

# **Annual financial statements**

of Carl Zeiss Meditec AG (HGB)

Fiscal year 2019/20



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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 2019/20 Annual Report.

The annual financial statements and combined management report for Carl Zeiss Meditec AG and the Group for fiscal year 2019/20 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 [www.zeiss.com/meditecag/investor-relations](http://www.zeiss.com/meditecag/investor-relations).

# Balance sheet (HGB)

## as of 30 September 2020

	30 Sep 2020	30 Sep 2019
	€k	€k
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible fixed assets</b>		
1. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	47,444	55,589
2. Goodwill	36,670	44,005
	<b>84,114</b>	<b>99,594</b>
<b>II. Tangible assets</b>		
1. Land, land rights and buildings, including buildings on third-party land	1,937	1,887
2. Technical equipment and machinery	4,885	3,737
3. Other office equipment, furniture and fixtures	17,914	14,580
4. Payments on account and assets under construction	4,195	4,374
	<b>28,931</b>	<b>24,578</b>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	471,152	457,851
2. Loans to affiliates	72,226	31,000
3. Investments	2,000	-
4. Other loans	946	947
	<b>546,324</b>	<b>489,798</b>
	<b>659,369</b>	<b>613,970</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies	71,486	66,282
2. Unfinished goods	23,602	20,692
3. Finished goods and merchandise	67,613	48,552
4. Prepayments	-	277
5. Payments received on account of orders	(849)	(701)
	<b>161,852</b>	<b>135,102</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	13,985	19,572
2. Receivables from associated companies	748,847	775,607
3. Receivables from investments	-	-
4. Other assets	9,186	8,933
	<b>772,018</b>	<b>804,112</b>
<b>III. Cash-in-hand and bank balances</b>	<b>3</b>	<b>71</b>
	<b>933,873</b>	<b>939,285</b>
<b>C. Deferred income</b>	<b>1,397</b>	<b>1,190</b>
<b>D. Asset-side difference arising from asset offsetting</b>	<b>-</b>	<b>5,178</b>
<b>Total assets</b>	<b>1,594,639</b>	<b>1,559,623</b>

# Balance sheet (HGB)

## as of 30 September 2020

	30 Sep 2020	30 Sep 2019
	€k	€k
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
<b>I. Subscribed capital</b>	<b>89,441</b>	<b>89,441</b>
<b>II. Capital reserves</b>	<b>954,942</b>	<b>954,942</b>
<b>III. Sales reserves</b>		
1. Other sales reserves	2,940	2,940
<b>IV. Net retained profits</b>	<b>364,303</b>	<b>319,768</b>
	<b>1,411,626</b>	<b>1,367,091</b>
<b>B. Provisions</b>		
1. Provisions for pensions and similar obligations	16,817	694
2. Tax provisions	15,125	16,521
3. Sundry other provisions	60,803	71,653
	<b>92,745</b>	<b>88,868</b>
<b>C. Liabilities</b>		
1. Trade payables	34,406	49,593
2. Liabilities to affiliated companies	50,447	45,926
3. Liabilities to investees and investors	15	12
4. Other liabilities	3,800	6,536
	<b>88,668</b>	<b>102,067</b>
<b>D. Deferred income</b>	<b>1,600</b>	<b>1,597</b>
<b>Total equity and liabilities</b>	<b>1,594,639</b>	<b>1,559,623</b>

# Income statement (HGB)

## for financial years 2019/20 and 2018/19

	Notes to the annual financial statements	2019/20		2018/19		Change
		€k	€k	€k	€k	in %
<b>Sales</b>	(19)		<b>857,507</b>		<b>933,914</b>	<b>-8.2</b>
Production costs of services rendered to generate revenue			-374,536		-405,811	-7.7
<b>Gross profit</b>			<b>482,971</b>		<b>528,103</b>	<b>-8.5</b>
Sales and marketing expenses			-113,489		-133,568	-15.0
General and administrative expenses			-31,676		-35,555	-10.9
R&D costs		-164,405	0	-142,330	0	
Less subsidies received		0	-164,405	6	-142,324	+15.5
Other operating income	(22)		24,230		38,113	-36.4
Other operating expenses	(23)		-30,671		-51,225	-40.1
Income from investments	(24)		0		5,855	-100.0
thereof from affiliated companies			0		5,855	-100.0
Income from profit transfer	(25)		5,214		4,017	+29.8
Income from investments and long-term loans			498		609	-18.2
thereof from affiliated companies			498		609	-18.2
Other interest and similar income			801		1,884	-57.5
thereof from affiliated companies			773		1,877	-58.8
Interest and similar expenses	(26)		-17,746		-15,042	+18.0
thereof from affiliated companies			0		0	
<b>Earnings before income taxes</b>			<b>155,727</b>		<b>200,867</b>	<b>-22.5</b>
Income taxes	(27)		-52,902		-67,761	-21.9
<b>Profit after tax</b>			<b>102,825</b>		<b>133,106</b>	<b>-22.7</b>
Other taxes	(28)		-153		-347	-55.9
<b>Net income for the year</b>			<b>102,672</b>		<b>132,759</b>	<b>-22.7</b>
Retained profits brought forward from prior year			319,768		236,201	+35.4
Dividend			-58,137		-49,192	+18.2
<b>Net retained profits</b>			<b>364,303</b>		<b>319,768</b>	<b>+13.9</b>

