-1,729	-2,042
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S, Ankara, Turkey	TRY	100	53,848	2,978	10,810	683
Carl Zeiss Meditec, Inc., Dublin, USA	USD	100	585,835	600,980	36,282	33,440
Carl Zeiss Meditec USA, Inc., Dublin, USA	USD	100	51,353	52,681	28,748	26,495
Carl Zeiss Meditec Production LLC, Ontario, USA	USD	100	20,770	21,307	462	426
Kogent Surgical LLC, Chesterfield, USA	USD	100	9,281	9,521	5,695	5,249
Katalyst Surgical LLC, Chesterfield, USA	USD	100	8,871	9,101	4,548	4,191
France Chirurgie Instrumentation Ophthalmics, Inc., Pembroke, USA	USD	100	4,849	4,974	1,971	1,816
Carl Zeiss Meditec Digital Innovation risks LLC, Temple, USA	USD	100	915	939	0	0
Ophthalmic Laser Engines LLC, Lafayette, USA	USD	52	-1,107	-1,136	-73	-68
Carl Zeiss Meditec Cataract Technology, Inc., Reno, USA	USD	100	-16,433	-16,858	-10,133	-9,339
Carl Zeiss Meditec Guangzhou Ltd., Guangzhou, China	CNY	100	37,602	5,421	-17,995	-2,536
Carl Zeiss Meditec (Shanghai) Holding Co. Ltd., Shanghai, China	CNY	100	0	0	0	0
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	JPY	51	4,194,569	29,747	543,523	4,043

* 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 %)
Carl Zeiss EyeTec GmbH i.L., Oberkochen, Germany**	€k	100
InfiniteVision Optics S.A.S., Strasbourg, France	€k	100
Emmetropia, Inc., Princeton, USA	USDk	100
Preceyes, Inc., New York, USA	USDk	100

** The company Carl Zeiss EyeTec GmbH i.L., Oberkochen, Germany has been in liquidation since 2021.

Information on shareholdings (investments)

Name and registered office of the company	Currency	Share of voting capital (in %)
Hydrex S.A., Amplepuis, France	€k	13.8
PolymerExpert S.A., Pessac, France	€k	8.6
Audioptics Medical, Inc., Halifax, Canada	CADk	20.5
MicroOptx, Inc., Maple Grove, USA	USDk	17.7
Precise Bio, Inc., Winston-Salem, USA	USDk	12.9
OcuTerra Therapeutics, Inc., Boston, USA	USDk	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.

41 Clearance for publication

The Management Board of Carl Zeiss Meditec AG cleared these IFRS consolidated financial statements for submission to the Supervisory Board on 25 November 2022. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Jena, 25 November 2022
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, 25 November 2022
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

Report on the audit of the consolidated financial statements and of the management report of the Company and the Group

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 30 September 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group of Carl Zeiss Meditec AG for the fiscal year from 1 October 2021 to 30 September 2022. In accordance with the German legal requirements, we have not audited the content of the group declaration on corporate governance pursuant to Sec. 315d HGB [“Handelsgesetzbuch”: German Commercial Code] published on the website stated in the management report of the Company and the Group that is a part of the management report of the Company and the Group.

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 Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 30 September 2022 and of its financial performance for the fiscal year from 1 October 2021 to 30 September 2022, and

» the accompanying management report of the Company and the Group as a whole provides an appropriate view of the Group’s position. In all material respects, this management report of the Company and the Group is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report of the Company and the Group does not cover the content of the aforementioned group declaration on corporate governance.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the management report of the Company and the Group.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the management report of the Company and the Group in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and 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 management report of the Company and the Group” 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 Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 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 opinions on the consolidated financial statements and on the management report of the Company and the Group.

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 fiscal year from 1 October 2021 to 30 September 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Write-downs on inventories
Reasons why the matter was determined to be a key audit matter

The amount of write-downs on inventories, which include both medical devices and medical consumables, is, depending on the type of product, dependent on specific valuation risks concerning the minimum shelf lives of medical devices and marketability parameters.

In addition, spare parts have to be kept in stock for the medical devices for extended periods, even after the end of series production. As part of inventory valuation, the executive directors must make assumptions regarding the future usability of the spare parts. These mainly concern estimates of the required stock levels as well as the technical useful life of spare parts.

Furthermore, certain medical devices are provided to the customer for test use (loan equipment). For the loan equipment, assumptions are made in particular by the sales unit regarding short-term saleability and the realizable proceeds from the sale of the equipment.

Given the underlying complexity of the write-down routines, there was an elevated risk of material misstatement such that write-downs on inventories were one of the key audit matters.

