

Annual financial statements

of Carl Zeiss Meditec AG (HGB)

Fiscal year 2021/22



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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 Section 315 (3) HGB, in conjunction with Section 298 (3) HGB, and published in the Annual Report 2021/22.

The annual financial statements and combined management report for Carl Zeiss Meditec AG and the Group for fiscal year 2021/22 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 <https://www.zeiss.com/meditec-ag/home.html>.

Carl Zeiss Meditec AG, Jena

Balance sheet (HGB)

as of 30 September 2022

	Note	30 Sep 2022	30 Sep 2021
		€k	€k
ASSETS			
A. Fixed assets			
	(5)		
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets		28,195	36,525
2. Goodwill		22,002	29,336
		50,197	65,861
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land		1,867	1,646
2. Technical equipment and machinery		13,877	6,567
3. Other equipment, furniture and fixtures		20,890	17,966
4. Payments on account and assets under construction		19,356	10,117
		55,990	36,296
III. Financial assets			
1. Shares in affiliated companies		589,752	548,638
2. Loans to affiliates		36,194	28,731
3. Investments		11,956	5,741
4. Long-term investments		1,772	-
5. Other loans		1,637	1,673
		641,311	584,783
		747,498	686,940
B. Current assets			
I. Inventories			
	(6)		
1. Raw materials, consumables and supplies		110,878	74,256
2. Unfinished goods		36,229	24,466
3. Finished goods and merchandise		73,226	64,431
4. Payments received on account of orders		-3,139	-1,460
		217,194	161,693
II. Receivables and other assets			
1. Trade receivables	(7)	17,804	14,264
2. Receivables from affiliated companies	(8)	1,031,385	936,149
3. Other assets	(9)	29,035	13,593
		1,078,224	964,006
III. Cash-in-hand and bank balances			
	(10)	55	-
		1,295,473	1,125,699
C. Prepaid expenses			
	(11)	2,315	1,437
Total ASSETS		2,045,286	1,814,076

Carl Zeiss Meditec AG, Jena

Balance sheet (HGB)

as of 30 September 2022

	Note	30 Sep 2022	30 Sep 2021
		€k	€k
EQUITY AND LIABILITIES			
A. Equity	(12)		
I. Subscribed capital		89,441	89,441
II. Capital reserves		954,942	954,942
III. Revenue reserves			
1. Other sales reserves		2,940	2,940
IV. Net retained profits		601,487	516,505
		1,648,810	1,563,828
B. Provisions	(13)		
1. Provisions for pensions and similar obligations		46,018	14,028
2. Provisions for taxes		14,573	19,276
3. Other provisions		154,998	93,103
		215,589	126,407
C. Liabilities	(14)		
1. Liabilities to banks		-	30
2. Trade payables		78,816	58,902
3. Liabilities to affiliated companies		91,171	57,531
4. Liabilities to other investees and investors		-	4
5. Other liabilities		9,214	5,879
		179,201	122,346
D. Deferred income	(15)	1,686	1,495
Total EQUITY AND LIABILITIES		2,045,286	1,814,076

Carl Zeiss Meditec AG, Jena

Income statement (HGB)

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	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%
R&D costs		-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%
Taxes on income	(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%

Notes to the annual financial statements

for fiscal year 2021/22

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 2022 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 electronic edition of 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. 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 2022 no development expenses were capitalized due to the recognition option.

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.

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 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 individual valuation allowances have been set up for discernible individual risks. The general credit risk on trade receivables has been taken into account by a general bad debt allowance.

Receivables due after more than one year are discounted.

Equity

Issued capital

This is measured at the nominal amount.

Authorized capital

Authorized Capital 2022

Pursuant to Art. 4 (5) of the Articles of Association of Carl Zeiss Meditec AG, the Company has an Authorized Capital. Subject to the approval of the Supervisory Board, the Management Board is accordingly authorized 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. New no-par value bearer shares were 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 Section 186 (3) sentence 4 AktG must be taken into account in the restriction to 10% of the share capital.
- » for capital increases against contributions in kind to grant shares for the purpose of acquiring companies, parts thereof or interests in a company.

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

Treasury 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, 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 did not make use of these authorizations during fiscal year 2021/22.

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.

