Innovations that matter

Annual Report 2023/24

ZEISS Group

Seeing beyond

Key Figures
(IFRS)

	2023/24		2022/23		2021/22	
	€ m	%	€ m	%	€ m	%
Revenue	**10,894**	**100**	10,108	100	8,754	100
» Germany	731	7	740	7	676	8
» Other countries	10,163	93	9,368	93	8,078	92
Research and development costs	**1,593**	**15**	1,545	15	1,151	13
EBIT	**1,444**	**13**	1,686	17	1,588	18
Consolidated profit/loss	**1,031**	**9**	1,257	12	1,155	13
Cash flows from operating activities	**1,409**		1,377		1,421	
Cash flows from investing activities	**-1,662**		-1,593		-1,300	
Cash flows from financing activities	**3**		148		90	

	30 Sep 2024		30 Sep 2023		30 Sep 2022	
	€ m	%	€ m	%	€ m	%
Total assets	**16,088**	**100**	15,059	100	13,056	100
Property, plant and equipment	**4,678**	**29**	3,573	24	2,666	20
» Capital expenditures	1,620		1,360		842	
» Depreciation	454		358		311	
Inventories	**3,534**	**22**	3,138	21	2,522	19
Equity	**8,190**	**51**	7,846	52	7,173	55
Net liquidity	**-244**		1,619		2,228	

	30 Sep 2024		30 Sep 2023		30 Sep 2022	
	Number	%	Number	%	Number	%
Employees	**46,485**	**100**	42,992	100	38,770	100
» Germany	22,524	48	20,067	47	17,058	44
» Other countries	23,961	52	22,925	53	21,712	56

Further information:
www.zeiss.com/annual-report/home.html

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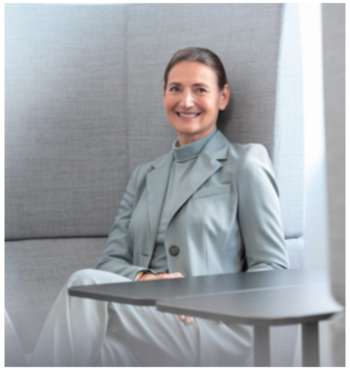
Executive Board
of Carl Zeiss AG

Dr. Karl Lamprecht
President and CEO

Stefan Müller
Chief Financial Officer



Susan-Stefanie Breitkopf
Chief Transformation Officer

Andreas Pecher
Head of Semiconductor
Manufacturing Technology

Sven Hermann
Head of
Consumer Markets

Dr. Markus Weber
Head of
Medical Technology

Dr. Jochen Peter
Head of
Industrial Quality & Research

Foreword by the Executive Board

Ladies and Gentlemen, dear Readers,

The global challenges facing companies, including the ZEISS Group, are on the rise and show no signs of abating. Nevertheless, we at ZEISS can report an overall positive result.

There has been a noticeable slowdown in the global economy in recent months and geopolitical tensions have caused instability in many markets. Competition has become fiercer and conditions more difficult. In a fast-moving market environment, ZEISS was not entirely immune to economic developments in a number of markets. However, we can look back at the end of the period with satisfaction on a further increase in annual revenue to EUR 10.9 billion, growth to which all four ZEISS segments contributed.

Dr. Karl Lamprecht

Successful ZEISS segments thanks to dedicated teams

I would like to take this opportunity to express my special thanks to all ZEISS employees, whose commitment, ideas and passion made this success possible. The innovations of all four segments are at the cutting edge of their markets. ZEISS develops solutions for semiconductor manufacturing technology which allows chip manufacturers all over the world to produce ever smaller, more powerful and more energy-efficient microchips. From vision care and photography through to microscopy, metrology, and medical technology, ZEISS develops solutions that are in demand the world over. With its EUV (extreme ultraviolet) technology, the ZEISS Semiconductor Manufacturing Technology segment has already made a leap in innovation for the production of microchips. The ZEISS segments Industrial Quality & Research and Medical Technology continued to grow in the past fiscal year. The Consumer Markets segment also achieved slight growth despite the challenging market environment.

Environment and growth

The general economic environment deteriorated noticeably, particularly in Europe and parts of Asia. Although growth was initially spurred by the US, it also saw its business climate grow increasingly gloomy in the second half of the year. At the same time, the situation on the procurement markets largely stabilized.

However, both in terms of revenue and innovation, the ZEISS Group as a whole grew during this period because we seized opportunities early on and continued to invest in expanding our workforce and infrastructure. This growth was not equally strong in all ZEISS segments and certainly was not a given. As a Group, we have demonstrated that we are resilient and flexible even in turbulent times. And we owe this achievement to our strategies and technologies as well as to the people at ZEISS.

Innovation and transformation

Innovation is in our DNA. Over many decades, innovation has made ZEISS what it is today: a global leader in optics and high-tech solutions that is both robust and competitive. Innovation and transformation are crucial to remaining competitive in the long term. That is why we are investing more than ever in innovation and our strategic transformation into a data- and process-driven company.

At 15 percent of revenue, ZEISS spent a record 1.5 billion euros on research and development in the past fiscal year. In the ZEISS Group's research and development departments, more than 7,000 employees work every day to further expand our innovative strength. This is reflected in our many patents: as of the reporting date, we held around 12,500 patents worldwide. Our investment in research and development not only secures our position as a technology leader, but also paves the way for sustainable growth and long-term success.

Diversity at ZEISS
Alongside innovative products and economic indicators, it is the values that we live by every day that define us as a company: respect, openness and diversity. They are what unites more than ZEISS 46,000 employees across the globe. People from 140 different nations work together at our sites around the world. And it is this diversity that is at the heart of our innovative strength. It is a source of fresh ideas, different perspectives and an immeasurable wealth of experience. ZEISS supports people regardless of their origin, culture or beliefs. Extremism of any kind has no place at ZEISS.

Looking to the future with confidence
Geopolitical tensions and a weaker global economy will presumably continue to affect ZEISS going forward. Resilience, transformation and innovation therefore have a crucial role to play: the transformation to a data- and process-driven organization will continue, as will our strong focus on innovation. The overarching objective is to build resilience against external impacts during these tough times by pooling resources and thus offsetting fluctuations in individual segments.

ZEISS stands on solid foundations: our technologies are among the best in the world, our capacity for innovation is undiminished and we have a team that is passionately committed to our collective success.

Let’s remain open to new ideas and support each other. In this vein, I will be handing over the position of President and CEO to Andreas Pecher, an experienced ZEISS Executive Board member, as planned in April 2025. I am convinced that with Andreas and the entire Executive Board team, ZEISS is in very good hands and will continue to go from strength to strength.

Yours, Karl Lamprecht

Dr. Karl Lamprecht
President and CEO of Carl Zeiss AG

Innovations to Shape the Future
Segments of the ZEISS Group

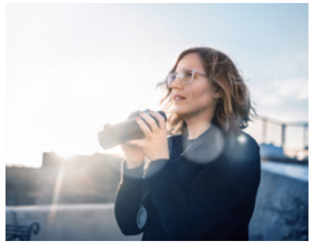
The ZEISS Group is one of the world's leading technology companies. It has an innovative portfolio that is geared toward attractive future-oriented markets in optics, precision mechanics and optoelectronics. For more than 175 years, the company has been shaping technological progress, advancing the world of optics with solutions from its four segments and meeting its customers' needs.