Auditor’s response
During our audit, we obtained an understanding of the parameters and assumptions underlying each of the write-down routines with respect to future usability/technical usability as well as the required stock levels and short-term saleability/amount of realizable sales proceeds by comparing them with past fiscal years. In this context, we compared the forecast accuracy of the underlying assumptions in prior years on a sample basis by checking them against the actual rollforwards of the corresponding inventories. The result of our comparison was used as a basis for our assessment of write-downs in the current fiscal year.

In addition, we examined the implementation of the write-down routines in the SAP system with the assistance of corresponding IT specialists.

Our audit did not lead to any reservations concerning the recognition of write-downs on inventories.

Reference to related disclosures
For information on the recognition and measurement policies applied for inventories, refer to the disclosures in note 2 (j) of the notes to the consolidated financial statements and, for disclosures on inventories, to note 16 of the notes to the consolidated financial statements.

Subsequent measurement of the contingent purchase price obligations arising from the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. in fiscal year 2018/2019

Reasons why the matter was determined to be a key audit matter
In fiscal year 2018/2019, Carl Zeiss Meditec AG acquired 100% of the shares in Carl Zeiss Meditec Cataract Technology, Inc. (formerly IanTECH, Inc., Reno, USA) through its subsidiary Carl Zeiss Meditec, Inc. The purchase price comprised a fixed component (including the escrow amount) and discounted performance-related components (earn-outs). As of the reporting date, the Group remeasured the obligation for the performance-related components.

The purchase price liabilities relate in their entirety to two residual components for the achievement of certain manufacturing cost reduction and revenue-related targets.

Both obligations are discounted as of 30 September 2022, stated at fair value and include assumptions about the achievement of the agreed manufacturing cost reduction targets and/or the forecast revenue. Changes in the subsequent measurement of the purchase price obligations following the acquisition are presented in the consolidated income statement under the financial result.

In light of the use of judgment in the legal interpretation of the purchase agreement, derivation of forecast revenue and the determination of an appropriate discount rate, the subsequent measurement of the purchase price obligations arising from the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. in fiscal year 2018/2019 was a key audit matter.

Auditor’s response
We examined the assumptions used for the measurement of the contingent purchase price obligations, including underlying legal interpretations of the purchase agreement and the revenue forecast as well as the discount rate applied.

For this purpose we compared the consensus on the legal interpretations of the purchase agreement with assessments by lawyers and interpretations from the prior years. In order to calculate revenue, we scrutinized the newly developed product, the market environment and the regulatory and technical perspective. For the last two elements, we obtained the assessments on the newly developed product by US ophthalmologists that the Company engaged for test purposes and compared them to the assumptions underlying the revenue forecast. We examined the ophthalmologists’ independence and qualifications. We analyzed the discount rate by comparing it with external data.

Our audit procedures did not lead to any reservations relating to the subsequent measurement of contingent purchase price liabilities at fair value.

Reference to related disclosures
For information on the recognition and measurement policies applied for the contingent purchase price obligation, refer to the disclosures in note 2 (h) of the notes to the consolidated financial statements and, for non-current financial liabilities, to note 24 of the notes to the consolidated financial statements.

Purchase price allocation pursuant to IFRS 3 for acquisitions in fiscal year 2021/2022

Reasons why the matter was determined to be a key audit matter
Under an agreement dated and effective 10 March 2022, Carl Zeiss Meditec AG acquired 100% of the shares in Preceyes B.V., Eindhoven, Netherlands. Additionally, Carl Zeiss Meditec, Inc., as the subsidiary of Carl Zeiss Meditec AG, signed an agreement on 25 March 2022 to acquire 100% of the shares in Kogent Surgical LLC, Chesterfield, USA, and Katalyst Surgical LLC, Chesterfield, USA. The acquisition became effective in each case as of 14 April 2022.

The assets and liabilities acquired were recognized at their fair value as of the acquisition date in accordance with IFRS 3, Business Combinations. The Group used external experts to identify and value the assets and liabilities acquired.

The consideration transferred for the acquisition of the entities comprises a fixed purchase price component as well as contingent consideration. The latter is performance-related and linked to achievement of agreed development and revenue targets.

The identification and valuation of the assets and liabilities acquired as well as the calculation of the contingent purchase price liability are complex and are based on the executive directors' assumptions that are subject to judgment. The assumptions relevant for measurement relate to the relevant revenue and margin forecast as well as the assessment of the feasibility of development projects, obtaining approval for the products and specific targets in the manufacturing processes.

In this light, the accounting treatment of the acquisition of these entities including the purchase price allocations pursuant to IFRS 3 was a key audit matter.

Auditor's response
We analyzed the identification and valuation techniques used by the Group with the aid of our valuation specialists.

We compared the purchase price components with the underlying purchase agreement.

