First-Half Financial Report

2022/23

Carl Zeiss Meditec Group

Seeing beyond

Key performance indicators
(IFRS)

	6 Months 2022/23		6 Months 2021/22		6 Months 2020/21	
	€m	%	€m	%	€m	%
Revenue	**974.5**	**100.0**	855.4	100.0	767.4	100.0
Research and development expenses	**165.2**	**17.0**	130.2	15.2	111.6	14.5
EBIT	**143.9**	**14.8**	177.3	20.7	162.7	21.2
Consolidated profit[1]	**113.9**	**11.7**	130.1	15.2	101.5	13.2
Earnings per share[2] (in €)	**1.26**		1.44		1.12	
Cash flow from operating activities	**47.8**		74.5		151.9	
Cash flow from investing activities	**-73.2**		-54.3		-28.8	
Cash flow from financing activities	**30.8**		-18.3		-120.7	
Number of employees (31 March)	**4,624**		3,752		3,371	

	31 March 2023		30 September 2022		30 September 2021	
	€m	%	€m	%	€m	%
Total assets	**2,732.1**	**100.0**	2,882.8	100.0	2,396.0	100.0
Property, plant and equipment	**283.0**	**10.4**	236.1	8.4	199.6	8.3
Equity	**1,978.1**	**72.4**	2,030.1	71.9	1,677.4	70.0
Net cash[3]	**742.6**	**27.2**	885.6	31.4	939.9	39.2

[1] Before non-controlling interests
[2] Profit/(loss) per share attributable to the shareholders of the parent company
[3] Cash and cash equivalents plus treasury receivables from/payables to the treasury of Carl Zeiss AG

For more information visit our website at:
www.zeiss.com/meditec-ag/ir

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Group management report on the interim financial statements

CARL ZEISS MEDITEC GROUP

The Carl Zeiss Meditec Group (hereinafter the Group, the Company) is a global company headquartered in Jena, Germany, with additional subsidiaries in and outside Germany. Carl Zeiss Meditec AG is the parent company of the Carl Zeiss Meditec Group and is listed in the MDAX and TecDAX on the German Stock Exchange.

There were no significant changes with respect to the Group's reporting entity or the structure of its consolidated financial statements in the first six months of fiscal year 2022/23.

UNDERLYING CONDITIONS AND ECONOMIC DEVELOPMENT

Macroeconomic conditions[1]

Global growth slowed to 3.2% in 2022, thus falling significantly short of the projections at the start of the year, according to the OECD Economic Outlook (March 2023). Reasons for this include the effects of the war in Ukraine, the cost of living crisis and the slowdown of the Chinese market. Positive signs have begun to appear. The mood in the economy and among consumers is starting to improve; food and energy prices are declining and China is fully open again. In light of these developments, the OECD has forecast global growth of 2.6% for 2023 and 2.9% for 2024. Gradual improvement is expected, as the pressure on income due to high inflation is easing. Although headline inflation is declining, core inflation remains high, which is primarily attributable to a sharp rise in service prices, higher profit margins in some sectors and the cost pressure due to the tense labor markets.

The improvements in the outlook remain fragile, however. The further progression of the Ukraine war and its far-reaching implications remain a considerable factor of uncertainty. The extent of the effects of changes in monetary policy is difficult to assess and could continue to expose financial vulnerabilities due to high debt and excessive asset valuations, as well as in certain financial market segments. There may also be a resurgence of the pressure on the global energy markets, which could lead to renewed price spikes and higher inflation rates.

[1] OECD Economic Outlook, March 2023, Paris.

Statement of earnings position

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

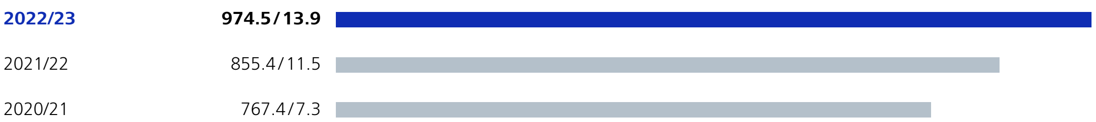
	6 Months 2022/23	6 Months 2021/22	Change
Revenue	974.5	855.4	+13.9%
Gross margin	56.4%	58.6%	-2.2% pts
EBITDA	181.1	210.4	-13.9%
EBITDA margin	18.6%	24.6%	-6.0% pts
EBIT	143.9	177.3	-18.9%
EBIT margin	14.8%	20.7%	-5.9% pts
Earnings before income taxes	163.8	174.2	-6.0%
Tax rate	30.5%	25.3%	+5.2% pts
Consolidated profit after non-controlling interests	113.0	128.7	-12.1%
Earnings per share after non-controlling interests	€1.26	€1.44	-12.1%

Revenue

In the first six months of fiscal year 2022/23 the Carl Zeiss Meditec Group increased its revenue by 13.9% compared with the prior year, to €974.5m (prior year: €855.4m). After adjustment for currency effects, growth amounted to 12.4%. Both strategic business units (SBUs), Microsurgery and Ophthalmology, contributed to this growth. Order backlog remained high at €573.1m.