Semiconductor Manufacturing Technology

- **Semiconductor Manufacturing Optics**
- **Semiconductor Mask Solutions**
- **Process Control Solutions**

Industrial Quality & Research

- **Industrial Quality Solutions**
- **Research Microscopy Solutions**



Medical Technology

- **Ophthalmology**
- **Microsurgery**

Consumer Markets

- **Vision Care**
- **Consumer Products**

Semiconductor Manufacturing Technology
A large proportion of all microchips worldwide are produced using ZEISS technologies. As a technology leader in semiconductor manufacturing technology, we empower chip manufacturers all over the world. Our solutions enable even more powerful, energy-efficient and cost-effective microchips.

Industrial Quality & Research
ZEISS ensures quality standards and enables scientific research wherever maximum precision is indispensable: with coordinate measuring machines, optical, multisensory systems and X-ray systems, microscope systems of high resolution and smart software for industrial quality assurance, as well as research and material inspection. ZEISS plays its part by ensuring that even the tiniest structures and processes become visible.

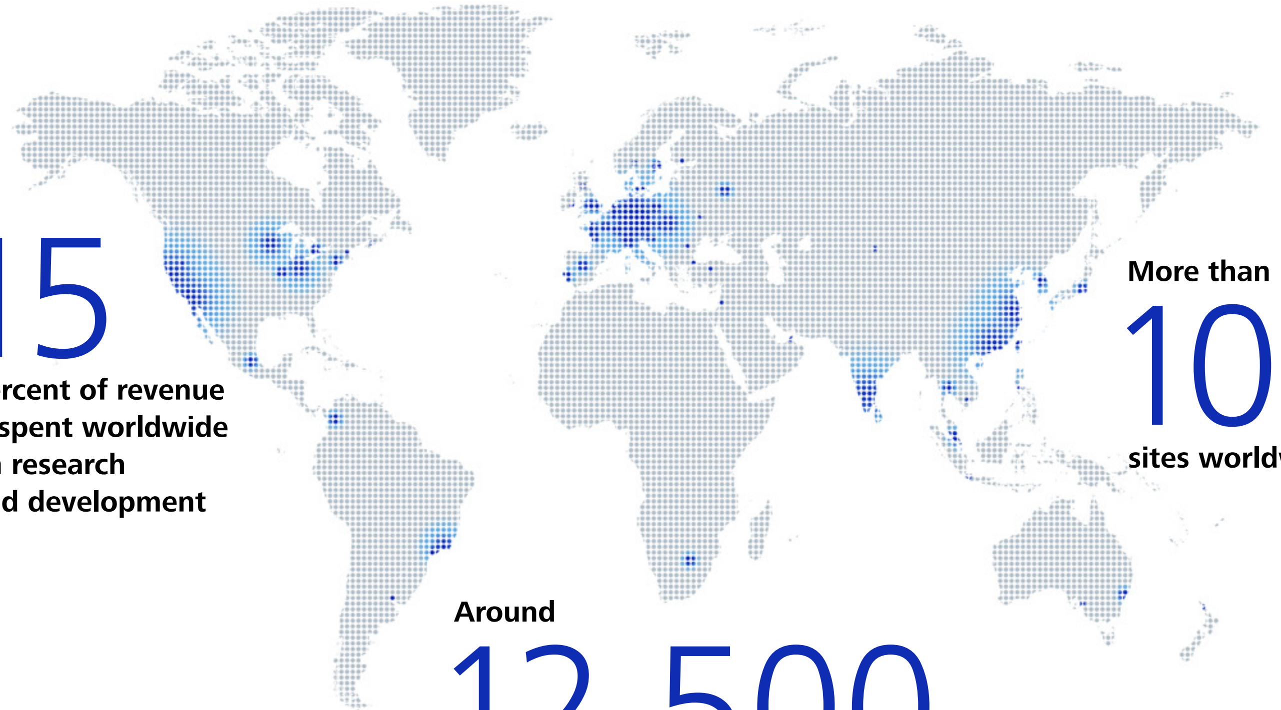
Medical Technology
ZEISS' long-term goal is to make a lasting mark on ophthalmology and microsurgery. True to its pioneering spirit, the segment develops innovative technologies, digital solutions and specific applications for customers' clinical workflows, enabling them to preserve people's sight well into old age and fight brain tumors, for example.

Consumer Markets
As one of the world's leading manufacturers of eyeglass lenses, ZEISS stands for maximum visual comfort. ZEISS movie and camera lenses, technologies for smartphone photography as well as spotting scopes and riflescopes offer outstanding optical quality for users with exacting requirements. In every moment that counts.

At Home
across the Globe

A great deal has happened since ZEISS opened its first branch outside Germany in London in 1893. Today, the ZEISS Group is represented in around 50 countries. Over 46,000 employees work at 35 production sites, over 60 sales and service sites, and around 40 research and development facilities worldwide. The company is headquartered in Oberkochen (Baden-Württemberg, Germany).

Nearly
7,000
employees in research and development



15
percent of revenue is spent worldwide on research and development

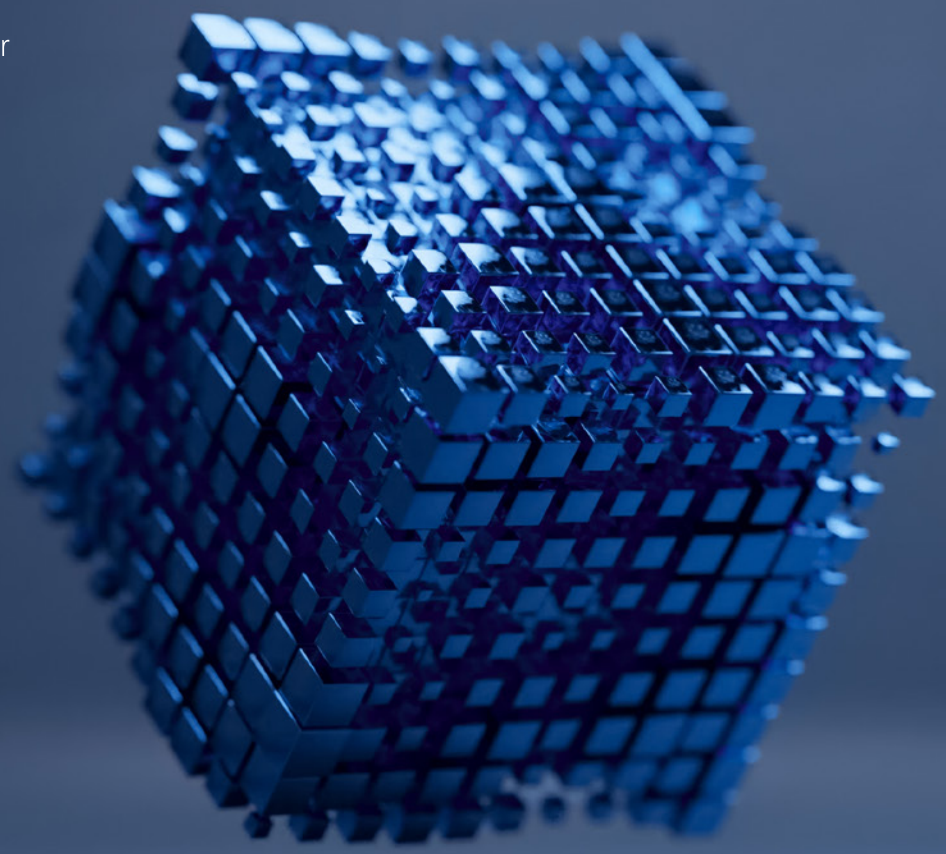
More than
100
sites worldwide

Around
12,500
patents worldwide

Shaping Progress with Innovations that Matter
Innovations at ZEISS

In a world that is constantly changing, innovation is the key to progress. From microscopes to the semiconductor industry: ZEISS is not only moving with the times, but also playing a key role in shaping the future. As an established player, the company is constantly redefining optics by reinventing itself, showing a pioneering spirit and pushing the boundaries of the imagination. Innovation is part of ZEISS' DNA.