As of 30 September 2022 measurement is based on the following accounting principles:

	2021/22	2020/21
Discount rate pursuant to the German Regulation on the Discounting of Provisions (<i>Rückstellungsabzinsungsverordnung</i>)	1.78%	1.98%
Pension growth	2.25%	1.75%
Salary growth	3.00%	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 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 for the first time. 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%, prior year: 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 2022	30 Sep 2021
	€k	€k
Fair valuation of plan assets pursuant to Section 268 (8) HGB	21,787	26,835
less deferred tax liabilities thereon	-	-
Difference in recognition of pension obligations pursuant to Section 253 (6) HGB	18,510	25,286
less deferred tax liabilities thereon	-	-
Distribution block	40,297	52,121

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 2021/22.

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 2022 the values of currency forward contracts were as follows:

	Market value	Nominal value
	€k	€k
Currency forward contracts with a negative market value	-37,231	711,832
Provision for onerous contracts	37,231	711,832
Currency forward contracts with a positive market value	9,865	322,852

NOTES TO INDIVIDUAL ITEMS IN THE BALANCE SHEET

5 Fixed assets

The addition to intangible 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 attributable mainly to the acquisition of Preceyes B.V., Eindhoven, Netherlands. Write-downs to the amount of €4,070k relate to InfiniteVision Optics S.A.S., Strasbourg, France. Further write-downs on shares in affiliated companies relate to Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanay A.Ş., Ankara, Turkey. The increase in loans to affiliated companies relates to the loan to HYALTECH Ltd., Libingston, United Kingdom, and to newly acquired Preceyes B.V., Eindhoven, Netherlands. The addition in shares in affiliated companies results mainly from the shares in Precise Bio, Inc., Winston-Salem, USA.

The statement of changes in fixed assets is as follows:

	Acquisition and production costs			
	01 Oct 2021	Additions	Revaluation	Reclassifications
	€k	€k	€k	€k
Intangible fixed assets				
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	169,655	1,201	-	-
Goodwill	110,012	-	-	-
	279,667	1,201	-	-
Tangible fixed assets				
Land, land rights and buildings, including buildings on third-party land	4,275	320	-	58
Technical equipment and machinery	18,368	6,313	-	2,697
Other office equipment, fixtures and fittings	63,995	8,353	-	1,720
Payments on account and assets under construction	10,117	13,714	-	(4,475)
	96,755	28,700	-	-
Financial assets				
Shares in affiliated companies	553,138	53,663	-	-
Loans to affiliates	39,731	7,805	(342)	-
Investments	5,741	6,215	-	-
Other loans	1,673	-	-	-
Long-term investments	-	1,772	-	-
	600,283	69,455	(342)	-
	976,705	99,356	(342)	-

6 Inventories

Inventories comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Inventories	217,194	161,693
of which valuation allowances	24,352	24,110

7 Trade receivables

Trade receivables comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Trade receivables	17,804	14,264
of which cumulative specific and global valuation allowances	3,551	3,814
Discounted trade receivables due in > 1 year	18	317

Disposals	Accumulated depreciation and amortization			Net book value			
	30 Sep 2022	01 Oct 2021	Depreciation and amortization in the fiscal year	Disposals	30 Sep 2022	30 Sep 2022	01 Oct 2021
€k	€k	€k	€k	€k	€k	€k	€k
-	170,856	133,130	9,531	-	142,661	28,195	36,525
-	110,012	80,676	7,334	-	88,010	22,002	29,336
-	280,868	213,806	16,865	-	230,671	50,197	65,861
-	4,653	2,629	157	-	2,786	1,867	1,646
346	27,032	11,801	1,445	91	13,155	13,877	6,567
526	73,542	46,029	7,136	513	52,652	20,890	17,966
-	19,356	-	-	-	-	19,356	10,117
872	124,583	60,459	8,738	604	68,593	55,990	36,296
-	606,801	4,500	12,549	-	17,049	589,752	548,638
-	47,194	11,000	-	-	11,000	36,194	28,731
-	11,956	-	-	-	-	11,956	5,741
36	1,637	-	-	-	-	1,637	1,673
-	1,772	-	-	-	-	1,772	-
36	669,360	15,500	12,549	-	28,049	641,311	584,783
908	1,074,811	289,765	38,152	604	327,313	747,498	686,940

8 Receivables from affiliated companies

Receivables from affiliated companies comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Trade receivables	254,934	159,634
Treasury receivables from Group treasury of the ZEISS Group	773,314	764,610
Other receivables	3,137	11,905
Receivables from affiliated companies	1,031,385	936,149

Receivables due in more than one year do not exist.