With a double-digit increase in revenue, the Asia/Pacific (APAC) and Americas regions made a positive contribution to the development of business. The Europe/Middle East/Africa (EMEA) region also recorded solid revenue growth after the first six months.

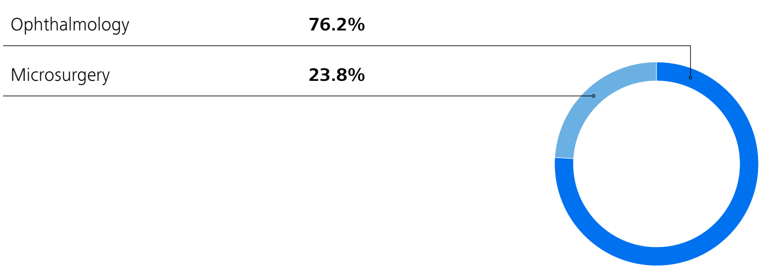
Revenue of the Carl Zeiss Meditec Group in €m/growth in % after 6 months of the respective fiscal year



Revenue by strategic business units

The revenue contribution of the Ophthalmology SBU amounted to 76.2% in the first six months of fiscal year 2022/23 (prior year: 76.2%). The Microsurgery SBU contributed 23.8% (prior year: 23.8%) of consolidated revenue in the same period.

Share of strategic business units in revenue of the Carl Zeiss Meditec Group after 6 months 2022/23



The Ophthalmology SBU increased its revenue by 13.9% in the first six months of fiscal year 2022/23 (adjusted for currency effects: 12.3%), to €742.6m (prior year: €651.9m). The supply chains for the equipment business remained tense. The EBIT margin decreased compared with the same period of the prior fiscal year. This decline was primarily due to a weaker product mix due to a lower proportion of consumables at the beginning of the fiscal year, associated, in particular, with the COVID-19 pandemic in China and a market decline for multifocal intraocular lenses in South Korea. Higher procurement costs and generally rising labor costs continued to have an adverse effect. Strategic investments in research and development and in sales and marketing remained at a high level.

Revenue in the strategic business unit Microsurgery amounted to €231.9m in the first six months, equating to an increase of 13.9% (adjusted for currency effects: 12.7%) over the prior-year figure of €203.5m. As a result of higher procurement costs, generally rising labor costs and higher strategic investments in research and development, the EBIT margin remained below the prior-year level. Orders on hand remained at a high level.

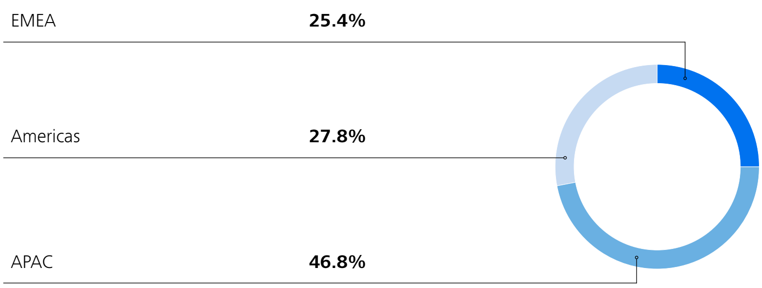
Revenue by strategic business unit

	6 Months 2022/23	6 Months 2021/22	Change in %	
	€m	€m		Adjusted for currency effects
Ophthalmology	742.6	651.9	+13.9	+12.3
Microsurgery	231.9	203.5	+13.9	+12.7
Carl Zeiss Meditec Group	**974.5**	**855.4**	**+13.9**	**+12.4**

Revenue by region

The Carl Zeiss Meditec Group has a globally diversified business with a predominance in the APAC region. In the first six months of fiscal year 2022/23, the EMEA region accounted for 25.4% (prior year: 26.8%) of consolidated revenue. The Americas region accounted for 27.8% (prior year: 24.8%) of total revenue. Accounting for 46.8%, the APAC region contributed the largest share of total revenue (prior year: 48.4%) of consolidated revenue in the same period.

Share of the regions in revenue of the Carl Zeiss Meditec Group after 6 months of 2022/23



The development of business In the **EMEA** region was positive overall, with a revenue increase of 7.9% (adjusted for currency effects: +8.4%) to €247.2m (prior year: €229.2m). There was good growth in the countries of Southern Europe. The core markets Germany, France, United Kingdom and Spain developed at a stable level.

Revenue in the **Americas** region increased by a significant 27.6% (adjusted for currency effects: +19.4%) compared with the prior year. Revenue amounted to €270.7m (prior year: €212.2m). A partial conversion of the high order backlog also contributed to this. The majority of markets, including the USA, recorded growth in the clear double-digit percentage range.

The **APAC** region made a positive contribution to growth, with a revenue increase of 10.3% (adjusted for currency effects: +11.0%). Revenue in this region rose to €456.7m compared with €414.1m in the same period of the prior year. The largest contributions to growth came from India and Southeast Asia, while there was a slight downturn in Japan and South Korea.