As a technology leader, ZEISS drives innovations that really matter, innovations that help to improve the lives of people around the globe. In a constantly changing world, society's needs also change. A central goal is therefore to develop solutions that add value, bring benefits – and go beyond the commonplace. This is why ZEISS will continue to innovate in all of its segments and beyond in the future.



Innovative technologies and solutions for a connected world

Enabling new paths to health
For many people, health is the most valuable asset. In recent decades, advances in medicine and technology as well as growing prosperity have increased life expectancy and improved the health of people around the world.

In the future, a more holistic approach will be taken to health, focusing not only on the individual, but also on factors in a larger context that have an impact on health – including on a global level. Through its innovative technologies, ZEISS helps to improve the quality of life of patients around the world and provides more and more people with access to high-quality healthcare.

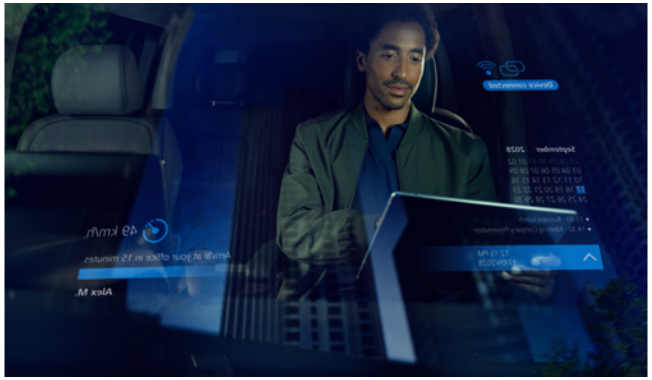
Find the whole story at
Enabling new paths to health | ZEISS

High-tech materials
Conventional materials eventually reach their limits. New developments are therefore constantly needed to meet the requirements of future cutting-edge technology. By promoting advanced materials, ZEISS is shaping this change.

Whether we are talking about technical materials, artificial intelligence, sensor technology for imaging or microstructured optics and holographic elements: all areas of research are connected across geographies and disciplines. This is the only way to create innovations that benefit the whole world.

Find the whole story at
For a better tomorrow – Future technologies of ZEISS

Mobility of the future
How will people get around in five, ten or twenty years from now? How will innovative transport systems, smart technologies and new mobility solutions make daily life easier for people worldwide? And what influence will individual mobility needs have on society as a whole?



Roads, railways, flight paths and shipping routes are the lifelines of a globally connected society. Forms of transportation such as cars, trains and planes are indispensable in today's world. They simplify daily life for people and give them the freedom to move themselves and their goods quickly from one place to another. But climate change and increasingly overcrowded cities pose a tremendous challenge: the need to rethink and optimize existing mobility concepts. ZEISS is doing pioneering work and actively helping to shape future mobility.

Find the whole story at
Future mobility – innovative technologies and solutions for a connected world

From disruptive ideas to innovation

Every innovation is the result of a journey leading to the development of a solution. ZEISS enables people around the world to embark on a seemingly impossible quest and, in doing so, venture deep into the most diverse fields of research.

High-NA-EUV lithography: mirroring the future

Microchips are the engines of progress. Their computing power and energy efficiency are driving the digitalization of our economy and society. ZEISS Semiconductor Manufacturing Technology and its partners are co-writing the roadmap for this progress. Because the production of both current and future microchip generations requires technologies and innovations for the semiconductor industry: technologies and innovations from ZEISS. The optical systems for EUV lithography are precise enough to expose billions of transistors onto a silicon surface the size of a fingernail – and with the new High NAEUV technology, even more will be added! This gives ZEISS a lead of several years over its competitors. We are working at full speed to further increase our technology leadership.

The drive is clearly defined: ZEISS is paving the way for the microchips of tomorrow for future IT systems that are even more powerful and more energy-efficient and are used worldwide. Autonomous driving or AI applications cannot be realized without powerful microchips. The same goes for medical systems that support doctors in life-saving operations, cancer detection or eye measurement.

The process of producing the next generation of microchips is called High-NA-EUV lithography. Based on this technology, semiconductor structures are exposed on a photomask with a light source. Mirrors from the ZEISS Semiconductor Manufacturing Technology segment bundle the light for projection onto a silicon layer or wafer. The shorter the wavelength of the light used, the more transistors can fit on a microchip. The order of magnitude is now only a few nanometers. For this, extreme ultraviolet light (EUV light) with a wavelength of 13.5 nanometers is used.

Reliability and efficiency in mobility and energy

Electromobility is already shaping the cityscape in many parts of the world and will significantly counteract climate change. Revenue from electric vehicles is expected to rise to more than 800 billion US dollars by 2027 – despite the current weaker demand for electric cars, particularly in Europe. It is precisely these uncertainties around electromobility on the part of consumers that are increasing the pressure on manufacturers and suppliers. Added to this are the increased demands for greater range and faster charging. Core components such as batteries play a vital role in terms of the output, range, structure, and safety of electromobility. Quality assurance makes a decisive contribution to meeting the enhanced requirements while preventing production bottlenecks. With innovative measurement technology and microscopy solutions, ZEISS Industrial Quality & Research is shaping the mobility revolution and driving it forward.

Offering a wide range of innovative eMobility solutions and over 1,000 customers in the new electric vehicles (NEV) sector worldwide, ZEISS Industrial Quality Solutions has developed into one of the key industry partners with more than 50 specific solutions for quality assurance in the field of e-mobility. New solutions are constantly being added to the wide range of imaging, analytical and metrological instruments, for example inline and software solutions. ZEISS Industrial Quality Solutions thus offers innovative solutions for the efficiency, reliability and safety required for sustainable electromobility.

For a successful global energy transition, it is also essential to refine the technologies for generating, storing and converting energy. The research and development of sustainable energy sources such as batteries, fuel cells and solar cells plays a crucial role in this context. The current focus of research is on extending the lifetime, efficiency and safety of these energy sources. Here ZEISS Research Microscopy Solutions is making a key contribution. Innovative light, electron and X-ray microscopes from ZEISS facilitate advanced battery research by enabling in-depth analyses and insights into the micro- and nanostructures inside batteries, fuel and solar cells. ZEISS Research Microscopy Solutions continues to drive research in the field of sustainable energy sources and offers multi-modal solutions that keep up with the increasing demands of energy research. In addition, most manufacturers use ZEISS technology such as computed tomography, coordinate measuring machines and optical 3D measuring systems to ensure battery safety and performance for electric vehicles.

Robotics that offers real benefits in the operating theater

The market launch of the ZEISS OPMI 1 in 1953 marked the beginning of a new class of medical technology devices. As the first surgical microscope, it paved the way for many of the microsurgical procedures commonly used today. For over 70 years, the medical technology segment at ZEISS has set new standards with its surgical microscopes and developed them into highly innovative Robotic Visualization Systems®.

The KINEVO® 900 S is the latest Robotic Visualization System from ZEISS. Equipped with state-of-the-art digital visualizations, collaborative assistance functionalities and connected solutions, it offers more clarity for complex procedures. The system was developed with and for neurosurgeons in a collaborative approach that produces innovations to address challenges in the operating theater. The enhancement of the robotic assistance functionalities known from the ZEISS KINEVO 900 is one example of this collaboration.

