

Annual financial statements

of Carl Zeiss Meditec AG (HGB)

Fiscal year 2020/21



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Summary management report

The management report of Carl Zeiss Meditec AG and the Group management report have been consolidated pursuant to § 315 (3) HGB, in conjunction with § 298 (3) HGB, and published in the 2020/21 Annual Report.

The annual financial statements and combined management report for Carl Zeiss Meditec AG and the Group for fiscal year 2020/21 are submitted to the operator of the Bundesanzeiger (Federal Gazette) and published in the *Bundesanzeiger*.

Both are also available for inspection on Carl Zeiss Meditec AG's website at <http://www.zeiss.com/meditec-ag/ir>.

Balance sheet (HGB)

as of 30 September 2021

	Notes	30 Sep 2021	30 Sep 2020
		€k	€k
ASSETS			
A. Fixed assets	(5)		
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets		36,525	47,444
2. Goodwill		29,336	36,670
		65,861	84,114
II. Tangible assets			
1. Land, land rights and buildings, including buildings on third-party land		1,646	1,937
2. Technical equipment and machinery		6,567	4,885
3. Other office equipment, furniture and fixtures		17,966	17,914
4. Payments on account and assets under construction		10,117	4,195
		36,296	28,931
III. Financial assets			
1. Shares in affiliated companies		548,638	471,152
2. Loans to affiliates		28,731	72,226
3. Investments		5,741	2,000
4. Other loans		1,673	946
		584,783	546,324
		686,940	659,369
B. Current assets			
I. Inventories	(6)		
1. Raw materials, consumables and supplies		74,256	71,486
2. Unfinished goods		24,466	23,602
3. Finished goods and merchandise		64,431	67,613
4. Prepayments		-	-
5. Payments received on account of orders		-1,460	-849
		161,693	161,852
II. Receivables and other assets			
1. Trade receivables	(7)	14,264	13,985
2. Receivables from associated companies	(8)	936,149	748,847
3. Receivables from investments		-	-
4. Other assets	(9)	13,593	9,186
		964,006	772,018
III. Cash-in-hand and bank balances	(10)	-	3
		1,125,699	933,873
C. Deferred income	(11)	1,437	1,397
Total ASSETS		1,814,076	1,594,639

Balance sheet (HGB)

as of 30 September 2021

	Notes	30 Sep 2021	30 Sep 2020
		€k	€k
EQUITY AND LIABILITIES			
A. Equity	(12)		
I. Subscribed capital		89,441	89,441
II. Capital reserves		954,942	954,942
III. Sales reserves			
1. Other sales reserves		2,940	2,940
IV. Net retained profits		516,505	364,303
		1,563,828	1,411,626
B. Provisions	(13)		
1. Provisions for pensions and similar obligations		14,028	16,817
2. Tax provisions		19,276	15,125
3. Other provisions		93,103	60,803
		126,407	92,745
C. Liabilities	(14)		
1. Liabilities to banks		30	-
2. Trade payables		58,902	34,406
3. Liabilities to affiliated companies		57,531	50,447
4. Liabilities to investees and investors		4	15
5. Other liabilities		5,879	3,800
		122,346	88,668
D. Deferred income	(15)	1,495	1,600
Total EQUITY AND LIABILITIES		1,814,076	1,594,639

Income statement (HGB)

for 1 October 2020 to 30 September 2021

	Notes	2020/21 1 Oct 20 to 30 Sep 21	2019/20 1 Oct 19 to 30 Sep 20	Change
		€k	€k	in %
Sales	(17)	1,120,046	857,507	30.6
Production costs of service rendered to generate revenue		-451,212	-374,536	20.5
Gross profit		668,834	482,971	38.5
Sales and marketing expenses		-120,489	-113,489	6.2
General and administrative expenses		-35,138	-31,676	10.9
Research and development expenses		-209,067	-164,405	27.2
Less subsidies received		-	-	
Other operating income	(20)	37,295	24,230	53.9
Other operating expenses	(21)	-52,656	-30,671	71.7
Income from investments	(22)	1,212	-	> 100
thereof from affiliated companies		1,212	-	
Income from profit transfer	(23)	10,173	5,214	95.1
Income from long-term loans		676	498	35.7
thereof from affiliated companies		676	498	35.7
Other interest and similar income		831	801	3.7
thereof from affiliated companies		357	773	-53.8
Write-downs of long-term financial assets and securities classified as current assets		-4,500	-	> 100
Interest and similar expenses	(24)	-4,208	-17,746	-76.3
thereof from affiliated companies		-	-	
Earnings before income taxes		292,963	155,727	88.1
Income taxes	(25)	-95,645	-52,902	80.8
Profit after tax		197,318	102,825	91.9
Other taxes	(26)	-396	-153	158.8
Net income for the year		196,922	102,672	91.8
Retained profits brought forward		364,303	319,768	13.9
Dividend		-44,720	-58,137	-23.1
Net retained profits		516,505	364,303	41.8

Notes to the annual financial statements

for fiscal year 2020/21

GENERAL INFORMATION AND EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Description of operations

Carl Zeiss Meditec AG, Jena ("Company") is engaged in the development, manufacture and marketing of products and systems as well as the rendering of services for diagnosis and treatment in the field of medical technology. 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. Additional operating facilities are located in Oberkochen, Berlin and Munich. The Company has major subsidiaries in the USA, France, Japan, Spain, the United Kingdom, Turkey and Germany. Together, these form the Carl Zeiss Meditec Group.

The Company's customers are physicians in various fields and hospitals worldwide.

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

2 Foundation, stock exchange listing

Carl Zeiss Meditec AG was originally founded on 4 October 1995 as AESCULAP MEDITEC GmbH with its registered office in Jena.

On 10 November 1999 AESCULAP-MEDITEC GmbH changed its legal form to a stock corporation (Aktiengesellschaft). The Company went public on 22 March 2000 and was listed on the Frankfurt Stock Exchange.

3 Annual financial statements according to HGB and AktG, consolidated financial statements

The figures in the annual financial statements of Carl Zeiss Meditec AG for the fiscal year ending on 30 September 2021 are stated in thousands of euros (€k) – unless specified otherwise – in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The income statement was prepared using the cost of sales format.

The Company is included in the consolidated financial statements of Carl Zeiss AG, Oberkochen, Germany, which prepares the consolidated financial statements for the largest and, at the same time, smallest group of companies and publishes them in the Federal Gazette (Bundesanzeiger).