# Notes to the annual financial statements

## for fiscal year 2019/20

### 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 was transformed into a stock corporation and traded from this date under the name Asclepion Meditec AG. The Company went public on 22 March 2000 and was listed on the Frankfurt Stock Exchange.

In 2002, Carl Zeiss Ophthalmic Systems AG transferred its entire assets to Asclepion Meditec AG by way of a merger by absorption with effect from 1 October 2001.

Asclepion Meditec AG was also renamed Carl Zeiss Meditec AG at this point.

With effect from 1 October 2010, Carl Zeiss Meditec AG, as the acquiring company, merged a number of subsidiaries by assuming the assets of the transferor companies Carl Zeiss Surgical GmbH, \*Acri.Tec GmbH, Carl Zeiss Meditec Systems GmbH and Carl Zeiss Medical Software GmbH. This merger was entered in the Company's commercial register on 1 June 2011.

### 3 Development of share capital and capital reserves in fiscal year 2019/20

#### **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 is still 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 may be issued against cash and/or contributions in kind for this capital increase. The Management Board is 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.

##### ***Authorized Capital 2017***

The Management Board is furthermore authorized, pursuant 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, subject to the approval 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, subject to the approval 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 receivables. In addition, the Management Board shall be authorized to stipulate the further details of the capital increase and its implementation, subject to the approval 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- 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 2019/20.

## 4 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 2020 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's annual financial statements are incorporated into the consolidated financial statements of Carl Zeiss AG, Oberkochen. The consolidated financial statements of Carl Zeiss AG are published 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 [www.zeiss.com/meditecag/investor-relations](http://www.zeiss.com/meditecag/investor-relations).

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

## 5 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 operative - useful 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 2020, 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.

***Financial assets***

Under financial assets shares in affiliated companies are recognized at cost and loans to affiliated companies 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. 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.

## 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 2020 is based on the following accounting principles:

Discount rate pursuant

» to the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung):	2.42% p.a.	(prior year: 2.82% p.a.)
» Pension growth:	1.75% p.a.	(prior year: 1.75% p.a.)
» salary growth:	2.75% p.a.	(prior year: 2.75% p.a.)
» Fluctuation factor:	approx 2.00% p.a.	(prior year: approx. 2.00% p.a.)

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. For further information, please refer to 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.

**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 (28.78 %) 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 inventories, 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**

As of the balance sheet date there is a payout block in the amount of €37,807k (prior year: €38,096k) less deferred tax liabilities attributable thereto of €0 (prior year: €0k) pursuant to Section 268 (8) HGB, arising from the fair valuation of plan assets in the amount of €12,029k (prior year: €14,526k) less deferred tax liabilities attributable thereto of €0k (prior year: €0k) and from the difference arising pursuant to Section 253 (6) HGB from the recognition of pension commitments in the amount of €25,777k (prior year: 23,570k). 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 2019/20.

**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 at 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. A provision for contingent losses was set up in the amount of €446k (nominal value: €133,504k) for currency forward contracts with a negative market value in the same amount. The currency forward contracts with a positive market value amount to €9,607k (nominal value: €555,563k) .

## NOTES TO INDIVIDUAL ITEMS IN THE BALANCE SHEET

### 6 Fixed assets

The addition to intangible fixed assets is mainly attributable to the acquisition of computer software. Tangible fixed assets in the fiscal year relate in particular to tools (€7,066k), production facilities and test equipment (€1,150k), as well as the assumption of service and study equipment into fixed assets (€855k). The addition of shares in affiliated companies results from Infinite Vision Optics SAS, Strasbourg, France. A long-term intercompany loan was also issued to Carl Zeiss Meditec Inc. In addition, an investment was acquired in Photon Oy, Mikkolantie, Finland.