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, Jena, Germany, transferred earnings of €640k (prior year: €10,173k) to Carl Zeiss Meditec AG in fiscal year 2021/22.

Receivables from shareholders amount to €262k (prior year: €64k).

9 Other assets

Other assets comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Receivables from tax office	27,472	12,804
Receivables for prepayments	1,171	579
Receivables for creditors with debit balances	141	48
Receivables from the German Federal Employment Agency (reduced hours compensation)	-	76
Other	251	86
Other assets	29,035	13,593

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 2022	30 Sep 2021
	€k	€k
Vacation pay	746	660
License payments	407	289
Payments from tariff supplements	497	163
Other	665	325
Prepaid expenses	2,315	1,437

12 Equity

Issued capital

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 €1.00 per no-par value share. This is stated at the nominal value.

Capital reserve

As of 30 September 2022 capital reserves still amounted to €954,942k.

Sales reserves

As of 30 September 2022 sales reserves still amounted to €954,942k.

Net retained profits

As of 30 September 2022 net retained profits amount to:

	30 Sep 2022
	€k
Net income for the fiscal year	165,479
Retained profits brought forward	516,505
Dividend payment	-80,497
Net retained profits	601,487

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 Section 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 2022
	€k
Amount payable for pensions and similar obligations	187,431
Acquisition costs for plan assets	119,626
Fair value of plan assets	141,414

The difference between the recognition of pension provisions with a 10-year average market interest rate and those with a 7-year average market interest rate amounts to €18,510k (prior year: €25,286k).

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. Details can be found in Section 24 Interest and similar expenses.

Provisions for taxes

This item includes for provisions for corporation and trade tax.

Other provisions

Other provisions comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Currency forward contracts	37,231	21,650
Outstanding invoices	25,886	20,620
Other provisions for employee benefits	20,321	17,574
Remaining purchase price components from company acquisitions	44,291	9,895
Special payments to employees	8,134	7,321
Vacation entitlements and flexitime balances	7,133	5,744
Warranties	1,705	2,964
Litigation risks	2,691	2,235
Losses on supply and purchase commitments	3,023	1,570
Anniversary bonuses	909	865
Year-end costs	487	483
Contributions to employers' liability insurance association	556	427
Supervisory Board remuneration	411	411
Partial retirement benefits	345	183
Miscellaneous other provisions	1,875	1,161
Other provisions	154,998	93,103

Partial retirement arrangements

The amount payable for provisions for partial retirement arrangements is €864k as of 30 September 2022.

The fair value of the CTA plan assets against which these provisions were offset is €518k. The resulting interest expenses amount to €2k.

14 Liabilities

Inventories comprise the following:

	30 Sep 2022	30 Sep 2021
	€k	€k
Liabilities to banks	-	30
Trade payables	78,816	58,902
Liabilities to affiliated companies	91,171	57,531
Trade receivables	88,478	57,409
Other liabilities	2,693	122
of which liabilities to shareholder	26,421	11,406
Other liabilities, including liabilities to other long-term investees and investors	9,214	5,883
thereof from taxes	2,724	1,956
of which customs and import sales tax	6,146	3,891
thereof for social security	-	-
Liabilities	179,201	122,346

As in the prior year, 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 obligations

Contingent liabilities

As of the balance sheet date there were limited guarantees with a total value of €0k (prior year: €0k), 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: €0k).

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. 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 2022
	€k
due 2022/23	8,151
thereof to affiliated companies	5,315
due 2023/24 to 2026/27	6,883
thereof to affiliated companies	-
due after 2027/28	-
thereof 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 Munich and Berlin.

The following financial commitments exist due to leases:

	30 Sep 2022
	€k
due 2022/23	888
thereof to affiliated companies	-
due 2023/24 to 2026/27	2
thereof to affiliated companies	-
due after 2027/28	-
thereof 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 €58,216k (prior year: €25,534k).

NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

17 Revenue

The table below shows a breakdown of sales:

	2021/22	2020/21
Sales by region	€k	€k
Germany	68,332	62,668
Europe, Middle East and Africa	246,101	234,836
Asia/Pacific region	845,393	659,673
Americas	193,410	162,869
Total	1,353,236	1,120,046

	2021/22	2020/21
Sales by business unit	€k	€k
Microsurgery SBU	319,488	289,117
Ophthalmic Devices SBU	1,033,748	830,929
Total	1,353,236	1,120,046

18 Cost of materials

Cost of materials comprises the following:

	2021/22	2020/21
	€k	€k
a) Cost of raw materials and supplies, and of purchased merchandise	535,185	442,685
b) Cost of purchased services	7,605	7,520
Total	542,790	450,205

19 Personnel expenses

Personnel expenses comprise the following:

	2021/22	2020/21
	€k	€k
a) Wages and salaries	157,780	135,631
b) Social security and other pension costs	42,097	26,165
- thereof in respect of post-employment benefits	18,284	5,642
Total	199,877	161,796

20 Other operating income

Other operating income comprise the following:

	2021/22	2020/21
	€k	€k
Income from foreign currency translation	37,136	26,392
Reversals of write-downs of long-term financial assets and securities classified as current assets	-	5,500
On-charging to Group companies	2,786	1,843
Prior-period income from the reversal of provisions	4,142	2,625
Other	957	935
Other operating income	45,021	37,295

21 Other operating expenses

Other operating expenses comprises the following:

	2021/22	2020/21
	€k	€k
Expenses from foreign currency translation	-102,885	-46,181
Expenses for the development activities of growing business areas in the USA	-9,083	-6,475
other operating expenses	-1,271	-
Other operating expenses	-113,239	-52,656

Further other operating expenses mainly include expenses in connection with the commitment of the Company to support humanitarian and scientific purposes in the Ukraine war.

22 Income from long-term equity investments

Income from long-term equity investments amounts to 3,602 k€. (prior year: €1,212k).

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 2021/22 the agreement resulted in income of €640k (prior year: €10,173k).

24 Interest and similar expenses

Other interest and similar expenses comprise the following:

	2021/22	2020/21
	€k	€k
Other interest and similar expenses:		
from provisions for pensions	-11,930	-19,096
from plan assets	387	319
from fair value adjustment	-5,048	14,806
from interest cost	-21	-63
from payment of tax arrears	-	-40
from other interest expenses	-165	-134
Other interest and similar expenses	-16,777	-4,208

25 Income taxes

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:

	2021/22	2020/21
	€k	€k
Employee-related taxes	-278	-301
Vehicle tax	-20	-21
Foreign input tax	-12	-64
Refund of foreign input tax	3	24
Other	-	-34
Other taxes	-307	-396

OTHER MANDATORY DISCLOSURES

27 Auditors' fees

The Annual General Meeting on 30 March 2022 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for fiscal year 2021/22. To 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 Section 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 2022		thereof 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*	€	100	68,394	68,394	0	0
Atlantic S.A.S., Périgny/ La Rochelle, France	€	100	59,174	59,174	1,743	1,743
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany*	€	100	23,428	23,428	0	0
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	€	100	12,238	12,238	1,541	1,541
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	€	100	10,560	10,560	2,418	2,418
France Chirurgie Instrumentation S.A.S., Paris, France	€	100	7,442	7,442	2,863	2,863
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€	100	6,289	6,289	901	901
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	€	100	3,051	3,051	233	233
Carl Zeiss Meditec Portugal Unipessoal Lda., Lisbon, Portugal	€	100	2,853	2,853	304	304
Preceyes B.V., Eindhoven, Netherlands	€	100	439	439	38	38
Photono Oy, Helsinki, Finland	€	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 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.

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.

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

30 Information on employees

Number of employees

In fiscal year the Company had an average of 1,712 employees (prior year: 1,469 employees), plus 4 trainees (prior year: 5 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	591
Sales	367
Administration	158
Research and development	596
Total	1,712

As of the balance sheet date 30 September 2022 the Company had a workforce of 1,864, plus 0 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 2021/22 and entered in the commercial register:

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Dr. Ludwin Monz President and CEO of Carl Zeiss Meditec AG (until 31 Dec 2021)</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: Chairman of the Management Board of Carl Zeiss AG, Oberkochen, Germany, (until 31 Dec 2021)</p>	<ul style="list-style-type: none"> » 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) 	<ul style="list-style-type: none"> » 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
<p>Dr. Markus Weber President and CEO of Carl Zeiss Meditec AG (since 1 Jan 2022)</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 2022</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 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) 	<ul style="list-style-type: none"> » 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)
<p>Jan Willem de Cler until 30 Sep 2022</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 (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) 	<p>none</p>

Member of Management Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<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"> » Chairman 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) 	<ul style="list-style-type: none"> » 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)

Remuneration paid to the active members of the Management Board in financial year 2021/22

The total remuneration paid to the active members of the Management Board pursuant to Section 285 No. 9a 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 €1,263k (prior year: €1,002k).