The Company also prepares consolidated financial statements according to the International Financial Reporting Standards (IFRSs). The consolidated financial statements of Carl Zeiss Meditec AG are published in the Federal Gazette (Bundesanzeiger). The consolidated financial statements can also be obtained from Carl Zeiss Meditec AG in Jena on request. They are also available for inspection on Carl Zeiss Meditec AG's website at <https://www.zeiss.com/meditec-ag/home.html>.

The following accounting and valuation principles were mainly applied unchanged for the preparation of the annual financial statements.

4 Information and explanatory notes on accounting and valuation principles

Fixed assets

Intangible fixed assets

Purchased intangible fixed assets are carried at cost less scheduled straight-line amortization in accordance with their expected useful life. Extraordinary write-downs to the lower of cost or market are performed where impairments are expected to be permanent. Internally generated intangible fixed assets are not recognized.

The goodwill arising from the merger transactions on 1 October 2010 is amortized in accordance with the expected useful life. This is more than 5 years, provided that the purchased assets can be expected to make a positive contribution to earnings over a longer period. The estimated useful life of goodwill of the former companies Carl Zeiss Surgical GmbH, *AcriTec GmbH and Carl Zeiss Medical Software GmbH was determined to be 15 years. The Company made use of the option under the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), as the investment is considered a long-term investment. Points of reference for estimating the individual useful operating life include the continually expanding market for medical technology, the positive economic and business conditions, the very low levels of employee turnover at the acquired companies and the life cycles of the products which, thanks to patent protection, etc., range between 10 and 20 years.

As of 30 September 2021, no use had been made of the option to capitalize development costs.

Tangible fixed assets

Tangible fixed assets are carried at cost less scheduled depreciation.

Tangible fixed assets are depreciated in accordance with their expected useful life. Movable items of tangible fixed assets added before the enactment of the BilMoG, are – as a general rule – subject to the sliding-scale method of depreciation. A transition shall be made to the straight-line method in the year in which the straight-line method results in higher annual depreciation amounts for the first time. The other assets are depreciated on a straight-line basis. Low-value assets up to a value of €800.00 are written off in full in the year of acquisition. Additions to tangible fixed assets are depreciated pro rata temporis.

Extraordinary write-downs to the lower of cost or market are performed where impairments are expected to be permanent. If the reasons for an extraordinary write-down no longer exist, the impairment loss shall be reversed up to a maximum of the depreciated cost.

Long-term financial assets

Under long-term financial assets shares in affiliated companies and other long-term equity investments are recognized at cost and loans are recognized at nominal value. Appropriate valuation allowances are made for potential risks and impairment of long-term financial assets.

Current assets

Inventories

Raw materials, consumables and supplies are valued at cost or moving average price. The lower of cost or market principle is strictly applied for this valuation.

Work in progress and finished goods are measured at cost. In addition to direct material costs and direct production costs, these also include an appropriate portion of the material and production overheads, as well as the pro rata depreciation of the fixed production assets. Inventory risks relating to the storage period or reduced marketability were taken into account by write-downs using a combination of the lower of cost or market test, marketability discounts and loss-free valuation, and by special individual write-downs.

Trade goods are valued at the lower of cost or market as of the balance sheet date.

Receivables and other assets

Receivables and other assets are stated at their nominal amount. Appropriate valuation allowances have been set up for discernible individual risks. The general credit risk on trade receivables is covered by a global valuation allowance.

Receivables due after more than one year are discounted.

Equity

Share capital

This is measured at the nominal amount.

Authorized capital

Authorized Capital 2016

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 was authorized – after partial utilization in March 2017 in the amount of €8,130,960.00 with the exclusion of statutory subscription rights – subject to the approval of the Supervisory Board, to increase the share capital, on one or several occasions until 5 April 2021, by up to €32,523,845.00 (Authorized Capital 2016). New no-par value bearer shares could be issued against cash and/or contributions in kind for this. The Management Board was authorized, subject to the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights 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 § 186 (3) sentence 4 AktG must be taken into account in the restriction to 10% of the share capital.
- » for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts thereof or interests in a company.

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

Authorized Capital 2017

The Management Board is furthermore authorized, § to Art. 4 (6) of the Articles of Association and subject to the approval of the Supervisory Board, to increase the share capital on one or several occasions up until 29 May 2022, by issuing new no-par value shares against cash and/or contributions in kind, up to a total value of €12,196,440.00 (Authorized Capital 2017). Shareholders shall be granted a subscription right, with the following restrictions. The Management Board shall be authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription right and also to exclude the subscription right to the extent necessary to grant the bearers of warrants and convertible bonds issued by Carl Zeiss Meditec AG or its subsidiaries a subscription right to new shares in the scope to which they would be entitled after exercising such warrant or convertible bond. The Management Board shall furthermore be authorized, with the consent of the Supervisory Board, to exclude the subscription right, in the case of a capital increase against cash contributions, for an amount of up to 10% of the share capital existing at the time the Authorized Capital 2017 enters into effect or – if lower – the share capital existing at the time of the resolution on the appropriation of the Authorized Capital 2017, if the issuing amount of the new shares is not significantly lower than the market price of the Company shares already listed at the date of final specification of the issue amount, which should occur as close as possible to the date of placement of the shares. This upper limit of 10% of the share capital shall take into account the pro rata amount of the share capital that is attributable to shares issued from Authorized Capital 2017 since granting of this authorization up until utilization of this authorization pursuant to Section 186 (3), sentence 4 AktG, with the exclusion of subscription rights, either on the basis of an authorization of the Management Board to exclude subscription rights in direct or analogous application of Section 186 (3), Sentence 4 AktG, or sold as acquired own shares in accordance with Section 186 (3), sentence 4 AktG, as well that pro rata amount of the share capital attributable to shares to which conversion and/or option rights or conversion obligations arising from bonds apply, which are issued up until utilization of this authorization, with the exclusion of subscription rights, pursuant to Section 186 (3), sentence 4 AktG. The Management Board shall also be authorized, with the consent of the Supervisory Board, to exclude the subscription right for a capital increase against contributions in kind to grant shares for the purpose of acquiring companies, parts of companies or investments in companies or other investable assets, including accounts receivable. In addition, the Management Board shall be authorized to stipulate the further details of the capital increase and its implementation, with the consent of the Supervisory Board.

Own shares

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, e.g. 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 did not make use of these authorizations during fiscal year 2020/21.

Provisions and liabilities

Provisions

Provisions for pensions and similar obligations are calculated based on future wage/salary and pension trends using the projected unit credit method. The calculation of the present values of the pension obligations is based on the average market discount rate for an assumed residual period of 15 years. The obligations are measured using Prof. Dr. Klaus Heubeck's 2018 G mortality tables.