Revenue of theoup by region

	6 Months 2022/23	6 Months 2021/22		Change in %
	€m	€m		Adjusted for currency effects
EMEA	247.2	229.2	+7.9	+8.4
Americas	270.7	212.2	+27.6	+19.4
APAC	456.7	414.1	+10.3	+11.0
Carl Zeiss Meditec Group	**974.5**	**855.4**	**+13.9**	**+12.4**

Gross profit

Gross profit increased to €549.5m in the first six months of fiscal year 2022/23 (prior year: €501.4m). The gross margin in the reporting period reached 56.4% (prior year: 58.6%).

Functional costs

Function costs for the first six months of the fiscal year amounted to €405.6m (prior year: €323.9m), thus increasing by 25.2%. This increase was attributable to both higher selling and marketing expenses associated with the scheduled rollout of new products and the expansion of the Company's sales presence in the North American market, as well as to increased research and development expenses. Investments in digitization, in particular, and in the area of surgical ophthalmology were currently playing a special role in this. Functional costs as a proportion of consolidated revenue increased in the first six months of fiscal year 2022/23, to 41.6% (prior year: 37.9%).

» **Selling and marketing expenses:** Selling and marketing expenses amounted to €199.6m in the first six months of fiscal year 2022/23 (prior year: €160.6m). The ratio of expenses to the Group's total revenue increased compared with the prior year, to 20.5% (prior year: 18.8%).

» **General administrative expenses:** General administrative expenses amounted to €40.9m in the first six months of the current fiscal year (prior year: €33.1m). General administrative expenses thus accounted for 4.2% of total revenue (prior year: 3.9%).

» **Research and development expenses:** Research and development expenses increased to €165.2m in the first six months of fiscal year 2022/23 (prior year: €130.2m). The R&D ratio increased to 17.0%, which is significantly higher than the prior year (prior year: 15.2%).

Development of earnings

The Carl Zeiss Meditec Group uses earnings before interest and taxes (EBIT = operating result) as a key performance indicator. The Carl Zeiss Meditec Group generated EBIT of €143.9m in the first six months of fiscal year 2022/23 (prior year: €177.3m), which corresponds to an EBIT margin of 14.8% (prior year: 20.7%).

The EBIT margin in the Ophthalmology SBU was clearly below the prior-year level. This decline in EBIT was primarily due to a weaker product mix as a result of a smaller proportion of consumables at the start of the fiscal year, associated, among other things, with the COVID-19 pandemic in China. Higher procurement costs and generally rising labor costs continued to have an adverse effect.

The EBIT margin of the Microsurgery SBU also declined slightly. This was mainly due to rising operating costs, particularly in the area of research and development.

Earnings before interest, taxes, depreciation and amortization (EBITDA) declined compared with the same period of the prior year, to €181.1m (prior year: €210.4m). The EBITDA margin amounted to 18.6% (prior year: 24.6%).

The financial result improved to €19.9m (prior year: €-3.2m). Foreign exchange gains from currency hedges in particular had a positive effect here.

The tax rate for the reporting period was 30.5% (prior year: 25.3%). As a general rule, an average annual tax rate of slightly above 30% is assumed.

Consolidated profit attributable to the shareholders of the parent company amounted to €113.0m for the first six months of fiscal year 2022/23, thus decreasing by 12.1% compared with the basis of comparison in the prior year (prior year: €128.7m). Non-controlling interests accounted for €0.8m (prior year: €1.4m). Basic earnings per share of the parent company amounted to €1.26 for the first six months of fiscal year 2022/23 (prior year: €1.44).

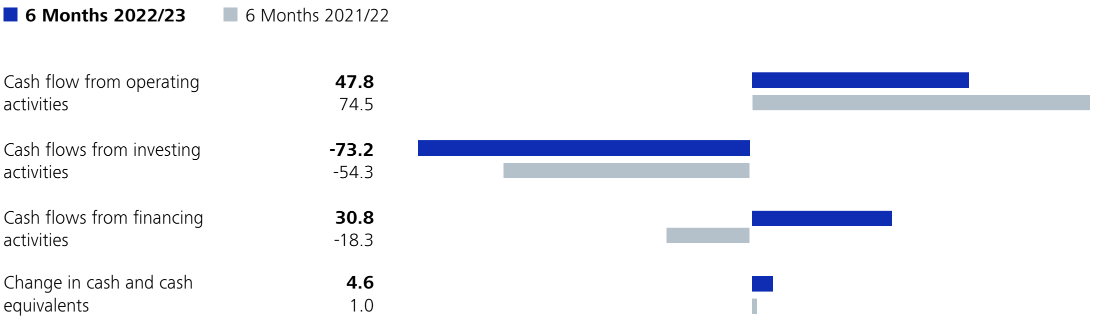
FINANCIAL POSITION

Statement of cash flows

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

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

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



Cash flows from operating activities amounted to €47.8m in the reporting period (prior year: €74.5m). The higher cash outflow compared with the prior year mainly resulted from the ramp-up in security stocks to secure the supply chains.

Cash flows from investing activities amounted to €-73.2m in the period under review (prior year: €-54.3m). The increase in the cash outflow during the first six months of the fiscal year is primarily due to the expansion of production capacities for surgical consumables for refractive and cataract surgery.