We examined the assumptions underlying the determination of the contingent consideration to determine whether it can reconciled with the business plans provided. Furthermore, we verified the method used to calculate the contingent consideration.

We compared the assumptions and parameters underlying the cost of capital, particularly the risk-free interest rate, the market risk premium and the beta factor with our own assumptions and publicly available data.

We also analyzed the disclosures in the notes to the consolidated financial statements on the acquisition of these entities to determine whether they were complete.

Our audit did not lead to any reservations concerning the accounting treatment of the business combinations in accordance with IFRS 3.

Reference to related disclosures
With regard to the recognition and measurement policies applied for business combinations, refer to the disclosure in note 3 of the notes to the consolidated financial statements.

Other information
The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the group declaration on corporate governance as well as for the remuneration report pursuant to Sec. 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the above-mentioned group declaration on corporate governance. Furthermore, the other information includes the non-financial report for the Group which we expect to be provided with after issuing our auditor's report. The other information also comprises other components of the annual report, of which we obtained a copy prior to issuing our auditor's report, in particular: Financial highlights, Management Board, Letter to the sharehold-

ers, Connected care environment, Digital transformation in ophthalmology, Cooperation enables innovations, Rethinking the standard of care, Growing together, Report of the Supervisory Board, The Carl Zeiss Meditec AG share, Remuneration report and the responsibility statement, but not the consolidated financial statements, not the disclosures in the management report of the Company and the Group whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the management report of the Company and the Group do not cover the other information and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

» is materially inconsistent with the consolidated financial statements, with the management report of the Company and the Group or 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 management report of the Company and the Group

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 Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud 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 management report of the Company and the Group 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 management report of the Company and the Group that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report of the Company and the Group.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the management report of the Company and the Group.

Auditor's responsibilities for the audit of the consolidated financial statements and of the management report of the Company and the Group

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 management report of the Company and the Group as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the management report of the Company and the Group.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 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 management report of the Company and the Group.

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 management report of the Company and the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» 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 management report of the Company and the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

» Evaluate the appropriateness of accounting policies used by 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 management report of the Company and the Group or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

» Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the management report of the Company and the Group. 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 management report of the Company and the Group 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 management report of the Company and the Group. 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 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, the related safeguards.

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 management report of the Company and the Group prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion
We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the management report of the Company and the Group (hereinafter the "ESEF documents") contained in "zeiss.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (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 management report of the Company and the Group into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the management report of the Company and the Group contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying management report of the Company and the Group for the fiscal year from 1 October 2021 to 30 September 2022 contained in the "Report on the audit of the consolidated financial statements and of the management report of the Company and the Group" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion
We conducted our assurance work on the rendering of the consolidated financial statements and the management report of the Company and the Group contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (10.2021)). 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 applies the *IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1)*.

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 rendering of the consolidated financial statements and the management report of the Company and the Group in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

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 intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

» Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, 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 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 file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

» Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited management report of the Company and the Group.

» Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation
We were elected as group auditor by the Annual General Meeting on 30 March 2022. We were engaged by the Supervisory Board on 20 June 2022. We have been the group auditor of Carl Zeiss Meditec AG without interruption since fiscal year 2012/2013.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the management report of the Company and the Group:

» Audit-related services not required by law pertaining to financial information.

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 management report of the Company and the Group as well as the assured ESEF documents. The consolidated financial statements and the management report of the Company and the Group converted to the ESEF format — including the versions to be published in the Bundesanzeiger [German Federal Gazette] — are merely electronic renderings of the audited consolidated financial statements and the audited management report of the Company and the Group and do not take their place. In particular, the ESEF report 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 Dominique-Andre Bendler.

Eschborn/Frankfurt am Main, 25 November 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bendler	Schoenfeldt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial calendar

Financial calendar 2022/23

Publication of 3-Month Quarterly Statement and Conference Call
10 February 2023

Annual General Meeting, virtual
22 March 2023

Publication of 6-Month Report and Conference Call
9 May 2023

Publication of 9-Month Quarterly Statement and Conference Call
4 August 2023

Publication of Annual Report and Analyst Conference
12 December 2023

Imprint/Disclaimer

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Editor: Yao Sun, Thu Anh Klimpke, Dr. Janine Luge-Winter

Design: Carl Zeiss AG

Photography: Page 4-6 and 11-15 Anna Schroll, Page 18 Manfred Stich

Printing: Druckerei Zeller e.K., Aalen-Unterkochen

This report was published on 9 December 2022.

The Annual Report 2021/22 of Carl Zeiss Meditec AG was published in German and English.

Both versions and the key figures contained in this report can be downloaded from the following address:
https://www.zeiss.com/meditec-ag/investor-relations/reports-publications.html

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 reporting date.

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 of the products due to 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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