The measurement as of 30 September 2021 is based on the following accounting principles:

	2020/21	2019/20
Discount rate pursuant to the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung)	1.98%	2.42%
Pension growth	1.75%	1.75%
Salary growth	2.75%	2.75%
Fluctuation factor	approx. 2.00%	approx. 2.00%

The assets that are withheld from access to all other creditors and that are exclusively used to fulfill liabilities arising from pension commitments or similar long-term commitments (plan assets in the sense of Section 246 (2) Sentence 2 HGB), are recognized at fair value and offset against the relevant pension or other long-term commitments.

If there is no active market that can be used as a basis for calculating the fair value, the fair value is determined using the following valuation methods: present value method and option pricing model.

Provisions for anniversary bonuses and partial retirement benefits were valued according to actuarial principles.

The Company contracted out the funding of pension obligations. This outsourcing is based on the model of a contractual trust arrangement (CTA). Thus the pension obligations are primarily covered by external plan assets and are separate from the Company's other operating assets. Access to the assets by the employer or other third parties is generally excluded. In the event of the Company becoming insolvent, employees shall have a direct claim against the pension fund.

The Company also contracted out the financing of partial retirement obligations. As with the pension commitments for the entitled group of employees, Carl Zeiss Meditec AG transferred the appropriate funds to the Trustee. Further information can be found in the notes on plan assets for pension provisions.

The provision for deferred compensation commitments corresponds to the asset values of the reinsurance policy.

The other provisions set up provide adequate cover for discernible risks, uncertain obligations and impending losses from pending transactions. The amount to be allocated to these provisions is determined using prudent commercial judgment. Cost increases not expected to have an effect until the future, up until fulfillment of the obligation, were recognized. Long-term provisions are measured at their net present value using the discount rates appropriate for the term in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung).

Liabilities

Liabilities are stated at their respective amounts payable.

Trade payables

These include the usual obligations in the form of trade payables to outside suppliers and accrued commissions.

Foreign currency translation

Receivables and liabilities denominated in foreign currency are translated using the exchange rate prevailing on the date of the transaction. Exchange rate gains/losses are recognized for short-term receivables and liabilities, in accordance with Section 256a HGB, through remeasurement at the average spot exchange rate at the balance sheet date. In the case of a remaining term of more than one year, this shall apply only if the translation results in a lower amount, for receivables, or a higher amount, for liabilities.

Deferred taxes

Deferred taxes are calculated on the basis of temporary and quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses/deferred income under commercial law and their tax bases, or on the basis of tax loss carryforwards, using the tax rates applicable to the individual companies (29.87 %) at the time the differences are reduced, without discounting the resulting tax burden or relief. Deferred taxes result mainly from the following: Valuation of intangible fixed assets, valuation of receivables (foreign currency), valuation of pension commitments, valuation of other provisions and valuation of liabilities (foreign currency). Deferred tax assets and liabilities are offset. Any surplus of deferred taxes is not capitalized due to exercise of the recognition option that exists for this.

Amounts excluded from distribution

The distribution block is calculated as follows:

	30 Sep 2021	30 Sep 2020
	€k	€k
Fair valuation of plan assets pursuant to Section 268 (8) HGB	26,835	12,029
less deferred tax liabilities thereon	-	-
Difference in recognition of pension obligations pursuant to Section 253 (6) HGB	25,286	25,777
less deferred tax liabilities thereon	-	-
Distribution block	52,121	37,806

This is offset by sufficient reserves, and therefore there is no blocking effect as a result of the payout block for the net income for fiscal year 2020/21.

Derivative financial instruments

As a company with global operations, Carl Zeiss Meditec is exposed to the effects of exchange rate fluctuations and enters into currency forward contracts to hedge against its currency risks based on planned transactions in foreign currencies as hedges for peaks of receivables and liabilities. The aim of currency hedging is to fix prices on the basis of hedging rates, to protect against future unfavorable exchange rate fluctuations. These contracts generally have a term of twelve months. The fair value of currency forward contracts is calculated based on the average spot exchange rate as of the balance sheet date, adjusted for forward premiums and discounts for the respective residual term of the contract, compared with the contracted forward exchange rate.

As of 30 September 2021 the values of currency forward contracts were as follows:

	Market value	Nominal value
	€k	€k
Currency forward contracts with a negative market value	-21,650	575,882
Provision for onerous contracts	21,650	575,882
Currency forward contracts with a positive market value	3,342	262,216

NOTES TO INDIVIDUAL ITEMS IN THE BALANCE SHEET

5 Fixed assets

The addition to intangible fixed assets is mainly attributable to the acquisition of computer software.

Investments in tangible fixed assets in the fiscal year under review relate in particular to tools, production facilities and test equipment, as well as modifications in production.

The addition to shares in affiliated companies is the result of a capital increase at Carl Zeiss Meditec Inc., Dublin, USA, for which a long-term intercompany loan was partially repaid. The write-down on shares in affiliated companies relates to InfiniteVision Optics S.A.S., Strasbourg, France. The reversal of write-downs on loans to affiliated companies relates to a loan to Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain. In addition, additional shares were acquired in long-term equity investment Photon Oy, Helsinki, Finland.

The statement of changes in fixed assets is as follows:

	Acquisition and production costs			
	1 Oct 2020	Additions	Revaluation	Transfer
	€k	€k	€k	€k
Intangible fixed assets				
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	169,360	1,274	-	-
Goodwill	110,012	-	-	-
	279,372	1,274	-	-
Tangible fixed assets				
Land, land rights and buildings, including buildings on third-party land	4,787	(48)	-	123
Technical equipment and machinery	15,798	1,599	-	1,263
Other equipment, operating and office equipment	59,012	5,313	-	914
Prepayments and assets under construction	4,195	8,249	-	-2,300
	83,792	15,113	-	-
Long-term financial assets				
Shares in affiliated companies	471,152	81,986	-	-
Loans to affiliated companies	88,726	1,231	-1,819	-
Other long-term equity investments	2,000	3,741	-	-
Other loans	946	727	-	-
	562,824	87,685	-1,819	-
	925,988	104,072	-1,819	-

6 Inventories

Inventories comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Inventories	161,693	161,852
of which valuation allowances	24,110	28,555

7 Trade receivables

Trade receivables comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Trade receivables	14,264	13,985
of which cumulative specific and global valuation allowances	3,814	4,272
Discounted trade receivables due in > 1 year	317	1,180