Acquisition and production costs

	1 Oct 19	Reclassification	Additions	Revaluation	Transfer	Disposals
	€k	€k	€k	€k	€k	€k
<b>Intangible fixed assets</b>						
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	166,045		4,152			837
Goodwill	110,012					
	<b>276,057</b>	-	<b>4,152</b>	-	-	<b>837</b>
<b>Property, plant and equipment</b>						
Land, land rights and buildings, including buildings on third-party land	4,907		164		212	496
Technical equipment and machinery	13,906		733		1,259	100
Other equipment, furniture and fixtures	51,153		6,364		2,255	760
Payments on account and assets under construction	4,374		3,561		(3,726)	14
	<b>74,340</b>	-	<b>10,822</b>	-	-	<b>1,370</b>
<b>Financial assets</b>						
Shares in affiliated companies	457,851		13,301			
Loans to affiliated companies	47,500		42,748	(22)		1,500
Investments			2,000			
Other loans	947					1
	<b>506,298</b>	-	<b>58,049</b>	<b>(22)</b>	-	<b>1,501</b>
	<b>856,695</b>	-	<b>73,023</b>	<b>(22)</b>	-	<b>3,708</b>

## 7 Inventories

Inventories (€161,852k, prior year: €135,102k) include cumulated valuation allowances of €28,555k (prior year: €23,738k).

## 8 Trade receivables

Trade receivables amount to €13,985k as of the balance sheet date (prior year: €19,572k) including cumulative specific and global valuation allowances totaling €4,272k (prior year: €4,039k). Discounted trade receivables amounting to €1,180k (prior year: €1,295k) are due in more than one year.

30 Sep 2020	Accumulated depreciation and amortization						Net book value		
	1 Oct 19	Reclassification	Depreciation and amortization in the fiscal year	Disposals	Transfer	Write-up	30 Sep 2020	30 Sep 2020	1 Oct 19
€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
169,360	110,456		12,297	837			121,916	47,444	55,589
110,012	66,007		7,335				73,342	36,670	44,005
<b>279,372</b>	<b>176,463</b>	-	<b>19,632</b>	<b>837</b>	-	-	<b>195,258</b>	<b>84,114</b>	<b>99,594</b>
4,787	3,020		269	439			2,850	1,937	1,887
15,798	10,169		832	88			10,913	4,885	3,737
59,012	36,573		5,169	644			41,098	17,914	14,580
4,195	-						-	4,195	4,374
<b>83,792</b>	<b>49,762</b>	-	<b>6,270</b>	<b>1,171</b>	-	-	<b>54,861</b>	<b>28,931</b>	<b>24,578</b>
471,152	-						-	471,152	457,851
88,726	16,500						16,500	72,226	31,000
2,000	-						-	2,000	-
946	-						-	946	947
<b>562,824</b>	<b>16,500</b>	-	-	-	-	-	<b>16,500</b>	<b>546,324</b>	<b>489,798</b>
<b>925,988</b>	<b>242,725</b>	-	<b>25,902</b>	<b>2,008</b>	-	-	<b>266,619</b>	<b>659,369</b>	<b>613,970</b>

## 9 Receivables from affiliated companies

The balances disclosed under receivables from affiliated companies comprise trade receivables (€108,341k, prior year: €169,030k), receivables from the Group treasury of the ZEISS Group of €633,988k (prior year: €596,240k), other receivables (€6,358k, prior year: €10,337k), and loans due after more than one year (€160k, prior year: €0k). 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 €5,214k (prior year: €4,017k) to Carl Zeiss Meditec AG.

As of the balance sheet date there were receivables of €160k due after more than one year (prior year: €0k). Receivables from shareholders amounted to €23k (prior year: €3,550k).

## 10 Other assets

Other assets amount to €9,186k as of the balance sheet date (prior year: €8,933k). These mainly include other receivables amounting to €8,176k (prior year: €8,035k), most of which are receivables from tax authorities from advance VAT returns, receivables for prepayments in the amount of €641k (prior year: €834k) and for creditors with debit balances in the amount of €333k (prior year: €30k).

## 11 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".

## 12 Prepaid expenses

The other prepaid expenses include vacation pay in the amount of €644k, license payments in the amount of €320k, rent in the amount of €244k, and payments from tariff supplements of €81k.