Supervisory Board

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

Member of Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group:	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Dr. Karl Lamprecht Chairman</p> <p>Member of the Supervisory Board since 2020</p> <p>Chairman 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 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, Inc., White Plains, USA 	<ul style="list-style-type: none"> » Member of the Supervisory Board of Körber AG, Hamburg, Germany
<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>	<ul style="list-style-type: none"> » 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 	<p>none</p>
<p>Torsten Reitze Member of the Supervisory Board since 2021</p> <p>Member of the Management Board (CFO) of Carl Zeiss SMT GmbH, Oberkochen, Germany</p>	<ul style="list-style-type: none"> » 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 	<p>none</p>
<p>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>	<ul style="list-style-type: none"> » Member of the Advisory Board of Veonet Vision GmbH, Munich, Germany (since 23 May 2022)
<p>Isabel De Paoli Member of the Supervisory Board since 2020</p> <p>Partner Private Equity - Healthcare Sector, EQT Partners GmbH, Munich, Germany</p>	<p>none</p>	<ul style="list-style-type: none"> » Member of the Supervisory Board of Futury Regio Growth GmbH & Co KG, Frankfurt am Main, Germany (until 31 Oct 2021)
<p>Peter Kameritsch Member of the Supervisory Board since 2021</p> <p>Member of the Management Board (CFO) of MTU Aero Engines AG, Munich, Germany</p>	<p>none</p>	<p>none</p>

Member of the Supervisory Board	Membership of statutory supervisory boards and similar supervisory bodies at companies within the Carl Zeiss Group:	Membership of statutory supervisory boards and similar supervisory bodies at other companies
<p>Cornelia Grandy* Member of the Supervisory Board until 30 March 2020</p> <p>Deputy Chairwoman of the Works Council of Carl Zeiss Meditec AG, Oberkochen, Germany (until 15 Mar 2022)</p>	none	none
<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>	none	none
<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>	none	none
<p>Brigitte Koblizek* Member of the Supervisory Board since 30 March 2022</p> <p>Process Engineer, Deputy Chairwoman of the Works Council of Carl Zeiss Meditec AG Oberkochen site</p>	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 (since 30 Mar 2022)
Nominating Committee	Dr. Christian Müller, Chairwoman Isabel De Paoli Dr. Karl Lamprecht

Remuneration of the active members of the Supervisory Board in fiscal year 2021/22

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

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 earnings occurred after the end of financial year 2021/22.

33 German Corporate Governance Code/Declaration according to Section 161 AktG (German Stock Corporation Act)

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 <https://www.zeiss.de/meditec-ag/investor-relations/corporate-governance.html>. The statement also cited which recommendations the Company does not yet comply with.

34 Appropriation of profits for fiscal year 2021/22

Fiscal year 2021/22 closes with net income for 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.

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 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, 25 November 2022

Carl Zeiss Meditec AG



Dr. Markus Weber
President and CEO



Justus Felix Wehmer
Member of the Management Board

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 2022, and the income statement for the fiscal year from 1 October 2021 to 30 September 2022, 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 2021 to 30 September 2022. 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 2022 and of its financial performance for the fiscal year from 1 October 2021 to 30 September 2022 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 2021 to 30 September 2022. 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, there is a higher risk of material misstatement so 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 roll-forwards 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 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 ["Aktengesetz": 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. 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 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" 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 2021 to 30 September 2022 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 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 30 March 2022. We were engaged by the Supervisory Board to audit the annual financial statements on 20 June 2022. 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:

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 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, 25 November 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bendler
Wirtschaftsprüfer
[German Public Auditor]

Schoenfeldt
Wirtschaftsprüfer
[German Public Auditor]

Financial calendar Imprint/Disclaimer

Financial calendar 2022/23

Publication of interim report Q1 and conference call 10 February 2023

Annual General Meeting, virtual 22 March 2023

Publication of Half-Year Financial Report and conference call 9 May 2023

Publication of interim report 9M and conference call 4 August 2023

Publication of annual financial statements and Analyst Conference 12 December 2023

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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.html>



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 this interim report due to mathematical rounding.

This is a translation of the original German language annual financial statements of the Carl Zeiss Meditec AG. 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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