Surgeons want to avoid having to stop and manually adjust the surgical microscope while operating. Interaction with the ZEISS KINEVO 900 S is facilitated by collaborative robotics functions, known as cobotics, supported by artificial intelligence (AI). For optimized illumination and visualization, the new AutoCenter functionality assists in bringing the tissue being treated into the center of the field of view. This is made possible by an AI-trained algorithm: if an instrument is detected, automatic centering can be triggered via the foot control panel. Surgeons can also issue further commands via the ZEISS voice assistant integrated in the system by saying “Hey KINEVO!”.

Innovative measures for managing progressive myopia

Experts estimate that the number of shortsighted people worldwide will reach approximately 4.8 billion by 2050. A particular challenge is posed by the progressive form of shortsightedness, known as progressive myopia, which continues to worsen, resulting in very high diopter levels in some cases. This high myopia can cause serious damage to the eyes and, in the worst-case scenario, blindness. For more than 15 years, ZEISS has been engaged in research, development, and practice of myopia management and has been dedicated to providing effective and needs-based solutions. Most recently, this was achieved with the launch of the ZEISS MyoCare lenses for children, which have been proven to slow down the progression of myopia.

Progressive myopia primarily affects children and is such an important issue that it cannot be considered solely from one viewpoint, such as that of a manufacturer or that of a scientist. A particular sense of responsibility and openness to diverse aspects is required. To integrate the diversity of relevant scientific perspectives for basic and application-oriented research even more closely into its innovation processes, ZEISS has established a Myopia Advisory Board. This board consists of experts from clinical practice, academia and the business world who independently assess the developments at ZEISS and advise the company on various aspects related to myopia management.

Progressive myopia is still far from being fully researched in all its facets. To support practitioners in myopia management, continuing education and knowledge transfer are essential. With the Myopia Insights Hub and a freely accessible foundation course, the Education Program for Myopia Management, ZEISS is doing exactly that.

Impressions from the Fiscal Year
Shaping the future

Thanks to its long-term investment strategy, balanced portfolio, international setup and globally oriented value chains, the ZEISS Group can look forward to a bright future. Some impressions from fiscal year 2023/24 show the way in which we have already succeeded in shaping the future by making targeted investments in the past fiscal year.

“Werner von Siemens Ring” 2024 goes to ZEISS and TRUMPF

The 42nd “Werner von Siemens Ring” will be awarded to the EUV development teams of ZEISS and TRUMPF in December. The award winners have made a significant contribution to the development of this future technology with the development of High NA EUV lithography and the industrial utilization of EUV lithography. Thanks to this technological leap, even more powerful microchips can be produced.

ZEISS Photonics & Optics is ready to launch

ZEISS Photonics & Optics is a new strategic business unit within the ZEISS Group. Starting in October, the unit will consolidate the following specialized businesses that offer fascinating technologies to business customers and consumers worldwide: Cinematography, Mobile Imaging including brand partnerships, and Photo, the optics business for hunting and nature observation, Microoptics, Spectroscopy, Planetariums and Simulation Projection Solutions.

Germany’s Federal President visits Jena

The Federal President showed great interest in innovative technologies during his visit to Jena and gained insights into state-of-the-art production of optical and mechanical components. Frank-Walter Steinmeier’s visit to the major construction site of the new ZEISS high-tech site was also a visible sign that ZEISS is shaping the future in Jena.

Precision and efficiency in 3D X-ray microscopy

Given the rapid pace of technological development, innovative tools are needed in research, development, and quality control to stay on top of new challenges. To accelerate productivity in various research and production environments, the ZEISS Research Microscopy Solutions segment has developed the ZEISS VersaXRM 730. The 3D X-ray microscope offers groundbreaking resolution combined with increased throughput through improved components and the use of artificial intelligence to optimize results. The new software ZEN navx was awarded the Red Dot “Best of the Best” in the category “Interface Design and User Experience” Award 2024.

ZEISS expands Innovation Hub in Dresden

The ZEISS Innovation Hub Dresden is one of the company’s two innovation hubs, where employees develop ideas and research approaches to realize innovative solutions for both ZEISS segments and customers. The new area offers ZEISS Innovation Hub employees more room for additional innovation projects and the opportunity for further growth. The team now has around 700 square meters of space and modern laboratories, which it shares with teams from ZEISS Microscopy. The focus in Dresden is on innovation in the life sciences and health sectors.

ZEISS VISUMAX 800 with ZEISS SMILE pro

ZEISS has been shaping refractive laser surgery for more than 20 years and offers one of the broadest Laser Vision Correction product portfolios, including treatment options for people with ametropia. The company has now reached another milestone: ZEISS received approval for the European market for minimally invasive lenticule extraction using the VISUMAX® 800 with SMILE® pro for people with hyperopia in fiscal year 2023/24. This makes ZEISS the first medical technology provider to offer this treatment option for longsightedness.

Sustainability at ZEISS

For ZEISS as a foundation company, sustainability and business success are inextricably linked. ZEISS anchors sustainable value creation as an integral part of its business activities, which focus on innovative solutions that contribute to positive development in society and enable long-term, profitable growth.

ZEISS is also driving forward three focus topics, thus actively contributing to achieving the United Nations' global Sustainable Development Goals (SDGs). In doing so, ZEISS can concentrate on the areas in which the company has particular opportunities to exert influence and can achieve the greatest impact for people and the environment.

Value for society
As a foundation company, ZEISS has a responsibility to care for the environment and thus also for the people living near its sites, which means supporting them and improving quality of life for humanity. ZEISS intends to provide added value for society and contribute to providing as many people as possible with access to education, high-quality healthcare and rewarding job opportunities.

As an international company with global supply and value chains, ZEISS takes its responsibility for people and the environment seriously. For this reason, ZEISS has adopted a Group Policy Statement on Respecting and Promoting Human Rights and Environmental Protection. Moreover, ZEISS has appointed a Human Rights Officer as a dedicated contact person for these issues.

Climate action
Human greenhouse gas emissions are the main reason for climate change. There is an overwhelming consensus among the scientific community that human activities are the leading cause of the Earth's warming in recent decades. Carbon emissions are the main cause of global warming, ocean warming and rising sea levels. They pose a threat to human life. ZEISS takes a three-pronged approach to reducing emissions: prevention, reduction and, if there are no other options, compensation.

ZEISS has set itself the goal of reducing its Scope 1 and 2 emissions as far as possible by fiscal year 2024/25 and offsetting all emissions that cannot be avoided. An important lever in this regard is the worldwide transition to green power and increasing energy efficiency. ZEISS will also be looking at the emissions in its upstream value chains.

Circular economy
The overexploitation of natural resources needed to achieve economic growth and development has had a negative impact on the environment and people. A circular economy is an economic system of closed loops in which raw materials, components and products generate added value for as long as possible, centered around renewable energy sources and systems.

ZEISS is committed to the circular use of resources in order to reduce the impact on the environment. To achieve this, more renewable energy resources and recycled materials will be deployed and loops will be closed. By fiscal year 2024/25, the aim is to reduce water consumption by 15 percent, waste generation by 10 percent and energy consumption by 20 percent relative to value added compared to fiscal year 2018/19.

A Heart for Science

Enthusiasm for nature and technology has always been an integral part of ZEISS’ DNA. With this in mind, on the occasion of the company’s 175th anniversary, ZEISS launched A Heart for Science – an international initiative run by ZEISS that aims to get young people aged 12 to 18 interested in STEM (science, technology, engineering and mathematics). All ZEISS employees can join the A Heart for Science team as volunteers and impart their knowledge to the explorers of tomorrow. The vision behind the project is to kindle interest in science and research and therefore contribute to developing innovative and sustainable solutions for the future.