## 13 Excess of plan assets over post-employment benefit liability

In the prior year, the excess of plan assets arose from the offsetting, in accordance with Section 246 (2) Sentence 2 HGB, of provisions for pensions with the CTA plan assets, which serve exclusively to fulfill pension commitments and are withheld from access of all other creditors. As of 30 September 2020 there is no excess of plan assets because the amount payable for pensions and similar obligations exceeds the fair value of the plan assets. The provision for pensions amounts to €16,817k.

## 14 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 2020 capital reserves still amounted to €954,942k.

**Revenue reserves**

As of 30 September 2020 revenue reserves still amounted to €2,940k.

**Net retained profits**

Due to Carl Zeiss Meditec AG's net income for the year of €102,672k, and taking into consideration the retained profits brought forward of €318,768k remaining as of 30 September 2020 after distribution of the dividend of €58,137k, net retained profits amount to €364,303k.

**15 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.

	<b>2019/20</b>
	€k
Amount payable for pensions and similar obligations	137,292
Acquisition costs for plan assets	108,446
Fair value of plan assets	120,475
Offset expenses	17,832
Offset income	330

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

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 €25,777k (prior year: €23,570k). 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.

**Provisions for taxes**

This item includes corporation and trade tax.

**Other provisions*****Partial retirement arrangements***

The amount payable for provisions for partial retirement arrangements is €753k as of 30 September 2020. The fair value of the CTA plan assets against which these provisions were offset is €558k. The resulting interest expenses amount to €5k.

**Sundry other provisions**

- » Outstanding invoices (€18,618k, prior year: €18,155k).
- » Other provisions relating to personnel (€13,327k, prior year: €16,353k)
- » Other provisions not relating to personnel (€10,136k, prior year: €330k)
- » Vacation entitlements and flexitime balances (€4,941k, prior year: €4,463k)
- » Special payments to employees (€3,686k, prior year: €5,225k)
- » Warranties (€2,382k, prior year: €2,630k)
- » Losses on supply and purchase commitments (€2,294k, prior year: €937k)
- » Litigation risks (€2,000k, prior year: €2,000k)
- » Currency forward contracts (€446k, prior year: €18,490k)

**16 Liabilities**

Liabilities of Carl Zeiss Meditec AG relate to unsecured liabilities of €88,668k (prior year: €102,067k) thereof €0k due in more than one year (prior year: €6k).

**Trade payables**

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

**Liabilities to affiliated companies**

Liabilities to affiliated companies consist of trade payables of €50,289k (prior year: €45,009k) and other liabilities of €158k (prior year: €917k).

Liabilities to shareholders amount to €10,306k (prior year: €12,489k).

**Other liabilities**

Other liabilities mainly consist of liabilities from withheld wage and church tax of €2,077k (prior year: €1,978k) and liabilities from payable import sales tax of €1,697k (prior year: €516k).

**Maturity structure of liabilities**

Figures in € '000	30 Sep 2020			30 Sep 2019		
	Total	thereof due within one year	thereof due in 1 to 5 years	Total	thereof due within one year	thereof due in 1 to 5 years
Trade payables	34,406	34,406	-	49,593	49,587	6
Liabilities to affiliated companies	50,447	50,447	-	45,926	45,926	-
Other liabilities						
including liabilities to other long-term investees and investors	3,815	3,815	-	6,548	6,548	-
thereof from taxes	2,077	2,077	-	3,455	3,455	-
thereof for social security	-	-	-	-	-	-

**17 Deferred income**

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

## 18 Contingent liabilities and other financial commitments

### Contingent liabilities

As of the balance sheet date there were limited guarantees with a total value of €4,740k (previous year: €14,250k); thereof in favor of affiliated companies €4,740k (previous year: €14,250k).

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:

	<b>30 Sep 2020</b>
	€k
due 2020/21	7,148
thereof to affiliated companies:	5,011
due 2021/22 to 2024/25	11,474
thereof to affiliated companies:	3,012
due after 2025/26	1,417
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:

	<b>9/30/2020</b>
	€k
due 2020/21	385
thereof to affiliated companies:	-
due 2021/22 to 2024/25	247
thereof to affiliated companies:	-
due after 2025/26	-
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 €4,896k (prior year: €1,887k).

**NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT****19 Sales**

	2019/20	2018/19
Sales by region	€k	€k
Germany	53,654	59,243
Europe, Middle East and Africa	180,058	218,472
Asia/Pacific	497,261	500,451
Americas	126,534	155,748
<b>Total</b>	<b>857,507</b>	<b>933,914</b>

	2019/20	2018/19
Business development by strategic business unit	€k	€k
Microsurgery SBU	251,918	282,908
Ophthalmic Devices SBU	605,589	651,006
<b>Total</b>	<b>857,507</b>	<b>933,914</b>

**20 Cost of materials**

	2019/20	2018/19
	€k	€k
a) Cost of raw materials and supplies, and of purchased merchandise	374,964	386,091
b) Cost of purchased services	6,627	6,618
<b>Total</b>	<b>381,591</b>	<b>392,709</b>

**21 Personnel expenses**

	2019/20	2018/19
	€k	€k
a) Wages and salaries	118,394	122,383
b) Social security and other pension costs	22,400	23,777
thereof in respect of post-employment benefits	5,242	6,144
<b>Total</b>	<b>140,794</b>	<b>146,160</b>

Social security, post-employment and other employee benefit costs include €1,432 thousand in income from the reimbursement of social security contributions in connection with reduced working hours.

## 22 Other operating income

The other operating income of €24,230k (prior year: €38,113k) mainly includes income from currency translation of €18,445k (prior year: €14,912k), on-charging to Group companies of €3,449k (prior year: €6,672k) and prior-period income from the reversal of provisions of €2,255k (prior year: €2,984k).

## 23 Other operating expenses

This item includes costs of foreign currency translation amounting to €22,791k (prior year: €42,860k) and expenses for the development of growing business areas in the USA amounting to €7,880k (prior year: €8,365k).

## 24 Income from investments

Income from investments amounts to €0 (prior year: €5,855k).

## 25 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 2019/20 this agreement resulted in income of €5,214k (prior year: €4,017k).

## 26 Other interest and similar expenses

	2019/20	2018/19
	€k	€k
Other interest and similar expenses	17,746	15,042
thereof from pension provisions	15,335	16,086
thereof from plan assets	(330)	(280)
thereof from fair value adjustment	2,497	(1,024)
thereof from unwinding of the discount	66	78
thereof from tax back payment	80	125
thereof from other interest expenses	98	57

## 27 Taxes on income

This item does not include any income or expense from the change in deferred taxes recognized (prior year: €0k).

## 28 Other taxes

The item Other taxes includes employee-related taxes amounting to €200k (prior year: €314k) and vehicle tax of €23k (prior year: €24k). It also includes foreign input tax of €20k (prior year: €51k) and the reimbursement of foreign input tax of €105k (prior year: €56k).

## OTHER MANDATORY DISCLOSURES

### 29 Auditors' fees

The Annual General Meeting on 6 August 2020 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for fiscal year 2019/20. 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.

### 30 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 26 November 2019 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 3% on 21 November 2019 and amounts to 3.011% (2,693,421 ordinary shares) as of this date.

Invesco Ltd, Hamilton, Bermuda informed the Company on 27 May 2020 that its share of the voting rights in Carl Zeiss Meditec AG fell below the threshold of 3% on 22 May 2020 and amounts to 2.92% (2,612,056 ordinary shares) from this date.

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

## 31 Information on shareholdings

### Information on shareholdings (consolidated companies)

Name and registered office of the company	Currency	Share of voting capital in %	Equity as of 30 September 2020 translated at the closing rate as of the balance sheet date	thereof profit/loss for financial year 2019/20 at average annual exchange rate*
Carl Zeiss Meditec Inc., Dublin, USA	USDk	100.00	419,084	-22,513
	€k		357,946	-20,106
Carl Zeiss Meditec Production LLC, Ontario, USA	USDk	100.00	18,550	1,167
	€k		15,844	1,042
Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH, Jena, Germany**	€k	100.00	68,394	0
Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain	€k	100.00	4,839	-687
Carl Zeiss Meditec Co. Ltd. Tokyo, Japan	JPYk	51.00	4,561,633	437,967
	€k		36,859	3,628
Carl Zeiss Meditec Medikal Çözümler Ticaret ve Sanay A.Ş., Ankara, Türkiye	TRYk	100.00	41,638	6,127
	€k		4,576	840
Carl Zeiss Meditec Vertriebsgesellschaft mbH, Oberkochen, Germany**	€k	100.00	23,428	0
Atlantic S.A.S., Périgny/ La Rochelle, France	€k	100.00	56,682	3,126
HYALTECH Ltd., Livingston, United Kingdom	GBPk	100.00	11,034	114
	€k		12,094	130
France Chirurgie Instrumentation S.A.S., Paris, France	€k	100.00	6,042	-941
Carl Zeiss Meditec France S.A.S., Marly-le-Roi, France	€k	100.00	10,970	925
Carl Zeiss Meditec S.A.S., Périgny/La Rochelle, France	€k	100.00	7,177	592
France Chirurgie Instrumentation SUD Ltd., Quatre Bornes, Mauritius	€k	100.00	2,685	437
France Chirurgie Instrumentation Ophthalmics Inc., Pembroke, USA	USDk	100.00	5,859	1,314
	€k		5,004	1,174
Ophthalmic Laser Engines LLC, Lafayette, USA	USDk	52.00	-1,021	-1,108
	€k		-872	-990
Carl Zeiss Meditec Digital Innovation risks LLC, Temple, USA	USDk	100.00	915	0
	€k		781	0
Carl Zeiss Meditec Cataract Technology, Inc., Reno, USA	USDk	100.00	1,648	-6,782
	€k		1,408	-6,057
Carl Zeiss Meditec Guangzhou Ltd., Guangzhou, China	CNYk	100.00	68,773	0
	€k		8,627	0
Carl Zeiss Meditec Portugal Unipessoal Lda., Lisbon, Portugal***	€k	100.00	2,440	-348
Carl Zeiss Meditec USA Inc., Dublin, USA***	USDk	100.00	0	0
	€k		0	0
Photono Oy, Helsinki, Finland	€k	20.00	34	-234