Cash flows from financing activities in the first six months of fiscal year 2022/23 amounted to €30.8m (prior year: €-18.3m). The increase was mainly attributable to the change in Group financing and the reduction in receivables from the treasury of Carl Zeiss AG. This was offset by the dividend payment.

Key ratios relating to financial position

		31 Mar 2023	30 Sep 2022	Change
Key ratio	Definition	€m	€m	in %
Cash and cash equivalents	Cash-in-hand and bank balances	12.4	7.7	+60.0
Net cash	Cash-in-hand and bank balances + receivables from treasury of Carl Zeiss AG ./. payables to treasury of Carl Zeiss AG	742.6	885.6	-16.1
Net working capital	Current assets including financial investments ./. cash and cash equivalents ./. receivables from treasury of Carl Zeiss AG ./. Current liabilities excl. payables to treasury of Carl Zeiss AG	453.4	366.9	+23.5
Working capital	Current assets ./. current liabilities	1,195.9	1,252.5	-4.5

Key ratio	Definition	**6 Months 2022/23**	6 Months 2021/22	Change
Cash flow per share	Cash flows from operating activities	€0.53	€ 0.83	-35.8%
	Weighted average number of shares outstanding			
Capex ratio[2]	Investment (cash) in property, plant and equipment	3.3%	2.2%	+1.1% pts
	Revenue of the Carl Zeiss Meditec Group			

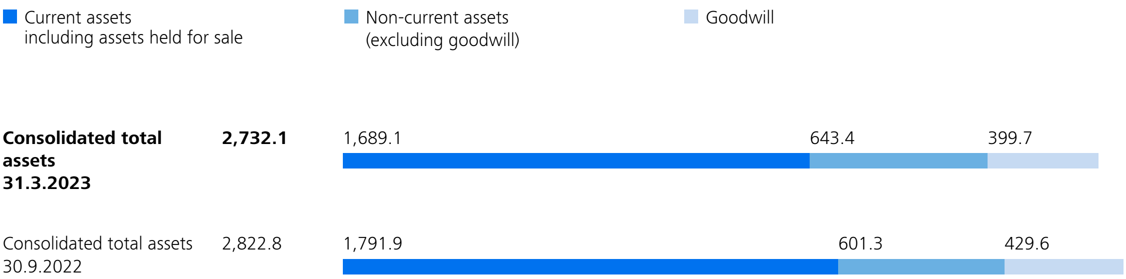
[2] Reference period 1 October 2021 - 30 September 2022

NET ASSETS

Presentation of net assets

As of 31 March 2023, total assets amounted to €2,732.1m (30 September 2022: €2,822.8m).

Structure of statement of financial position - assets in €m



Non-current assets amounted to €1,043.0m as of 31 March 2023 (30 September 2022: €1,031.0m). The change resulted from an increase in property, plant and equipment associated with lease extensions and in financial assets due to the acquisition of shares in Vibrosonic GmbH, as well as a joint venture.

Current assets decreased to €1,689.1m as of 31 March 2023 (30 September 2022: €1,791.9m) due to a decline in trade receivables and in receivables from related parties, as the basis of comparison was relatively high due to a strong operating business at the end of the year. This was offset by stockpiling in connection with the increase in security stocks for key components in light of the ongoing tensions in the supply chains. Currency effects also had an increasing effect, particularly due to the appreciation of the U.S. dollar against the euro.

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

The equity recognized in the Carl Zeiss Meditec Group’s statement of financial position declined to €1,978.1m as of 31 March 2023 (30 September 2022: €2,030.1m), as, contrary to the prior year, the dividend payment was made in the second quarter. The equity ratio was 72.4% (30 September 2022: 71.9%) and thus remains high.

Non-current liabilities amounted to €260.9m as of 31 March 2023 (30 September 2022: €253.4m).

As of 31 March 2023, current liabilities amounted to €439.2m (30 September 2022: €539.3m). The decline was mainly due to lower accruals for personnel expenses as of the end of the reporting period. The valuation of the foreign exchange transactions at the end of the interim reporting period also had a decreasing effect.

Key ratios relating to net assets

		31 Mar 2023	30 Sep 2022	Change
Key ratio	Definition	in %	in %	% pts
Equity ratio	Equity (including non-controlling interests) / Total assets	72.4	71.9	+0.5
Inventories in % of rolling 12-month revenue	Inventories (net) / Rolling revenue	21.8	20.1	+1.7
Receivables in % of rolling 12-month revenue	Trade receivables at the end of the reporting period (including non-current receivables) / Rolling revenue	19.5	22.2	-2.7

ORDERS ON HAND

The Carl Zeiss Meditec Group's orders on hand amounted to €573.1m as of 31 March 2023 (30 September 2022: €662.9m). The decline in orders on hand was mainly attributable to the increased delivery of equipment and a slight reduction in new orders.

OPPORTUNITY AND RISK REPORT

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

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

The statements on the opportunity and risk situation of the Carl Zeiss Meditec Group and the detailed presentation of risk management on pages 56 to 66 of the Annual Report 2021/22 of the Carl Zeiss Meditec Group still apply in principle.