By introducing this initiative, ZEISS intends to grow an international network of internal and external project partners. More than 550 ZEISS employees from 25 countries volunteered in fiscal year 2023/24. The Traversing European Coastlines (TREC) research expedition launched by the European Molecular Biology Laboratory (EMBL) to study European coastal ecosystems was accompanied by ZEISS microscopes. Joint workshops were held by TREC and A Heart for Science (AH4S) along the route to raise awareness of the importance of science for sustainability among the younger generation and get them excited about science. In Spain, the participants deep dived into genetics, while in Italy the focus was on microplastics.

Learning is fun – in cooperation with the global learning platform Kahoot!, people around the world have the opportunity to discover ZEISS through interactive quizzes and take a virtual look through microscopes. Over 90,000 learners worldwide use the kahoots created by ZEISS employees to find out more about topics such as microscopy, zoology and fluorescence.

One AH4S volunteer initiated an outreach project in Ghana through the research organization OPTICA with the aim of making learning exciting and interesting for the local children and young people and showing them potential career paths. The focus was on practical experiments in which 400 school pupils and 200 students from the university in Kumasi took part. The students supported the project team as volunteers and helped give the participants an insight into the world of optics and photonics.

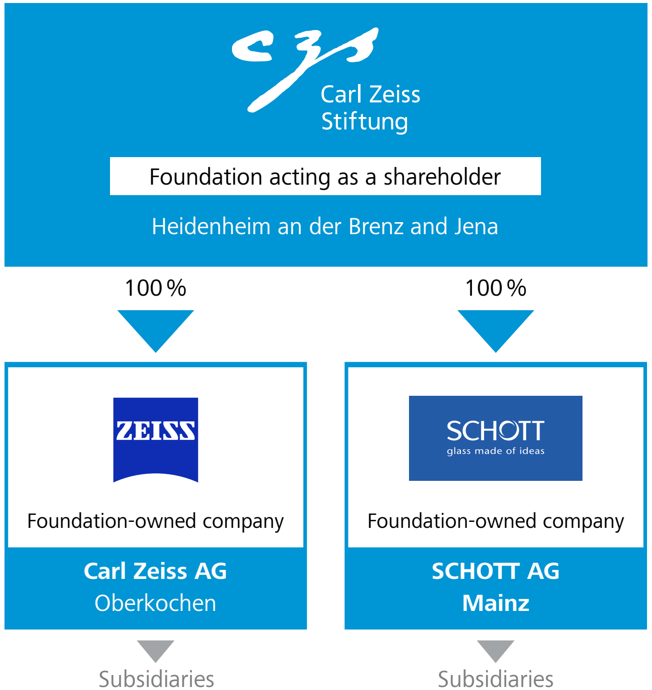
The Carl Zeiss Foundation
Promoting science

The Carl Zeiss Foundation is the sole shareholder of Carl Zeiss AG. This special ownership structure ensures stability and enables the company to create long-term prospects. The Foundation statutes prohibit the sale of shares through an initial public offering, for example. For that reason, the company's shares are not listed on any stock exchange.

In 1889, physicist and entrepreneur Ernst Abbe created the Carl Zeiss Foundation to which both Carl Zeiss AG and SCHOTT AG belong. The objectives of the Foundation stipulated by Abbe remain valid to this day:

» Safeguarding the future and responsible management of the two Foundation companies
» Fulfilling its special responsibility toward employees
» Meeting its responsibility toward society through the commitment of its member companies to non-profit activities in their local communities
» Promoting science

With this unique corporate model, the Carl Zeiss Foundation and its two member companies made industrial and social history in Germany. Since 2004, the Foundation has received dividends in excess of 500 million euros from Carl Zeiss AG in order to achieve its goals. The Foundation uses the dividends from Carl Zeiss AG and SCHOTT AG to promote science – particularly the natural and engineering sciences, mathematics and information technology – at universities in the German federal states of Baden-Württemberg, Rhineland-Palatinate and Thuringia. Today, the Carl Zeiss Foundation is one of Germany's largest foundations focused on the promotion of science.



Further information:
www.carl-zeiss-stiftung.de/english

Corporate Governance

For ZEISS, acting lawfully and responsibly, and managing the company in a transparent manner that is focused on its long-term success are fundamental principles of its corporate policy.

With its corporate governance structure, ZEISS ensures that legal provisions, the Carl Zeiss Foundation statutes and the company's internal directives are observed in line with compliance provisions.

The Code of Conduct is a core element of the compliance management system of the ZEISS Group. It summarizes the rudiments and principles of action that form the basis of responsible conduct. The Code of Conduct is binding upon all ZEISS employees and is published on the company's website.

Report of the Supervisory Board

Ladies and Gentlemen, dear Readers,

ZEISS continued on its growth path in fiscal year 2023/24 and generated revenue of €10.9b. Due to the planned increase in investment on future potential, EBIT decreased to a still excellent €1.4b.

Dr. Michael Bolle

The company again coped exceptionally well with the challenging market and geopolitical conditions, which were even more challenging than they had been in the previous fiscal year.

Both the ZEISS Semiconductor Manufacturing Technology segment and the direct-to-market segments succeeded in further increasing their revenue. Continuing progress in digitalization, particularly at the ZEISS Semiconductor Manufacturing Technology segment, led to a 16% increase in revenue and to another record high. ZEISS has thus once again proved that sustained, substantial investment in digitalization and in research and development is the foundation for further growth, even under challenging conditions.

In the past fiscal year, the Supervisory Board oversaw and advised the Executive Board in accordance with the duties entrusted to supervisory boards by law, the articles of association and rules of internal procedure. The Executive Board provided the Supervisory Board with written and verbal information about the business situation and development, the current earnings situation, risk factors and risk management, short-term and long-term planning, investments and organizational measures. The Chairman of the Supervisory Board was in close contact with the Executive Board, particularly the President and CEO, and was regularly informed about the development of the business situation and important business transactions. The Supervisory Board was involved in all decisions of importance and passed the resolutions required by law, the articles of association and rules of internal procedure. The decisions of the Supervisory Board were based on the reports and decisions proposed by the Executive Board, which the Supervisory Board subjected to in-depth scrutiny. The Executive Board and Supervisory Board have worked closely together to ensure ZEISS continues to develop successfully.

Supervisory Board meeting topics

The Supervisory Board held a total of 7 meetings during fiscal year 2023/24.

At an extraordinary meeting in December 2023, the Supervisory Board approved the acquisition of DORC Topco B.V. in the Netherlands. At the ordinary meeting in December 2023, it discussed and approved the annual financial statements.

In March 2024, following the election to the Supervisory Board, a constituent meeting was held at which, in addition to the election of the Chairman and Deputy Chair, appointments were also made to the Mediation Committee, the Chairman's Committee, the Audit Committee and the Digital Committee.

At the meeting in May 2024, the Supervisory Board dealt in particular with the progress of the digital transformation as part of the CTO agenda, the finance strategy and the establishment of the new strategic business unit Photonics & Optics, as well as the further impact of the geopolitical situation on the business of ZEISS.

At an extraordinary meeting in July 2024, the Supervisory Board decided on the future President and CEO.

During the July 2024 strategy meeting, the Supervisory Board received a comprehensive presentation of the company's strategic portfolio. The heads of the strategic business units were involved and particular attention was paid to the challenges facing ZEISS as a result of the geopolitical situation. At the strategy meeting, the Executive Board presented a clear strategic plan that continues the long-term positive development of the individual segments with the support of the management and employees. At the same time, it also looked at the changes that might occur in the company's respective markets, while considering the foreseeability of any expected changes. In addition, the Supervisory Board was given a comprehensive explanation of the planned high level of investment in development and infrastructure and its impact on strategic medium-term planning.