\* The figures show the values recognised under the respective national accounting standards.

\*\* Pursuant to Section 264 (3) HGB and Section 264b HGB, these entities are exempted from the duty to publish their annual financial statements

\*\*\* This company was newly founded during this fiscal year.

## 32 Information on employees

### Number of employees

The Company had an average of 1,430 employees during fiscal year 2019/20 (prior year: 1,369 employees), plus 6 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	535
Sales	323
Administration	121
Research and development	451
<b>Total</b>	<b>1,430</b>

As of the balance sheet date 30 September 2020 the Company had a workforce of 1,428, plus 6 trainees and two Management Board members directly employed by Carl Zeiss Meditec AG.

## 33 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 2019/20 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><b>Dr. Ludwin Monz</b> President and CEO of Carl Zeiss Meditec AG</p> <p>Area of responsibility: Ophthalmic Systems SBU, Microsurgery SBU, strategic business development, Corporate functions Communications, MarCom Digital innovation, quality, regulatory</p> <p>Year of first appointment 2007</p> <p>Plus: Member of the Executive Board of Carl Zeiss AG, Oberkochen, Germany</p>	<ul style="list-style-type: none"> <li>» Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA (Chairman until 30 Apr 2020)</li> <li>» Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan</li> <li>» Chairman of the Board of Directors of Carl Zeiss Iberia S.L., Tres Cantos, Spain</li> <li>» Chairman of the Board of Directors of Carl Zeiss Meditec Iberia, S.A., Tres Cantos, Spain</li> <li>» Member of the Board of Directors of Carl Zeiss Co., Ltd., Tokyo, Japan</li> <li>» Member of the Board of Directors of Carl Zeiss Cataract Technology, Inc., Reno, USA</li> </ul>	<ul style="list-style-type: none"> <li>» Member of the university council of Friedrich Schiller University, Jena, Germany</li> <li>» Member of the board of trustees of the Leibniz Institute of Photonic Technology, Jena, Germany</li> </ul>
<p><b>Jan Willem de Cler</b></p> <p>Area of responsibility: Group functions Human Resources, Global Service und Customer Care, Cultural Development, Training</p> <p>Year of first appointment 2018</p>	<ul style="list-style-type: none"> <li>» President of the Board of Directors of FCI Ophthalmic Inc., Pembroke, USA</li> <li>» Member of the Board of Directors of FCI Sud, Goodlands, Mauritius</li> <li>» President of FCI SAS, Paris, France</li> <li>» Member of the Board of Directors of Hyaltech Ltd., Livingston, UK</li> </ul>	<p>none</p>
<p><b>Justus Felix Wehmer</b></p> <p>Area of responsibility: Group functions Finances and Controlling, Investor Relations, IT, Legal Affairs, Taxes</p> <p>Year of first appointment 2018</p>	<ul style="list-style-type: none"> <li>» Member of the Board of Directors of Carl Zeiss Meditec, Inc., Dublin, USA</li> <li>» Member of the Board of Directors of Carl Zeiss Meditec Iberia S.A., Tres Cantos, Spain</li> <li>» Member of the Board of Directors of Carl Zeiss Meditec Co. Ltd., Tokyo, Japan</li> <li>» Member of the Board of Directors of Carl Zeiss Meditec (Guangzhou) Ltd., Guangzhou, China</li> </ul>	<p>Member of the Executive Board of Spectaris e.V.</p>

### Remuneration paid to the active members of the Management Board in fiscal year 2019/20

The total remuneration paid to the active members of the Management Board pursuant to Section 285 No. 9a HGB amounted to €2,792k in fiscal year 2019/20 (prior year: €2,286k). Details of this remuneration are contained in the remuneration report in the consolidated management report.