Disposals	Accumulated depreciation and amortization						Net book value	
	30 Sep 2021	1 Oct 2020	Depreciation, amortization and write-downs in the fiscal year	Disposals	Write-up	30 Sep 2021	30 Sep 2021	1 Oct 2020
€k	€k	€k	€k	€k	€k	€k	€k	€k
979	169,655	121,916	11,214	-	-	133,130	36,525	47,444
-	110,012	73,342	7,334	-	-	80,676	29,336	36,670
979	279,667	195,258	18,548	-	-	213,806	65,861	84,114
587	4,275	2,850	253	474	-	2,629	1,646	1,937
292	18,368	10,913	1,044	156	-	11,801	6,567	4,885
1,244	63,995	41,098	6,014	1,083	-	46,029	17,966	17,914
27	10,117	-	-	-	-	-	10,117	4,195
2,150	96,755	54,861	7,311	1,713	-	60,459	36,296	28,931
-	553,138	-	4,500	-	-	4,500	548,638	471,152
48,407	39,731	16,500	-	-	5,500	11,000	28,731	72,226
-	5,741	-	-	-	-	-	5,741	2,000
-	1,673	-	-	-	-	-	1,673	946
48,407	600,283	16,500	4,500	-	5,500	15,500	584,783	546,324
51,536	976,705	266,619	30,359	1,713	5,500	289,765	686,940	659,369

8 Receivables from affiliated companies

Receivables from affiliated companies comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Trade receivables	159,634	108,341
Treasury receivables from Group treasury of the ZEISS Group	764,610	633,988
Other receivables	11,905	6,358
Loans due in > 1 year	-	160
Receivables from affiliated companies	936,149	748,847

Based on the control and profit and loss transfer agreement concluded on 30 May 2017, the wholly owned subsidiary Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH transferred earnings of €10,173k (prior year: €5,214k) to Carl Zeiss Meditec AG.

Receivables from shareholders amount to €64k (prior year: €23k).

9 Other assets

Other assets comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Receivables from tax office	12,804	7,350
Receivables for prepayments	579	641
Receivables for creditors with debit balances	48	333
Receivables from the German Federal Employment Agency (reduced hours compensation)	76	810
Other	86	52
Other assets	13,593	9,186

10 Cash-in-hand and bank balances

Cash refers solely to bank balances. Term deposit balances are deposited with the Group treasury of the ZEISS Group and are recognized under "Receivables from affiliated companies".

11 Prepaid expenses

Prepaid expenses comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Vacation pay	660	644
License payments	289	320
Payments from tariff supplements	163	81
Other	325	352
Prepaid expenses	1,437	1,397

12 Equity

Share capital

Carl Zeiss Meditec AG's subscribed 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 €1.00 per no-par value share. This is stated at the nominal value.

Capital reserves

As of 30 September 2021 capital reserves still amounted to €954,942k.

Revenue reserves

As of 30 September 2021 revenue reserves still amounted to €2,940k.

Net retained profits

As of 30 September 2021 net retained profits amount to:

	30 Sep 2021
	€k
Net income for the fiscal year	196,922
Retained profits brought forward	364,303
Dividend payment	-44,720
Net retained profits	516,505

13 Provisions**Provisions for pensions and similar obligations**

The assets that have been transferred in trust to Carl Zeiss Pensions-Treuhand e.V., Oberkochen, as part of a CTA are therefore earmarked assets for the fulfillment of pension commitments to active employees of the Company, are plan assets in the sense of § 246 (2) Sentence 2 HGB and are therefore offset at fair value against the respective pension commitments.

Information on offsetting pursuant to Section 246 (2) Sentence 2 HGB:

	30 Sep 2021
	€k
Amount payable for pensions and similar obligations	159,890
Acquisition costs for plan assets	119,027
Fair value of plan assets	145,862
Offset expenses	19,096
Offset income	15,125

The difference between the recognition of pension provisions with a 10-year average market interest rate and the recognition of pension provisions with a 7-year average market interest rate amounts to €25,286k (prior year: €25,777k).

The corresponding personnel expenses are included under pension costs; the interest expenses of the obligations, the current income from the plan assets and the income or expenses arising from changes in the fair value of the plan assets are carried under interest income.

Tax provisions

This item includes corporation and trade tax.

Other provisions

Other provisions comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Currency forward contracts	21,650	446
Outstanding invoices	20,620	18,618
Other provisions for employee benefits	17,574	13,327
Other non-employee-related provisions	10,231	10,136
Special payments to employees	7,321	3,686
Vacation entitlements and flexitime balances	5,744	4,941
Warranties	2,964	2,382
Litigation risks	2,235	2,000
Losses on supply and purchase commitments	1,570	2,294
Anniversary bonuses	865	835
Year-end costs	483	434
Contributions to employers' liability insurance association	427	403
Supervisory Board remuneration	411	350
Partial retirement benefits	183	194
Miscellaneous other provisions	825	757
Other provisions	93,103	60,803

Partial retirement arrangements

The amount payable for provisions for partial retirement arrangements is €833k as of 30 September 2021. The fair value of the CTA plan assets against which these provisions were offset is €650k. The resulting interest expenses amount to €4k.

14 Liabilities

Liabilities comprise the following:

	30 Sep 2021	30 Sep 2020
	€k	€k
Liabilities to banks	30	-
Trade payables	58,902	34,406
Liabilities to affiliated companies	57,531	50,447
Trade receivables	57,409	50,289
Other liabilities	122	158
of which liabilities to shareholder	11,406	10,306
Other liabilities, including liabilities to other long-term investees and investors	5,883	3,815
of which taxes	1,956	2,077
of which customs and import sales tax	3,891	1,697
of which for social security	-	-
Liabilities	122,346	88,668

All liabilities are due in less than one year.

15 Deferred income

This item relates to deferred income for service and maintenance contracts extending beyond the end of the fiscal year.

16 Contingent liabilities and other financial commitments

Contingent liabilities

As of the balance sheet date there were limited guarantees with a total value of €0k (prior year: €4,740k), as a quantitative value does not seem possible at the current time (noted item in amount of €1, rounded to €0k), of which in favor of affiliated companies €0k (prior year: €4,740k).

Utilization of this liability is considered unlikely, since this item consists exclusively of intragroup contingent liabilities. Equity investments are tested regularly for impairment – and revalued, if necessary – particularly within the scope of preparing the annual financial statements. These tests did not identify any risks that jeopardize the continuation of operations of the equity investments.