The COVID-19 lockdowns in China had been almost completely lifted at the end of calendar year 2022 and the start of calendar year 2023. The subsequent major wave of the disease also flattened out in the first few weeks of the calendar year. Initial recovery and catch-up effects in product sales of the Carl Zeiss Meditec Group in China had already become apparent in the second quarter of fiscal year 2022/23. However, the sales risk related to the Chinese market has not decreased significantly, as these recovery effects had already been anticipated in the risk report in the 2021/22 Annual Report.

The removal of the lockdowns in China has also slightly eased the procurement situation with regard to materials from Chinese production, particularly in terms of prompt availability. The procurement risk has thus decreased slightly, but largely remains at the level of quantification stated in the risk report contained in the 2021/22 Annual Report.

A new risk in the current fiscal year pertains to the European Union’s plans to ban per- and polyfluoroalkyl substances (PFAS) from 2025. The Carl Zeiss Meditec Group is currently investigating to what extent the Group’s products or production procedures could be affected, taking the planned transition periods into account. For the time being, the Group expects this to have a negative impact on its net assets, financial position and results of operations by a low to mid-double-digit million euro amount.

EVENTS OF PARTICULAR SIGNIFICANCE

No events of material significance for the Carl Zeiss Meditec Group's net assets, financial position and results of operations occurred after the end of the first six months of the current fiscal year. The development of business at the beginning of the third quarter of fiscal year 2022/23 validates the statements made in the "Outlook" below.

HUMAN RESOURCES

Highly qualified, committed and motivated employees are the foundation of the long-term success of the ZEISS Group. As of 31 March 2023, the Carl Zeiss Meditec Group had 4,624 employees worldwide (30 September 2022: 4,224).

RESEARCH AND DEVELOPMENT

Objectives and focus of research and development
Innovations are a key driver of future growth. Research and development has therefore traditionally played a crucial role within the Carl Zeiss Meditec Group. R&D expenses are also expected to increase by an amount at least in the high single-digit percentage range this year.

Research and development expenses for the reporting period amounted to €165.2m (prior year: €130.2m). In spite of the solid revenue trend in the first six months of fiscal year 2022/23, the R&D ratio increased from 15.2% in the prior year to 17.0%. As of 31 March 2023 22.5% (30 September 2022: 21.4%) of the Carl Zeiss Meditec Group's entire workforce was working in Research and Development.

Please refer to page 50 of the Annual Report 2021/22 for a comprehensive description of our research and development work.

OUTLOOK

The tension in the global supply chains continues to persist due to political and macroeconomic factors, such as the war between Russia and Ukraine. The resulting inflationary pressure in materials and human resources is likely to have a negative impact in the further course of fiscal year 2022/23.

Revenue in fiscal year 2022/23 is expected to amount to around €2.1 billion, which is in keeping with the target to grow at least to the same extent as the underlying markets. The EBIT margin is expected to recover significantly in the second half of the fiscal year compared with the first half of the fiscal year. The EBIT margin in fiscal year 2022/23 is expected to be between 17-20%.

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

Should there be any significant changes in the economic environment currently forecast over the course of the second half of fiscal year 2022/23, and should it thus become necessary to amend the statements made here on the development of business from today's perspective, these amendments shall be published promptly and shall specify our expectations in more detail.

Consolidated income statement (IFRS)
from 1 October 2022 to 31 March 2023

	Q2 2022/23 1 Jan 23 to 31 Mar 23	Q2 2021/22 1 Jan 22 to 31 Mar 22	2022/23 1 Oct 22 to 31 Mar 23	2021/22 1 Oct 21 to 30 Mar 22
	€k	€k	€k	€k
Revenue	**504,218**	**445,229**	**974,479**	**855,405**
Cost of sales	-212,047	-176,654	-424,953	-354,055
Gross profit	**292,171**	**268,575**	**549,526**	**501,350**
Selling and marketing expenses	-101,852	-77,524	-199,575	-160,591
General and administrative expenses	-22,452	-18,313	-40,856	-33,117
Research and development expenses	-84,248	-69,692	-165,214	-130,228
Other operating result	0	-90	0	-90
Earnings before interest and taxes (EBIT)	**83,619**	**102,956**	**143,881**	**177,324**
Interest income	5,509	5,408	8,462	5,691
Interest expenses	-5,905	-2,020	-8,829	-3,918
Net interest from defined benefit pension plans	-846	-124	534	-238
Foreign currency gains (+)/ losses (-) net	10,431	-12,050	22,069	-30,616
Other financial result	-2,097	25,929	-2,358	25,928
Earnings before income taxes (EBT)	**90,711**	**120,099**	**163,759**	**174,171**
Income taxes	-27,424	-28,004	-49,897	-44,067
Consolidated profit	**63,287**	**92,095**	**113,862**	**130,104**
» of which attributable to shareholders of the parent company	62,003	90,728	113,049	128,668
» of which profit/loss attributable to non-controlling interests	1,284	1,367	813	1,436
Earnings per share (EPS) attributable to the shareholders of the parent company in the fiscal year (in €):				
– Basic/diluted	**0.69**	**1.01**	**1.26**	**1.44**

Consolidated statement of comprehensive income (IFRS)
from 1 October 2022 to 31 March 2023