Projected unit credits for pensions for former members of the Company's Management Board amounted to €925k (prior year: €851k).

### Supervisory Board

The Supervisory Board of Carl Zeiss Meditec AG had the following members in fiscal year 2019/20:

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><b>Prof. Dr. Michael Kaschke</b> Chairman</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>Chairman of the Management Board of Carl Zeiss AG, Oberkochen, Germany, (until 31 Mar 2020)</p>	<p>» Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore (until 31 Mar 2020)</p> <p>» Member of the Board of Directors of Carl Zeiss Far East Co. Ltd., Kwai Fong, NT./Hongkong, China (until 31 Mar 2020)</p> <p>» Chairman of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India (until 31 March 2020)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany (until 31 Oct 2019)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, Germany (until 31 March 2020)</p> <p>» Chairman of the Board of Directors of Carl Zeiss Co. Ltd., Seoul, South Korea (until 31 March 2020)</p> <p>» Member of the Board of Directors of Carl Zeiss (Shanghai) Co., Ltd, Shanghai, China (until 31 March 2020)</p>	<p>» Member of the Supervisory Board, Audit Committee (Chairman of the Audit Committee since 17 June 2020) of Henkel AG &amp; 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 (since 11 Nov 2019; member since 1 Oct 2019)</p>
<p><b>Dr. Christian Müller</b> Member of the Supervisory Board since 2019</p> <p>Member of the Management 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>
<p><b>Dr. Karl Lamprecht</b> Member of the Supervisory Board since 25 June 2020</p> <p>Chairman of the Management Board of Carl Zeiss AG, Oberkochen, Germany, (since 1 Apr 2020)</p>	<p>» Chairman of the Board of Directors of Carl Zeiss Pte. Ltd., Singapore, Singapore (since 1 Apr 2020)</p> <p>» Member of the Board of Directors of Carl Zeiss Far East Co. Ltd., Kwai Fong, NT./Hongkong, China (since 1 Apr 2020)</p> <p>» Member of the Board of Directors of Carl Zeiss India (Bangalore) Pte. Ltd., Bangalore, India (since 20 May 2020)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss SMT GmbH, Oberkochen, Germany (since 26 Nov 2019)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen, Germany (since 1 Apr 2020)</p> <p>» Member of the Board of Directors of Carl Zeiss (Shanghai) Co., Ltd, Shanghai, China (since 1 Apr 2020)</p> <p>» Chairman of the Supervisory Board of Carl Zeiss Jena GmbH, Jena, Germany (since 1 Oct 2018)</p> <p>» Chairman of the Board of Directors of tooz technologies, Inc., White Plains, USA (since 18 Dec 2017)</p>	<p>» Member of the Supervisory Board of Körber AG, Hamburg, Germany (since 13 August 2020)</p>

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><b>Dr. Markus Guthoff</b> Member of the Supervisory Board since 2004</p> <p>Member of the Executive Board of NATIONAL BANK AG, Essen, Germany</p>	none	» Member of the Supervisory Board of Innovation City Management GmbH, Bottrop, Germany
<p><b>Tania von der Goltz</b> Deputy Chairwoman Member of the Supervisory Board since 2018</p> <p>Senior Vice President Global Financial Strategy, Fresenius Medical Care AG &amp; Co. KGaA, Bad Homburg, Germany</p>	none	none
<p><b>Isabel De Paoli</b> Member of the Supervisory Board since 25 June 2020</p> <p>Chief Strategy Officer, Merck KGaA, Darmstadt, Germany</p>	none	none
<p><b>Cornelia Grandy*</b> Member of the Supervisory Board since 2011</p> <p>Chairman of the Works Council of Carl Zeiss Meditec AG, Oberkochen site, and member of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany</p>	none	none
<p><b>Renè Denner*</b> Member of the Supervisory Board since 01 October 2019</p> <p>Chairman of the Works Council of Carl Zeiss Meditec AG, Jena site, and Chairman of the General Works Council of Carl Zeiss Meditec AG, Jena, Germany, Germany</p>	none	none
<p><b>Jeffrey Marx*</b> Member of the Supervisory Board since 6 Mar 2020</p> <p>Process Engineer, Deputy Chairman of the Works Council of Carl Zeiss Meditec AG, Berlin</p>	none	none