Off-balance-sheet transactions/Other financial commitments

Off-balance-sheet transactions in the area of rental and leasing obligations mainly relate to rent for buildings, motor vehicle leases and office equipment leases, including for computer hardware. These contracts provide an alternative source of financing that essentially avoids liquidity and equity being tied up as well as the assumption of major economic risks. In addition, they offer planning and costing reliability in terms of the fixed lease conditions for the term of the lease. There is a risk that the Company may not have unrestricted access to the assumed properties, particularly in the case of underutilization of capacity. Rental and leasing obligations were calculated on the basis of the earliest possible termination dates or the end of the contractual term. The nominal amounts were used.

Rental agreements give rise to the following financial obligations:

	30 Sep 2021
	€k
due 2021/22	8,521
of which to affiliated companies	5,506
due 2022/23 to 2025/26	9,094
of which to affiliated companies	1,022
due after 2026/27	308
of which to affiliated companies	-

The financial commitments arising from rental agreements mainly relate to rental agreements with Carl Zeiss AG, Oberkochen, for rented production and office space in Jena and Oberkochen, as well as externally rented production and office space in Jena, Munich and Berlin.

The following financial commitments exist due to leases:

	30 Sep 2021
	€k
due 2021/22	521
of which to affiliated companies	-
due 2022/23 to 2025/26	2
of which to affiliated companies	-
due after 2026/27	-
of which to affiliated companies	-

The main commitments here relate to motor vehicle leases.

Purchase commitments

The purchase commitment for investments gives rise to financial commitments of 25,534k (prior year: 4,896k).

NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

17 Sales

The table below shows a breakdown of sales:

	2020/21	2019/20
Sales by region	€k	€k
Germany	62,668	53,654
Europe, Middle East and Africa	234,836	180,058
Asia/Pacific region	659,673	497,261
Americas	162,869	126,534
Total	1,120,046	857,507

	2020/21	2019/20
Business development by strategic business unit	€k	€k
Microsurgery SBU	289,117	251,918
Ophthalmic Devices SBU	830,929	605,589
Total	1,120,046	857,507

18 Cost of materials

Cost of materials comprises the following:

	2020/21	2019/20
	€k	€k
a) Cost of raw materials and supplies, and of purchased merchandise	442,685	374,964
b) Cost of purchased services	7,520	6,627
Total	450,205	381,591

19 Personnel expenses

Personnel expenses comprise the following:

	2020/21	2019/20
	€k	€k
a) Wages and salaries	135,631	118,394
b) Social security, post-employment and other employee benefit costs	26,165	22,400
- of which in respect of post-employment benefits	5,642	5,242
Total	161,796	140,794

Social security, post-employment and other employee benefit costs include €46k in income from the reimbursement of social security contributions in connection with reduced working hours.

20 Other operating income

Other operating income comprises the following:

	2020/21	2019/20
	€k	€k
Income from foreign currency translation	26,392	18,445
Reversals of write-downs of long-term financial assets and securities classified as current assets	5,500	-
On-charging to Group companies	1,843	3,449
Prior-period income from the reversal of provisions	2,625	2,255
Other	935	81
Other operating income	37,295	24,230

21 Other operating expenses

Other operating expenses comprise the following:

	2020/21	2019/20
	€k	€k
Expenses from foreign currency translation	-46,181	-22,791
Expenses for the development activities of growing business areas in the USA	-6,475	-7,880
Other operating expenses	-52,656	-30,671

22 Income from long-term equity investments

Income from investments amounts to €1,212k (prior year: €0k).

23 Income from profit and loss transfer agreements

Carl Zeiss Meditec AG has a control and profit and loss transfer agreement with its wholly owned subsidiary, Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH. In fiscal year 2020/21 the agreement resulted in income of €10,173k (prior year: €5,214k).

24 Interest and similar expenses

Other interest and similar expenses comprise the following:

	2020/21	2019/20
	€k	€k
Other interest and similar expenses:		
from provisions for pensions	-19,096	-15,335
from plan assets	319	330
from fair value adjustment	14,806	-2,497
from interest cost	-63	-66
from payment of tax arrears	-40	-80
from other interest expenses	-134	-98
Other interest and similar expenses	-4,208	-17,746

25 Taxes on income

As in the prior year, taxes on income do not include any effects from the change in deferred taxes recognized.

26 Other taxes

Other taxes comprise the following:

	2020/21	2019/20
	€k	€k
Employee-related taxes	-301	-200
Vehicle tax	-21	-23
Foreign input tax	-64	-20
Refund of foreign input tax	24	105
Other	-34	-15
Other taxes	-396	-153

OTHER MANDATORY DISCLOSURES

27 Auditors' fees

The Annual General Meeting on 27 May 2021 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for fiscal year 2020/21. The total fee charged by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for the fiscal year can be seen in the corresponding notes accompanying the consolidated financial statements.

28 Disclosures on the existence of an equity interest in the Company

Since September 2003 Carl Zeiss AG has held a direct and indirect majority interest in the Company's voting capital below the threshold of 75% pursuant to Section 33 (1) German Securities Trading Act (WpHG).

Carl Zeiss AG, Oberkochen, Germany informed the Company on 27 October 2006 that the share of the voting rights held by its wholly owned subsidiary Carl Zeiss, Inc., Thornwood, USA in Carl Zeiss Meditec AG fell below the threshold of 10% on 27 October 2006 and amounts to 7.47% (6,074,256 ordinary shares) from this date.

Carl Zeiss AG, Oberkochen, Germany informed the Company on 27 October 2006 that the share of the voting rights held by its subsidiary Carl Zeiss Beteiligungs-GmbH, Oberkochen, Germany in Carl Zeiss Meditec AG fell below the threshold of 10% on 27 October 2006 and amounts to 7.47% (6,074,256 ordinary shares) from this date. All these voting rights are allocated pursuant to § 34 (1) Sentence 1 No. 1 WpHG.

Herbert Smith Freehills Germany LLP, Düsseldorf, Germany, informed the Company on 19 October 2020 that the share of voting rights held by Capital Research and Management Company, Los Angeles, USA, a subsidiary of The Capital Group Companies, Inc., Los Angeles, USA, in Carl Zeiss Meditec AG exceeded the threshold of 5% on 15 October 2020 and amounts to 5.04% (4,511,021 ordinary shares) as of this date.

According to our knowledge, the remaining shares are in free float.