The budget plan for fiscal year 2024/25 derived from the strategy was approved at the final meeting of fiscal year 2023/24 on 27 September 2024.

Changes to the Executive Board

The Supervisory Board's main concern is the optimal further development of the company. Stability and continuity in the management of the company play an important role here.

Chief Financial Officer Stefan Müller, newly appointed by the Supervisory Board, took office on 1 January 2024, after his predecessor, Dr. Christian Müller, resigned from the Executive Board of Carl Zeiss AG on 30 September 2023.

Dr. Karl Lamprecht informed the Chairman of the Supervisory Board in March 2024 that he would not be available for a further term of office when his contract ended in March 2025. At the extraordinary meeting on 16 July 2024, the Supervisory Board then decided to appoint Management Board member Andreas Pecher, previously responsible for the SMT segment, as the new President and CEO with effect from 1 April 2025. At its meeting on 27 September 2024, the Supervisory Board appointed Dr. Frank Rohmund as Mr. Pecher's successor on the full Executive Board, responsible for the SMT segment. The Executive Board mandates of Susan-Stefanie Breitkopf and Sven Hermann were each extended by 5 years until 30 June 2030 in accordance with the decision taken at the extraordinary Supervisory Board meeting on 16 July 2024.

The Supervisory Board thus continued its very successful policy of appointing top performers from within the Group to the Executive Board. The Supervisory Board would like to thank Dr. Lamprecht for his excellent work and wishes the newly appointed and reappointed members of the Executive Board every success and a good working relationship.

Work of the Supervisory Board committees

The Audit Committee met 3 times as scheduled during the period under review. It evaluated the effectiveness of risk management and discussed the topics compliance, internal audit, the internal control system, accounting and the focus of the annual audit, as well as the annual and consolidated financial statements.

The Chairman's Committee convened 6 times. The Executive Board's target achievement and remuneration were subject to regular review. In addition, the personnel decisions regarding the replacement of the President and CEO and the resulting vacancy for the member of the Executive Board responsible for the SMT segment were prepared for the Supervisory Board.

The Digital Committee met a total of 4 times during the reporting period. It dealt with the topics on the Chief Transformation Officer's transformation agenda, in particular the implementation of SAP S/4 Hana and the topic of cybersecurity.

At the Supervisory Board meetings the Chairmen of the Audit, Chairman's and Digital Committees reported regularly about the work of the committees.

The Mediation Committee did not convene during the reporting year.

Changes to the Supervisory Board

The previous shareholder representatives on the Supervisory Board, Dr. Klaus Dieterich and Dr.-Ing. Mathias Kammüller, both stepped down from the Supervisory Board with effect from the end of the Annual General Meeting on 18 March 2024. At the same time, the Annual General Meeting on 18 March 2024 elected the Supervisory Board members Dr. Thelse Godewerth, Dr. Stefan Kampmann, Prof. Dr. Thomas Kropf and Clara Sattler de Sousa e Brito with effect from 18 March 2024.

The employee representative, Ernst Stumpp, retired from the Supervisory Board on 31 January 2024 for age reasons. The previous employee representatives on the Supervisory Board, Michael Kramer and Silke Müller, both stepped down from the Supervisory Board with effect from the end of the Annual General Meeting on 18 March 2024. Ms. Müller was also a member of the Audit Committee.

As the ZEISS Group permanently has more than 20,000 employees at the locations of Carl Zeiss AG and its subsidiaries in Germany, the Supervisory Board consists of a total of 20 Supervisory Board members from March 2024 following the initiation of status proceedings by the Executive Board.

As a result, 10 employee representatives were elected by the workforce in the Supervisory Board election held in February 2024 and have been represented on the Supervisory Board as employee representatives since 18 March 2024: Angelika Franzke, Prof. Dr. Martin Allespach, Gerhard Bösner, Renè Denner, Christoph Ellinghaus, Uwe Frey, Steffen Haßel, Tamara Hübner, Andreas Kopf and Lazgin Sis.

At the constituent meeting of the Supervisory Board on 18 March 2024, a Mediation Committee, the Chairman's Committee, an Audit Committee and a Digital Committee were installed. The Supervisory Board elected the following members:

Mediation Committee: Dr. Michael Bolle, Angelika Franzke, Gert-Hartwig Lescow, Lazgin Sis Chairman's Committee: Dr. Michael Bolle, Angelika Franzke, Gerhard Bösner, Dr. Joachim Kreuzburg Audit Committee: Gert-Hartwig Lescow, Dr. Michael Bolle, Dr. Thelse Godewerth, Angelika Franzke, Uwe Frey and Steffen Haßel

Digital Committee: Jan Brecht, Dr. Michael Bolle, Gert-Hartwig Lescow, Tamara Hübner and Andreas Kopf

Audit of the annual and consolidated financial statements
PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the consolidated financial statements of Carl Zeiss AG, including the Management Report, for fiscal year 2023/24 which were prepared pursuant to Sec. 315e (3) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS) and issued an unqualified auditor's report in each case. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, also audited the dependent company report prepared by the Executive Board.

All members of the Supervisory Board received the independent auditor's documents and audit reports in good time. The Supervisory Board examined the documents and discussed the annual and consolidated financial statements at the meeting of the Audit Committee on 12 December 2024 and at the Supervisory Board meeting held on 13 December 2024. The independent auditor attended both meetings, presented the main results of the audit, provided supplementary information and answered questions. At the plenary assembly, the Chairman of the Audit Committee reported on the result of the examination of the consolidated financial statements by the Audit Committee. After examining the documents, the Supervisory Board endorsed the result obtained by the auditor and approved the financial statements prepared by the Executive Board. The Carl Zeiss AG financial statements as of 30 September 2024 were thereby adopted.

Pursuant to Sec. 312 German Stock Corporations Act (AktG), the Executive Board prepared the above-mentioned dependent company report for the period from 1 October 2023 to 30 September 2024. The independent auditors issued the following opinion on the findings of their audit of the dependent company report: "Based on our audit and assessment, which was carried out in accordance with professional standards, we confirm that

1. The actual disclosures contained in the report are correct

2. The payments made by the Company in the legal transactions listed in the report were not unreasonably high.

3. There are no circumstances that indicate a materially different assessment of the measures listed in the report than that made by the Executive Board".

The Supervisory Board agreed with the results of the audit presented by the independent auditors. Following the final result of the review by the Supervisory Board, there were no objections to the Executive Board's concluding statement in the dependent company report.

Once again this year, the Supervisory Board, in accordance with the statutes of the Carl Zeiss Foundation, will recommend that a dividend be paid out to our sole shareholder, the Carl Zeiss Foundation.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board and all ZEISS employees for their exceptional dedication and outstanding achievements, which are the basis of our success.

I personally would like to thank all members of the Supervisory Board and members of the Executive Board for the constructive and successful cooperation.