	Q2 2022/23 1 Jan 23 to 31 Mar 23	Q2 2021/22 1 Jan 22 to 31 Mar 22	2022/23 1 Oct 22 to 31 Mar 23	2021/22 1 Oct 21 to 31 Mar 22
	€k	€k	€k	€k
Consolidated profit	**63,287**	**92,095**	**113,862**	**130,104**
Other comprehensive income that may be reclassified to the income statement in subsequent periods:				
Difference from foreign currency translation	-11,266	8,707	-64,730	17,442
Other comprehensive income not reclassified to the income statement in subsequent periods:				
Remeasurement from equity instruments	377	-121	377	-121
Deferred taxes on remeasurement from equity instruments	-396	36	-396	36
Remeasurement of defined benefit plans	446	18,946	-3,961	16,771
Deferred taxes on remeasurement of defined benefit pension plans	-129	-5,733	1,211	-5,031
Other income (after tax)	**-10,968**	**21,835**	**-67,499**	**29,097**
Total comprehensive income	**52,319**	**113,930**	**46,363**	**159,201**
» of which profit/loss attributable to shareholders of the parent company	51,439	113,249	45,846	158,564
» of which profit/loss attributable to non-controlling interests	880	681	517	637

Consolidated statement of financial position (IFRS)
as of 31 March 2023

	31 Mar 2023	30 Sep 2022
	€k	€k
Assets		
Non-current assets		
Goodwill	399,657	429,648
Other intangible assets	232,068	240,427
Property, plant and equipment	283,030	236,145
Investments carried at equity	13,275	0
Other Investments and shares in affiliated non-consolidated companies	9,142	10,828
Loans	5,255	152
Deferred tax assets	60,922	71,749
Trade receivables	6,923	8,474
Other assets	32,747	33,541
	1,043,019	**1,030,964**
Current assets		
Inventories	441,409	382,745
Trade receivables	180,488	197,801
Trade receivables from related parties	207,265	216,480
Treasury receivables	765,337	907,534
Income tax refund claims	9,261	4,645
Other financial assets	31,963	25,185
Other non-financial assets	41,020	49,734
Cash and cash equivalents	12,364	7,729
	1,689,107	**1,791,853**
	2,732,126	**2,822,817**
Equity and liabilities		
Equity		
Issued capital	89,441	89,441
Capital reserve	620,137	620,137
Retained earnings	1,228,554	1,213,890
Other reserves	24,429	91,632
Non-controlling interests	**15,508**	**14,991**
	1,978,069	**2,030,091**
Non-current liabilities		
Provisions for pensions and similar obligations	15,751	8,480
Other provisions	7,581	7,018
Financial liabilities	65,187	91,772
Leasing liabilities	134,526	106,316
Other non-financial liabilities	16,375	17,445
Deferred tax liabilities	21,468	22,379
	260,888	**253,410**
Current liabilities		
Other provisions	21,138	22,290
Accrued liabilities	113,317	141,979
Financial liabilities	54,558	66,879
Leasing liabilities	22,220	21,587
Trade payables	127,401	124,388
Trade payables to related parties	65,058	64,797
Treasury payables	35,127	29,675
Income tax liabilities	3,074	16,439
Other non-financial liabilities	51,276	51,282
	493,169	**539,316**
	2,732,126	**2,822,817**

Consolidated statement of changes in equity (IFRS)
from 1 October 2022 to 31 March 2023

	Issued capital	Capital reserves	Retained earnings	Other reserves			Equity before non-controlling interests	Non-controlling interests	Equity
				from foreign currency translation	from the remeasurement of defined benefit plans	from financial assets measured at fair value through other comprehensive income			
	€k	€k	€k	€k	€k	€k	€k	€k	€k
As of 1 Oct 2021	**89,441**	**620,137**	**1,000,478**	**2,592**	**-52,490**	**-831**	**1,659,327**	**18,056**	**1,677,383**
Consolidated profit	0	0	128,668	0	0	0	128,668	1,436	130,104
Other comprehensive income	0	0	0	18,241	11,740	-85	29,896	-799	29,097
Total comprehensive income	**0**	**0**	**128,668**	**18,241**	**11,740**	**-85**	**158,564**	**637**	**159,201**
Dividend	0	0	-80,497	0	0	0	-80,497	0	-80,497
As of 31 Mar 2022	**89,441**	**620,137**	**1,048,649**	**20,833**	**-40,750**	**-916**	**1,737,394**	**18,693**	**1,756,087**
As of 1 Oct 2022	**89,441**	**620,137**	**1,213,890**	**95,070**	**-1,308**	**-2,130**	**2,015,100**	**14,991**	**2,030,091**
Consolidated profit	0	0	113,049	0	0	0	113,049	813	113,862
Other comprehensive income	0	0	0	-64,434	-2,750	-19	-67,203	-296	-67,499
Total comprehensive income	**0**	**0**	**113,049**	**-64,434**	**-2,750**	**-19**	**45,846**	**517**	**46,363**
Dividend	0	0	-98,385	0	0	0	-98,385	0	-98,385
As of 31 Mar 2023	**89,441**	**620,137**	**1,228,554**	**30,636**	**-4,058**	**-2,149**	**1,962,561**	**15,508**	**1,978,069**