29 Information on shareholdings

Information on shareholdings (consolidated companies)

Name and registered office of the company	in local currency:	Share of voting capital (in %)	Equity 30 Sep 2021		of which profit/loss for fiscal year 2020/21	
			in local currency	in €k translated at market rate at balance sheet date	in local currency	in €k translated at average annual exchange rate
Carl Zeiss Meditec Inc., Dublin, USA	USD	100	554,500	478,885	34,455	28,815
Carl Zeiss Meditec Production LLC, Ontario, USA	USD	100	20,308	17,539	1,758	1,471
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany*	€	100	68,394	68,394	0	0
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€	100	5,737	5,737	795	795
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	JPY	51	4,624,602	35,664	379,002	2,950
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanayi A.S, Ankara, Turkey	TRY	100	43,038	4,179	1,211	126
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany*	€	100	23,428	23,428	0	0
Atlantic S.A.S., Périgny/ La Rochelle, France	€	100	57,699	57,699	1,399	1,399
HYALTECH Ltd., Livingston, United Kingdom	GBP	100	6,502	7,556	-4,532	-5,186
France Chirurgie Instrumentation S.A.S., Paris, France	€	100	6,305	6,305	1,913	1,913
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	€	100	12,197	12,197	1,227	1,227
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	€	100	7,855	7,855	678	678
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	€	100	2,897	2,897	253	253
France Chirurgie Instrumentation Ophthalmics Inc., Pembroke, USA	USD	100	5,578	4,818	1,719	1,438
Ophthalmic Laser Engines LLC, Lafayette, USA	USD	52	-1,034	-893	-13	-11
Carl Zeiss Meditec Digital Innovation LLC, Temple, USA	USD	100	915	790	0	0
Carl Zeiss Meditec Cataract Technology, Inc., Reno, USA	USD	100	-6,300	-5,441	-7,948	-6,647
Carl Zeiss Meditec (Guangzhou) Ltd., Guangzhou, China	CNY	100	55,596	7,428	-13,177	-1,694
Carl Zeiss Meditec Portugal Unipessoal Lda., Lisbon, Portugal	€	100	2,626	2,626	186	186
Carl Zeiss Meditec USA Inc., Dublin, USA	USD	100	22,606	19,523	6,562	5,488
Photono Oy, Helsinki, Finland	€	49	66	66	-902	-902

* In accordance with Sec. 264 (3) HGB, these entities are exempted from the duty to publish their financial statements.

Information on shareholdings (unconsolidated companies)

Name and registered office of the company	Currency	Share of voting capital (in %)
Emmetropia Inc., Princeton, USA	USDk	100
InfiniteVision Optics S.A.S., Strasbourg, France	€k	100
Carl Zeiss EyeTec GmbH i.L., Oberkochen, Germany**	€k	100

** The company Carl Zeiss EyeTec GmbH, Oberkochen, Germany has been in liquidation since 30 September 2021.

The figures shown in the table above represent the values determined in accordance with country-specific accounting regulations.

30 Information on employees

Number of employees

The Company had an average of 1,469 employees during fiscal year 2020/21 (prior year: 1,430 employees), plus 5 trainees (prior year: 6 trainees). This number does not include the members of the Management Board of Carl Zeiss Meditec AG.

The table below shows the average distribution of employees during the year across the following areas:

	Number
Production	547
Sales	330
Administration	113
Research and development	479
Total	1,469

As of the balance sheet date 30 September 2021 the Company had a workforce of 1,547, plus 5 trainees and two Management Board members directly employed by Carl Zeiss Meditec AG.

31 Information on the Company's executive bodies

Management Board

The following were appointed as members of the Management Board of Carl Zeiss Meditec AG in fiscal year 2020/21 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
<p>Dr Ludwin Monz President and CEO of Carl Zeiss Meditec AG</p> <p>Area of responsibility: Ophthalmic Systems SBU, Microsurgery SBU, Strategic business development, Group functions Communication, MarCom, Digital Innovation, Quality, Regulatory</p> <p>First appointed 2007</p> <p>In addition: Member of the Executive Board of Carl Zeiss AG, Oberkochen, Germany</p>	<ul style="list-style-type: none"> » Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA » Member of the Board of Directors of Carl Zeiss Meditec USA, Inc., Dublin, USA (until 22.7.20) » Member of the Board of Directors of Carl Zeiss Meditec Cataract Technology, Inc. Reno, USA » Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan » Member of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan; » Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain » Chairman of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain 	<ul style="list-style-type: none"> » Member of the university council of Friedrich Schiller University, Jena, Germany » Member of the board of trustees of the Leibniz Institute of Photonic Technology, Jena, Germany » Member of the board of trustees of the Fraunhofer-Institut für System- und Innovationsforschung, Karlsruhe, Germany (since 1.1.2021)
<p>Jan Willem de Cler</p> <p>Area of responsibility: Group function Human Resources, Diversity & Inclusion, Global Operations, Global Service and Customer Care, Cultural Development, Training</p> <p>First appointed 2018</p>	<ul style="list-style-type: none"> » President of the Board of Directors of FCI Ophthalmic Inc., Pembroke, USA » Member of the Board of Directors of FCI Sud, Goodlands, Mauritius » President of the Board of Directors of FCI SAS, Paris, France » Member of the Board of Directors of Hyaltech Ltd., Livingston, UK 	<p>none</p>
<p>Justus Felix Wehmer</p> <p>Area of responsibility: Group functions Finance and Controlling, Investor Relations, IT, Legal Affairs, Taxes</p> <p>First appointed 2018</p>	<ul style="list-style-type: none"> » Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA » 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 Co. Ltd., Tokyo, Japan 	<ul style="list-style-type: none"> » Member of the Executive Board of Spectaris e.V.

Remuneration paid to the active members of the Management Board in fiscal year 2020/21

The total remuneration paid to the active members of the Management Board pursuant to Section 285 No. 9a HGB amounted to €2,244k in fiscal year 2020/21 (prior year: €2,792k). Details of this remuneration are contained in the remuneration report in the management report.

Projected unit credits for pensions for former members of the Company's Management Board amounted to €1,002k (prior year: €925k).

Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in fiscal year 2020/21:

Member of 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
<p>Prof. Dr. Michael Kaschke Chairman (until 27 May 2021)</p> <p>Chairman of the Supervisory Board since 2002</p> <p>Suspended mandate pursuant to Section 105 AktG between 22 July 2008 and 21 July 2009</p> <p>Re-elected Chairman of the Supervisory Board since 2010</p>	<p>none</p>	<p>» Member of the Supervisory Board, Chairman of Audit Committee, of Henkel AG & Co. KGaA, Düsseldorf, Germany</p> <p>» Member of the Supervisory Board, Audit Committee, of Deutsche Telekom AG, Bonn, Germany</p> <p>» Member of the Supervisory Board of Robert Bosch GmbH, Stuttgart, Germany</p> <p>» Chairman of the Supervisory Board of Karlsruher Institut für Technologie, Karlsruhe, Germany</p> <p>» Member of the Supervisory Board (since 1 June 2021), Deputy Chairman (since 29 Sep 2021) of Ottobock SE & Co. KGaA, Duderstadt, Germany</p>
<p>Dr. Karl Lamprecht Chairman (since 27 May 2021)</p> <p>Member of the Supervisory Board since 2020</p> <p>Chairman of the Executive Board of Carl Zeiss AG, Oberkochen, Germany</p>	<p>» Member of the Board of Directors of Carl Zeiss (Shanghai) Co. Ltd., Shanghai, China</p> <p>» Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany</p> <p>» Chairman of the Board of Directors of Carl Zeiss Far East Co., Ltd., Kwai Chung/Hong Kong, China</p> <p>» Chairman of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India</p> <p>» Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, Germany (until 31 March 2020)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany (until 31 March 2020)</p> <p>» Chairman of the Board of Directors of tooz technologies, Inc., White Plains, USA</p>	<p>» Member of the Supervisory Board of Körber AG, Hamburg, Germany</p>
<p>Dr. Christian Müller Member of the Supervisory Board since 2019</p> <p>Member of the Executive Board (CFO) of Carl Zeiss AG, Oberkochen, Germany</p>	<p>» Chairman of Carl Zeiss Pensions-Treuhand e.V., Oberkochen, Germany</p> <p>» Chairman of the Board of Directors of Carl Zeiss Inc., Thornwood, USA</p> <p>» Member of the Management Board of Carl Zeiss Pensions Trust Properties, White Plains, USA</p>	<p>none</p>

Member of 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
<p>Torsten Reitze Member of the Supervisory Board since 27 May 2021</p> <p>Member of the Management Board (CFO) of Carl Zeiss SMT GmbH, Oberkochen, Germany</p>	<p>» Member of the Board of Directors of Carl Zeiss SMS Ltd., D.N. Misgav, Israel</p> <p>» Chairman of the Board of Directors of Carl Zeiss SMT,, Dublin, USA</p> <p>» Member of the Board of Directors of Carl Zeiss SBE, LLC, Thornwood, USA</p>	<p>none</p>
<p>Dr. Markus Guthoff Member of the Supervisory Board until 27 May 2021</p> <p>Member of the Management Board of NATIONAL-BANK AG, Essen, Germany</p>	<p>none</p>	<p>» Member of the Supervisory Board of Innovation City Management GmbH, Bottrop, Germany</p>
<p>Tania von der Goltz Tania von der Goltz Deputy Chairwoman</p> <p>Member of the Supervisory Board since 2018</p> <p>Senior Vice President Global Financial Strategy, Fresenius Medical Care AG & Co. KGaA, Bad Homburg, Germany</p>	<p>none</p>	<p>none</p>
<p>Isabel De Paoli Member of the Supervisory Board since 2020</p> <p>Partner Private Equity - Healthcare Sector, EQT Partners GmbH, Munich, Germany (since 1 September 2021)</p>	<p>none</p>	<p>» Member of the Supervisory Board of Futury Regio Growth GmbH & Co KG, Frankfurt am Main, Germany (since 27 November 2020)</p>
<p>Peter Kameritsch Member of the Supervisory Board since 27 May 2021</p> <p>Member of the Management Board (CFO) of MTU Aero Engines AG, Munich, Germany</p>	<p>none</p>	<p>none</p>
<p>Cornelia Grandy* Member of the Supervisory Board since 2011</p> <p>Chairwoman of the Works Council of Carl Zeiss Meditec AG, Oberkochen, Germany, and member of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany (until 30 April 2021)</p> <p>Deputy Chairwoman of the Works Council of Carl Zeiss Meditec AG, Oberkochen, Germany (since 1 May 2021)</p>	<p>none</p>	<p>none</p>
<p>Renè Denner* Member of the Supervisory Board since 2019</p> <p>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</p>	<p>none</p>	<p>none</p>
<p>Jeffrey Marx* Member of the Supervisory Board since 2020</p> <p>Process Engineer, Deputy Chairman of the Works Council of Carl Zeiss Meditec AG, Berlin, Germany</p>	<p>none</p>	<p>none</p>

*elected employee representatives

Committees of the Supervisory Board

	Members
General and Personnel Committee	Dr. Karl Lamprecht, Chairman (since 27 May 2021) Prof. Dr. Michael Kaschke, Chairman (until 27 May 2021) Tania von der Goltz Dr. Christian Müller (since 27 May 2021)
Audit Committee	Peter Kameritsch, Chairman (since 27 May 2021) Dr. Markus Guthoff, Chairman (until 27 May 2021) Cornelia Grandy Torsten Reitze (since 27 May 2021) Dr. Christian Müller (until 27 May 2021)
Nominating Committee	Dr. Christian Müller, Chairman Isabel De Paoli Dr. Karl Lamprecht (since 27 May 2021) Prof. Dr. Michael Kaschke (until 27 May 2021)

Remuneration of the active members of the Supervisory Board in fiscal year 2020/21

The remuneration of the active members of the Supervisory Board amounted to €419k for fiscal year 2020/21 (prior year: €371k). The itemized breakdown of the remuneration paid to the Supervisory Board can be found in the management report accompanying the annual financial statements 2020/21.

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.

32 Supplementary Report

No further events of material significance for the Company's net assets, financial position and results of operations occurred after the end of fiscal year 2020/21.

33 German Corporate Governance Code/Declaration according to Section 161 AktG

The Management Board and Supervisory Board have issued the declaration required in accordance with Section 161 AktG, stating that the Company conforms and plans to conform in future to the recommendations of the Government Commission on the German Corporate Governance Code, as published by the German Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), and have made it permanently accessible to shareholders on Carl Zeiss Meditec AG's website at www.zeiss.com/meditec-ag/investor-relations. The statement also cited which recommendations the Company does not yet comply with.

34 Appropriation of profit for the 2020/21 financial year

Fiscal year 2020/21 closes with net income for the year of €196,921,662.00. The Management Board proposes utilizing the net retained profits of €516,504,701.69 for fiscal year 2020/21 as follows:

- » Payment of a dividend of €0.90 per no-par value share for 89,440,570 no-par-value shares: €80,496,513.00.
- » Carryforward of residual profit to new account: €436,008,188.69.