Oberkochen, December 2024

On behalf of the Supervisory Board

Dr. Michael Bolle
Chairman of the Supervisory Board

Supervisory Board of Carl Zeiss AG

Supervisory Board of Carl Zeiss AG

Dr. Michael Bolle (Chair) | Leonberg
Chairman of the Shareholder Council of the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena

Angelika Franzke (Deputy Chair)[1] | Oberkochen
Chair of the Group Employee Representative Council of Carl Zeiss AG, Oberkochen

Prof. Dr. Martin Allespach[1] | Kelkheim
Director and Head of the University of Labour, Frankfurt am Main

Gerhard Bösner[1] | Aalen
Full-time member of the Employee Representative Council of Carl Zeiss SMT GmbH, Oberkochen

Jan Brecht | Stuttgart
CIO & CDO of Nissan Motor Corporation, Ltd., Yokohama

Renè Denner[1, 2] | Bad Sulza
Chair of the Employee Representative Council of Carl Zeiss Meditec AG, Jena

Dr. Klaus Dieterich[3] | Stuttgart
Former President of Corporate Research and Development, Robert Bosch GmbH, Stuttgart

Christoph Ellinghaus[1, 2] | Uhlstädt-Kirchhasel
First authorized representative of IG-Metall trade union Jena-Saalfeld, Jena

Uwe Frey[1, 2] | Böbingen an der Rems
Chair of the Employee Representative Council of Carl Zeiss Vision GmbH, Aalen

Dr. Thelse Godewerth[2] | Bad Rothenfelde
Member of the Board of Management of Rolls-Royce Power Systems AG, Friedrichshafen

Steffen Haßel[1, 2] | Fichtenau
Full-time member of the Employee Representative Council of Carl Zeiss AG GmbH, Oberkochen

Tamara Hübner[1] | Aalen
First authorized representative of the IG Metall trade union, Aalen Office

Dr.-Ing. Mathias Kammüller[3] | Gerlingen
Member of the Executive Board and Managing Partner of TRUMPF SE + Co. KG, Ditzingen, Germany

Dr. Stefan Kampmann[2] | Knetzgau
Owner of &alwaysahead, Knetzgau

Andreas Kopf[1] | Bad Wurzach
Head of Services, Accounting and Tax of Carl Zeiss AG, Oberkochen

Michael Kramer[1, 3] | Jena
Production supervisor at Carl Zeiss Jena GmbH, Jena

Dr. Joachim Kreuzburg | Göttingen
CEO and Chairman of the Executive Board of Sartorius AG, Göttingen

Prof. Dr. Thomas Kropf[2] | Pliezhausen
President Corporate Research (EVP) of Robert Bosch GmbH, Renningen

Gert-Hartwig Lescow | Lübeck
Deputy Chairman of the Board and Chief Financial and IT Officer at Drägerwerk Verwaltungs AG, Lübeck

Silke Müller[1, 3] | Jena
Patent Counsel at the Jena site of Carl Zeiss AG, Oberkochen

Clara Sattler de Sousa e Brito[2] | Amsterdam
Leader Philips Europe Region of Philips International B. V., Amsterdam

Lazgin Sis[1, 2] | Aalen
Group representative of the ZEISS Group Germany, Oberkochen

Ernst Stumpp[1, 4] | Königsbronn
Development engineer at Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen

Prof. Dr. Tanja Weil | Bad Kreuznach
Director of the Max Planck Institute for Polymer Research, Mainz

Dr. Rutger Wijburg | Egling
Member of the Executive Board and Chief Operations Officer of Infineon Technologies AG, Neubiberg

Committees of the Supervisory Board

Chairman's Committee
Dr. Michael Bolle (Chair)
Gerhard Bösner[1]
Dr. Klaus Dieterich[3]
Angelika Franzke[1]
Joachim Kreuzburg[2]

Audit Committee
Gert-Hartwig Lescow (Chair)
Dr. Michael Bolle
Angelika Franzke[1]
Uwe Frey[1, 2]
Steffen Haßel[1, 2]
Dr. Thelse Godewerth[2]
Silke Müller[1, 3]

Digital Committee
Jan Brecht (Chair)
Dr. Michael Bolle
Dr. Klaus Dieterich[3]
Gert-Hartwig Lescow[2]
Tamara Hübner[1]
Andreas Kopf[1, 2]

Mediation Committee
Dr. Michael Bolle (Chair)
Angelika Franzke[1]
Dr.-Ing. Mathias Kammüller[3]
Andreas Kopf[1, 3]
Gert-Hartwig Lescow[2]
Lazgin Sis[1, 2]

[1] Employee Representatives
[2] from 18 March 2024
[3] until 18 March 2024
[4] until 31 January 2024

As of October 2024

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Group Management Report

THE ZEISS GROUP

Company profile

ZEISS is an internationally leading technology enterprise operating in the optics and optoelectronics industries. The ZEISS Group emerged from a workshop for precision mechanics and optics established by company founder Carl Zeiss in Jena (Thuringia) in 1846. Today, ZEISS is headquartered in Oberkochen (Baden-Württemberg).

Carl Zeiss AG is the strategic management holding company that manages the ZEISS Group. It develops the ZEISS Group's corporate business activities and portfolio and provides central management and service functions.

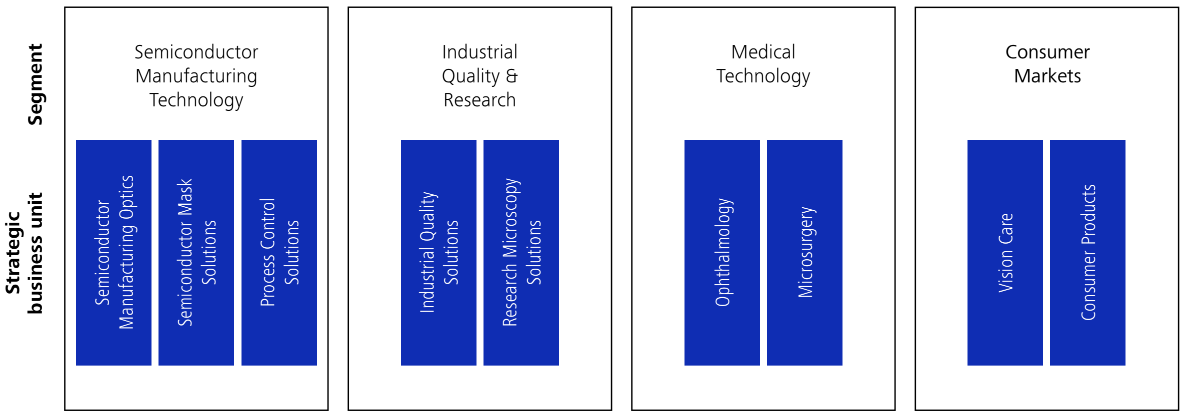
The sole owner of the company is the Carl Zeiss Foundation (Carl-Zeiss-Stiftung). As a company operating under the umbrella of the Carl Zeiss Foundation, ZEISS has been implementing the stipulations anchored in the Foundation statutes for over 130 years and constantly develops them further in the present context. For ZEISS as a foundation company, sustainability and business success are inextricably linked. Sustainable value added is an integral part of the corporate strategy, which aims to provide innovative solutions, contribute to a positive development in society and enable both long-term and profitable growth.

ZEISS aims to advance the world of optics and other related fields with its solutions. The ZEISS Group develops, produces and sells semiconductor manufacturing equipment, metrology, microscopes, medical technology, eyeglass lenses as well as camera and cine lenses, binoculars and planetarium technology.

The ZEISS Group is represented in around 50 countries and has more than 60 sales and service locations, around 40 research and development centers as well as 35 manufacturing sites around the globe.

ZEISS comprises 4 segments: Semiconductor Manufacturing Technology, Industrial Quality & Research, Medical Technology and Consumer Markets. The ZEISS Group has a business portfolio that is divided into 9 strategic business units. These strategic business units are allocated to the respective segments.