Consolidated statement of cash flows (IFRS)
from 1 October 2022 to 31 March 2023

	2022/23 1 Oct 22 to 31 Mar 23	2021/22 1 Oct 21 to 30 Mar 22
	€k.	€k
Consolidated profit	113,862	130,104
Income taxes	49,897	44,067
Interest income/expenses	-167	-1,535
Result from investments carried at equity	217	0
Result from the change in fair value of contingent purchase price obligations	-573	-25,940
Depreciation and amortization	37,250	33,045
Gain/loss on the disposal of intangible assets and property, plant and equipment	390	79
Other non-cash income/expenses	2,332	0
Interest and dividends received	8,373	553
Interest paid	-1,313	-679
Income tax payments	-59,893	-61,722
Change in inventories	-75,337	-39,371
Changes in trade receivables	13,439	1,378
Change in other assets	323	-2,071
Change in trade payables	10,282	-5,525
Changes in provisions and financial liabilities	-55,227	965
Change in other liabilities	3,943	1,136
Cash flows from operating activities	**47,798**	**74,484**
Cash outflow for investments in property, plant and equipment	-32,144	-15,521
Cash outflow for investments in other intangible assets	-20,195	-19,814
Proceeds from the disposal of intangible assets and property, plant and equipment	145	6
Proceeds from disposal of financial assets	2,423	0
Cash outflow for investments in financial assets	-21,594	-629
Acquisition of consolidated subsidiaries less cash received	-1,827	-18,353
Cash flows from investing activities	**-73,192**	**-54,311**
Change in current liabilities to banks	253	590
Change in treasury receivables	133,803	-13,813
Change in treasury payables	6,468	4,372
Repayment of leasing liabilities	-11,358	-9,479
Dividend payment to shareholders of Carl Zeiss Meditec AG	-98,385	0
Cash flows from financing activities	**30,781**	**-18,330**
Exchange rate-related changes in cash and cash equivalents	-752	-881
Change in and cash and cash equivalents	**4,635**	**962**
Cash and cash equivalents on 1 Oct	7,729	7,439
Cash and cash equivalents on 31 Mar	**12,364**	**8,401**

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

Notes to the consolidated interim financial statements

GENERAL INFORMATION

Accounting under International Financial Reporting Standards (IFRSs)

Carl Zeiss Meditec AG prepared its consolidated financial statements as of 30 September 2022 in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, as applicable in the EU as of that date. Accordingly, this interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Accounting and valuation policies

The accounting and valuation policies applied for the interim financial statements as of 31 March 2023 correspond to those applied for the consolidated financial statements for fiscal year 2021/22, with the exception of the application of new accounting pronouncements in the current fiscal year, as detailed in the Annual Report 2021/22 on page 109. A detailed description of these methods was published in the notes to the consolidated financial statements as of 30 September 2022.

Recent pronouncements on accounting policies
Carl Zeiss Meditec has implemented all accounting standards adopted by the EU and mandatory from 1 October 2022. For all standards and interpretations applied for the first time (including Agenda Decisions) there were no significant changes to the accounting and valuation methods, nor are such changes expected. The following accounting principles were applied for the first time in the fiscal year under review:

Date of issue	Standard/Interpretation	Amendment/new statutory regulation
14 May 2020	Improvements to IFRSs (2018 - 2020)	Amendment to standards IAS 41, IFRS 1, 9 and the illustrative examples for IFRS 16
14 May 2020	Amendment to IFRS 3 *Business Combinations*	Adjustment of a reference to a framework concept
14 May 2020	Amendment to IAS 16 *Property, Plant and Equipment*	Clarification that revenue generated during preparation of an asset for use must be recognized in the income statement
14 May 2020	Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Clarification of which costs are to be recognized for loss-making contracts

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Operating segments

Pursuant to IFRS 8, the Group publishes its operating segments based on the information that is reported internally to the Management Board, which is also Chief Operating Decision Maker pursuant to IFRS 8. The Carl Zeiss Meditec Group has two operating segments, which are simultaneously the Company’s Strategic Business Units ("SBUs"). All activities relating to ophthalmology, such as intraocular lenses, surgical visualization solutions and medical laser and diagnostic systems are allocated to the Ophthalmology SBU (formerly "Ophthalmic Devices"). The "Microsurgery" segment encompasses the activities of neuro, ear, nose and throat surgery, as well as the activities in the field of intraoperative radiotherapy. For more information on the business activities of the SBUs please refer to the management report.

Internal management reports are evaluated by the Management Board on a regular basis for each of the strategic business units.

The operating segments for the reporting period are as follows:

	Ophthalmology		Microsurgery		Total	
	2022/23	2020/21	**2022/23**	2020/21	**2022/23**	2020/21
	€k	€k	€k	€k	€k	€k
External revenue	742,594	651,893	231,885	203,513	974,479	855,405
Earnings before interest and taxes	91,495	126,668	52,386	50,656	143,881	177,324
Reconciliation of segments’ comprehensive income to the Group’s period-end result.						
Comprehensive income of the segments					**143,881**	**177,324**
Consolidated earnings before interest and taxes (EBIT)					**143,881**	**177,324**
Financial result					19,878	-3,153
Consolidated earnings before income taxes (EBT)					**163,759**	**174,171**
Income tax expense					-49,897	-44,067
Consolidated profit					**113,862**	**130,104**

As a general rule there were no intersegment sales.