Jena, 26 November 2021

Carl Zeiss Meditec AG



Dr. Ludwin Monz,
President and CEO



Justus Felix Wehmer
Member of the
Management Board



Jan Willem de Cler
Member of the
Management Board

Responsibility statement

pursuant to Section 297 (2) Sentence 4 HGB and
Section 315 (1) Sentence 6 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of Carl Zeiss Meditec AG provide a true and fair view of the Company's net assets, financial position and results of operations, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of Carl Zeiss Meditec AG.

Jena, 26 November 2021

Carl Zeiss Meditec AG



Dr. Ludwin Monz,
President and CEO



Justus Felix Wehmer
Member of the
Management Board



Jan Willem de Cler
Member of the
Management Board

Auditor's report

Independent auditor's report

To Carl Zeiss Meditec AG

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

Opinions

We have audited the annual financial statements of Carl Zeiss Meditec AG, Jena, which comprise the balance sheet as at 30 September 2021, and the income statement for the fiscal year from 1 October 2020 to 30 September 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. 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 2020 to 30 September 2021. In accordance with the German legal requirements, we have not audited the content of the declaration on corporate governance pursuant to Sec. 289f 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 annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2021 and of its financial performance for the fiscal year from 1 October 2020 to 30 September 2021 in compliance with German legally required accounting principles, and
- » the accompanying management report of the Company and the Group as a whole provides an appropriate view of the Company's position. In all material respects, this management report of the Company and the Group is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report of the Company and the Group does not cover the abovementioned 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 annual financial statements and of the management report of the Company and the Group.

Basis for the opinions

We conducted our audit of the annual 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 annual financial statements and of the management report of the Company and the Group" section of our auditor's report. We are independent of the Company 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 annual financial statements and on the management report of the Company and the Group.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 October 2020 to 30 September 2021. These matters were addressed in the context of our audit of the annual 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:

1. Impairment testing of financial assets

Reasons why the matter was determined to be a key audit matter

All investments held by the Company are systematically tested for indications of potential impairment. If there are one or more such indications, the net realizable values of the expected future cash flows are calculated using a discounted cash flow model (DCF model) in the course of an annual impairment test. The expected future cash flows were derived on the basis of the budgets and forecasts prepared by the executive directors of the respective subsidiary.

In light of the judgment exercised during measurement and the estimation uncertainties involved in the derivation of future cash flows, the impairment testing of financial assets was a key audit matter.

Auditor's response

We obtained an understanding of the DCF models used for the subsidiaries with indications of impairment and reperformed the calculations with the help of internal valuation specialists, and investigated whether the cash flows were determined observing the relevant accounting standards IDW S1 and IDW AcP HFA 10.

Additionally we examined the key inputs of the budgets and forecasts (revenue, production cost, administrative and selling expenses) to determine whether the future development is consistent with general economic data and industry-specific market expectations. Further, we performed plan/actual comparisons for past fiscal years to assess whether planning/estimation uncertainty has implications for the derivation of future cash flows.

Our audit procedures did not lead to any reservations relating to the impairment testing of financial assets.

Reference to related disclosures

With regard to the recognition and measurement policies applied for financial assets, refer to the disclosures on financial assets in notes 4 and 5 of the notes to the financial statements.

2. 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, 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 write-downs realized upon disposal 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 significant reservations concerning 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 4 of the notes to the financial statements and, for disclosures on inventories, to note 6 of the notes to the 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 declaration on corporate governance. In all other respects, the executive directors are responsible for the other information. The other information comprises the abovementioned declaration on corporate governance. The other information also comprises the responsibility statement to be included in the annual report, but not the annual 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 annual 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 annual 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 annual financial statements and the management report of the Company and the Group

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German

legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, 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 Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, 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 Company's financial reporting process for the preparation of the annual financial statements and of the management report of the Company and the Group.

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report of the Company and the Group as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the 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 annual 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 annual 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 annual 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 of the Company.

- » 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- » Evaluate the consistency of the management report of the Company and the Group with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- » Perform audit procedures on the prospective information presented by 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 annual 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 annual 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 annual financial statements and the management report of the Company and the Group (hereinafter the "ESEF documents") contained in "JA.zip" (SHA-256-checksum: bb558074da336f633e652f572f0055005a887f6c325ab52bb12c9d19492eb233) 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 annual 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 annual 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 annual financial statements and the accompanying management report of the Company and the Group for the fiscal year from 1 October 2020 to 30 September 2021 contained in the "Report on the audit of the annual 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 annual 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 Work 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 "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 annual financial statements and the management report of the Company and the Group in accordance with Sec. 328 (1) Sentence 4 No. 1 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.

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 annual financial statements and to the audited management report of the Company and the Group.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 27 May 2021. Due to the mobility restrictions in place at the time as a result of the governmental and administrative action taken to fight the spread of the coronavirus pandemic, the Annual General Meeting at which we were to be elected as auditor was postponed to a later date in calendar year 2021. Subject to the election of the auditor by the Annual General Meeting at a later point in time, we were therefore engaged by the Supervisory Board to audit the annual financial statements on 19 April 2021. We have been the 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 the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report of the Company and the Group:

- » Review of the IFRS reporting package of Carl Zeiss Meditec AG and Carl Zeiss Meditec Inc. as of 31 March 2021.

Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report of the Company and the Group as well as the assured ESEF documents. The annual 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 annual 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, 26 November 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Imprint/Disclaimer

Financial calendar 2021/22

Publication of 3-Month Quarterly Statement and Conference Call
11 February 2022

Annual General Meeting Jena, virtual
30 March 2022

Publication of 6-Month Report and Conference Call
13 May 2022

Publication of 9-Month Quarterly Statement and Conference Call
5 August 2022

Publication of Annual Report and Analyst Conference
9 December 2022

Carl Zeiss Meditec AG

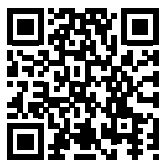
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This report was published on
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The Annual Financial Statements 2020/21 of Carl Zeiss Meditec AG were published in German and English.

Both versions and the key figures contained in this report can be downloaded from the following address:
www.zeiss.com/meditec-ag/ir



Disclaimer

This report contains certain forward-looking statements concerning the development of Carl Zeiss Meditec AG. At the present time, Carl Zeiss Meditec AG 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. Carl Zeiss Meditec AG can therefore assume no liability for such a deviation. There are no plans to update the forward-looking statements for events that occur after the end of the reporting period.

Apparent addition discrepancies may arise throughout there annual financial statements due to mathematical rounding.

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