\*elected employee representatives

## Committees of the Supervisory Board

	Members
<b>General and Personnel Committee</b>	Prof. Dr. Michael Kaschke, Chairman Tania von der Goltz Dr. Markus Guthoff (until 6 August 2020) Dr. Karl Lamprecht (since 6 Aug 2020)
<b>Audit Committee</b>	Dr. Markus Guthoff, Chairman Cornelia Grandy (since 1 Oct 2019) Dr. Christian Müller
<b>Nominating Committee</b>	Dr. Christian Müller, Chairman Dr. Markus Guthoff (until 6 August 2020) Prof. Dr. Michael Kaschke Isabel De Paoli (since 6 Aug 2020)

### Remuneration of the active members of the Supervisory Board in fiscal year 2019/20

The remuneration of the active members of the Supervisory Board amounted to €371k for fiscal year 2019/20 (prior year: €279k). The itemized breakdown of the remuneration paid to the Supervisory Board can be found in the consolidated management report accompanying the annual financial statements 2019/20.

### 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.

## 34 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 2019/20.

## 35 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](http://www.zeiss.com/meditec_ag/investor-relations). The statement also cited which recommendations the Company does not yet comply with.

## 36 Appropriation of profit for the 2019/20 financial year

Fiscal year 2019/20 closes with net income for the year of €102,672,196.30. The Management Board proposes utilizing the net retained profits of €364,303,324.69 for fiscal year 2019/20 as follows:

- » Payment of a dividend of €0.50 per no-par value share for 89,440,570 no-par-value shares: €44,720,285.00.
- » Carryforward of residual profit to new account: €319,583,039.69.

Jena, 23 November 2020  
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, 23 November 2020  
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 2020, and the income statement for the fiscal year from 1 October 2019 to 30 September 2020, 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 2019 to 30 September 2020. 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. Additionally, we have not audited the extraneous information contained in sections a) Market for ophthalmic products, b) Market for microsurgery products, Responsibility, Customer service, Customer focus, Customer solutions in ophthalmology, Customer solutions in microsurgery and Customer solutions in growth markets of the management report of the Company and the Group. Extraneous information relates to any information whose disclosure in the management report of the Company and the Group is not required pursuant to Secs. 289 to 289f HGB or GAS 20.

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 2020 and of its financial performance for the fiscal year from 1 October 2019 to 30 September 2020 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 and the abovementioned sections a) Market for ophthalmic products, b) Market for microsurgery products, Responsibility, Customer service, Customer focus, Customer solutions in ophthalmology, Customer solutions in microsurgery and Customer solutions in growth markets of the management report of the Company and the Group.

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 2019 to 30 September 2020. 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 models used were consistent with 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 5 and 6 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 respective write-down routines as well as the calculation of marketability parameters in a three-year cycle and the associated higher risk of error, write-downs on inventories were a key audit matter.

**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 5 of the notes to the financial statements and, for disclosures on inventories, to note 7 of the notes to the financial statements.

**Other information**

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 and the abovementioned extraneous information contained in sections a) Market for ophthalmic products, b) Market for microsurgery products, Responsibility, Customer service, Customer focus, Customer

solutions in ophthalmology, Customer solutions in microsurgery and Customer solutions in growth markets of the management report of the Company and the Group. 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**

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

We were elected as auditor by the Annual General Meeting on 6 August 2020. Due to the acute 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 did not take place as planned, but was postponed to a later date. 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 21 July 2020. 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).

#### **German Public Auditor responsible for the engagement**

The German Public Auditor responsible for the engagement is Dominique-Andre Bendler.

Eschborn/Frankfurt am Main, 23 November 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Bendler  
Wirtschaftsprüfer  
[German Public Auditor]

Schoenfeldt  
Wirtschaftsprüfer  
[German Public Auditor]

# Imprint/Disclaimer

## Financial calendar 2020/21

Publication of 3-Month Quarterly Statement and Conference Call  
8 February 2021

Publication of the First-Half Financial Report and Conference Call  
10 May 2021

Annual General Meeting, Jena  
27 May 2021

Publication of 9-Month Quarterly Statement and Conference Call  
6 August 2021

Publication of Annual Financial Statements and Analyst Conference  
10 December 2021

## Carl Zeiss Meditec AG

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

[www.zeiss.com/meditecag/investor-relations](http://www.zeiss.com/meditecag/investor-relations)



## 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 annual report due to mathematical rounding.

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