Related party disclosures

In the reporting period 2022/23, transactions with related parties result in revenue of 529.838€k (prior year: 465.077€k). The term "related parties" refers here to Carl Zeiss AG and its subsidiaries.

DISCLOSURES ON FAIR VALUE

The principles and methods for measuring at fair value are essentially the same as in the prior year. Detailed notes on the evaluation principles and methods can be found in the Annual Report from 30 September 2022.

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

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

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

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

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

		Category 1	Category 2	Category 3	**Total**
		€k	€k	€k	**€k**
Financial assets measured at fair value through other comprehensive income	**31 Mar 2023**	0	0	9,142	**9,142**
	30 Sep 2022	0	0	10,803	**10,803**
Financial assets recognized at fair value through profit or loss	**31 Mar 2023**	0	27,881	0	**27,881**
	30 Sep 2022	0	21,085	0	**21,085**
Financial liabilities recognized at fair value through profit or loss	**31 Mar 2023**	0	6,979	90,745	**97,724**
	30 Sep 2022	0	37,584	91,179	**128,763**

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

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

	Financial assets measured at fair value through other comprehensive income	Financial liabilities recognized at fair value through profit or loss	Total
	€k	€k	€k
As of 1 Oct 2022	**10,803**	**91,179**	**101,982**
Additions and disposals	-1,772	0	-1,772
Changes in fair value recognized through profit or loss	0	6,876	6,876
Changes in fair value recognized through other comprehensive income	377	0	377
Payment of contingent purchase price obligations	0	-755	-755
Currency effects	-266	-6,555	-6,821
As of 31 Mar 2023	**9,142**	**90,745**	**99,887**

The financial assets assigned to Category 3 are distributed across the individual investments as follows: Audioptics Medical, Inc. (619€k; 30 September 2022: 619€k), Hydrex S.A. (€0k; 30 September 2022: €0k), OcuTerra Therapeutics, Inc. (2.299€k; 30 September 2022: 2.565€k) and Precise Bio, Inc. (6.224€k; 30 September 2022: 5.715€k). The presented change also includes the effects of the sale of the shares in PolymerExpert S.A. (30 September 2022: 1.904€k) as well as the liquidation of MicroOptx, Inc. (30 September 2022: 0€k). An upward or downward fluctuation in the interest rate of 1.0% points would reduce or increase the investment book value, respectively, in the lower single-digit-million range.

The financial liabilities assigned to category 3 include contingent purchase price obligations of Carl Zeiss Meditec Cataract Technology, Inc., Katalyst Surgical LLC, Kogent Surgical LLC, Preceyes B.V. and InfiniteVision Optics S.A.S., which was acquired in an asset deal. The change in fair value recognized through profit or loss mainly includes the effects of the annual compounding of these liabilities recognized in the interest expense, as well as the adjustment of the capital costs for the measurement of the liabilities. The fair value of the contingent considerations was determined on the basis of the criteria agreed in the purchase agreement and the probable achievement of the target expected according to the current status and discounted at a standard market interest rate. An upward or downward fluctuation in the interest rate by 1.0% points would reduce or increase the contingent considerations, respectively, in the low single-digit-million range. A delay in the achievement of targets linked to milestones, accompanied by a simultaneous reduction in the planned revenue targets of 15%, would reduce the obligations by €14m.

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

The fair value of the financial instruments measured at amortized cost, such as receivables and liabilities, is determined through discounting, taking into account a risk-based market interest rate with matching maturity. In comparison with 30 September 2022 there are no significant changes in the ratios between carrying amount and fair value with respect to non-current assets and liabilities. For reasons of materiality the fair value shall be equated to the carrying amount for current items in the statement of financial position.

Responsibility statement

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

Dr. Markus Weber
President and CEO

Justus Felix Wehmer
Member of the
Management Board

Financial calendar

Financial calendar 2021/22

Publication of
9-Month Quarterly Statement 2022/23
and Telephone Conference 4 Aug 2023

Publication of
Annual Financial Statements 2022/23
and Analyst Conference 12 Dec 2023

Imprint/Disclaimer

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The 6-Month Report 2022/23 of Carl Zeiss Meditec AG has been published in German and English.

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

Disclaimer

This report contains certain forward-looking statements concerning the development of the Carl Zeiss Meditec Group. At the present time, the Carl Zeiss Meditec Group assumes that these forward-looking statements are realistic. However, such forward-looking statements are based both on assumptions and estimates that are subject to risks and uncertainties, which may lead to the actual results differing significantly from the expected results. The Carl Zeiss Meditec Group can therefore assume no liability for such a deviation. There are no plans to update the forward-looking statements for events that occur after the end of the reporting period.

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

This is a translation of the original German language annual financial report of the Carl Zeiss Meditec Group. Carl Zeiss Meditec shall not assume any liability for the correctness of this translation. If the texts differ, the German report shall take precedence.

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