Business portfolio



Semiconductor Manufacturing Technology

With its product portfolio and globally leading expertise, the Semiconductor Manufacturing Technology segment covers a variety of key processes in the production of microchips. ZEISS develops and manufactures products using semiconductor manufacturing technology, including lithography optics, photomask systems and process control solutions, key technologies for the manufacture of extremely fine structures on silicon wafers – the material from which the microchips are made. ZEISS technologies enable further miniaturization and highly efficient production of semiconductor structures, making microchips smaller, more powerful and more energy-efficient. The majority of all microchips worldwide are manufactured using lithography technologies from the strategic partner and customer ASML, headquartered in the Netherlands. The lithography optics from ZEISS Semiconductor Manufacturing Technology are at the heart of wafer scanners. Electronic applications fitted with such microchips foster global advancement in a variety of disciplines, including technology, electronics, communications, entertainment, mobility, energy and artificial intelligence.

Industrial Quality & Research

The products and solutions developed in the Industrial Quality & Research segment are focused on quality assurance in production, increasing productivity and visualizing the tiniest of structures in science and research. The range of coordinate measuring machines, optical and multisensory systems, software solutions, comprehensive service offerings and innovative technologies, such as 3D X-ray measurement in quality assurance, is used in many industries and offers important tools for the energy transition. The main fields of application are electric drivetrains, power generation, but also aerospace, medical technology, electronics and mechanical engineering. In the fields of science and research, the segment also covers the entire spectrum of microscopy with light, electron and X-ray microscopes. The products and solutions are used in the life sciences and materials research, as well as in workflows in the electronics and pharmaceutical industries.

Medical Technology

The Medical Technology segment develops, manufactures, markets and sells diagnostic and treatment systems, as well as implants and consumables for ophthalmology and microsurgery. The portfolio also includes visualization systems for neuro/ENT and spine surgery as well as for dentistry. Solutions for intraoperative radiotherapy supplement the product offering. The segment’s objective is to use new technologies to shape the healthcare system in such a way as to promote medical progress. Accordingly, cutting-edge technology in medical applications is to be made accessible to doctors and patients. In order to meet today’s requirements for safe and efficient treatments, the Medical Technology segment offers integrated solutions that improve clinical performance and the patient experience throughout the continuum of care. A deep understanding of the challenges faced by customers and a range of services tailored to them are therefore key to long-term success.

Consumer Markets

The Consumer Markets segment operates in the areas of vision care, photography, cinematography, mobile imaging, nature observation and sports optics. ZEISS develops, produces and sells solutions for the entire eyeglass value chain. Alongside ZEISS precision eyeglass lenses, this includes devices for eye examinations and vision testing, digital consultation and measurement applications as well as comprehensive services for eye care professionals. ZEISS is one of the world’s largest manufacturers of eyeglass lenses and offers a combined competence in eye and vision care. With its camera and cine lenses, technologies for smartphone photography and binoculars, thermal imaging cameras, spotting scopes and sports optics, ZEISS offers discerning customers high-end products and applications for their hobbies and professional needs.

Strategy

The ZEISS mission statement is: "As the pioneer of science in optics, we continue to challenge the limits of our imagination. With our passion for excellence, we create value for our customers and inspire the world in new ways". This statement encapsulates the ZEISS Group's fundamental objectives: ZEISS aims to leverage its customer focus to consolidate and expand its position as a global technology leader.

ZEISS has a broad and balanced business portfolio focusing on the attractive future-oriented markets of optics, precision mechanics and optoelectronics. The objective of portfolio management is the lasting business success of the ZEISS Group. This requires a systematic strategy geared to continuously enhancing value added.

By focusing on shaping markets, creating networks and making an impact, #agenda25 provides direct impetus for the future strategic development of the ZEISS Group. In addition, it pools the key elements of the portfolio strategy and the individual segments. The ZEISS Agenda underscores the aspiration of ZEISS to be a global technology leader and market shaper. Through these focus areas, the global Team ZEISS aims to significantly contribute to the success of its customers.

To achieve its objectives, ZEISS relies on the commitment and expertise of its employees, its innovative strength, its culture of innovation and its strong brand.

Corporate management

The ZEISS Group is managed using a comprehensive system of indicators. Revenue growth and EBIT margin are the most important financial indicators for ZEISS. Other internal financial indicators are Economic Value Added (EVA®) and Free Cash Flow (FCF). These indicators define the balance between growth, profitability and financial strength as the basis for the company's sustainable development. Alongside these financial indicators, the non-financial indicators are "innovation," "employees" and "sustainability", in particular the research and development ratio and the number of employees.

REPORT ON ECONOMIC POSITION

Macroeconomic and segment-specific environment

Macroeconomic environment
According to the forecast of the International Monetary Fund (IMF) from the World Economic Outlook Report of October 2024, global economic growth will slow slightly from 3.3% in calendar year 2023 to 3.2% in calendar year 2024, below the average growth of 3.8% of the first two decades of this century. The IMF also expects industrialized countries to grow by 1.8% in calendar year 2024 compared to the prior year, while economic growth in emerging markets and developing economies is estimated at around 4.2% in this period. The Chinese economy grew by 5.2% in calendar year 2023, the US economy by 2.9% and the economy in the euro area by 0.4%. For calendar year 2024, the IMF is forecasting growth of 4.8% for the Chinese economy, 2.8% for the US economy and 0.8% for the euro area.

Global inflation was 6.7% in the calendar year 2023. A reduction to approximately 5.8% is forecast for calendar year 2024. In response to falling inflation, the US Federal Reserve and the European Central Bank lowered their key interest rates during the fiscal year.

Segment-specific environment

Semiconductor Manufacturing Technology
Following the cyclical correction of the global semiconductor market in the prior year due to the challenging macroeconomic situation and high inventories held by chip manufacturers, a sluggish recovery set in during fiscal year 2023/24. A recovery in end customer markets led to slight growth in the semiconductor industry in the second half of the year. Nevertheless, capacity utilization at the semiconductor factories was low. However, it gradually increased over the course of the reporting period and is expected to recover further in fiscal year 2024/25. A revival of the equipment market for semiconductor manufacturers is therefore not conceivable until after that. For equipment manufacturers, fiscal year 2023/24 was therefore a year of transition with the outlook for further growth in subsequent years. The drivers of growth in the global semiconductor industry continue to be the digital transformation and new applications based on artificial intelligence.

Industrial Quality & Research

The market in the industry environment of the ZEISS segment Industrial Quality & Research is declining. While the market in the DACH region declined particularly noticeably in fiscal year 2023/24, the markets in the APAC region remained stable. The Southeast Asian and Indian markets in particular developed positively. Decarbonization continues to require new, more efficient products that are safer in terms of quality and longer lasting, as well as more efficient production. The automotive industry is undergoing radical change. However, despite existing uncertainties on the consumer side, which are leading to weak demand for electric cars in Europe, investments in electromobility continue. The market environment for the electronics industry is also difficult at present. This has an impact on the global investment that determines the demand for quality assurance technologies in an overall cooling market. The energy and aerospace segments have reported good levels of investment. The markets for microscopy solutions are supported in the long term by global megatrends such as the aging population and the ongoing digital transformation. However, there are challenges in the short and medium term. A difficult economic environment is putting pressure on public budgets in core markets and leading to a decline in public subsidies for research in particular. At the same time, the semiconductor and pharmaceutical industries are showing signs of growth.

Medical Technology

The development of the market for medical equipment and accessories is based on generally stable growth drivers. These include medical advances as well as megatrends such as demographic development as a result of increasing life expectancy and population growth. Growing per capita income is increasing demand for basic medical care in the rapidly developing economies. Solutions that increase the efficiency of diagnosis and treatment, improve the effectiveness of patient treatments and reduce the costs for the healthcare system are becoming more crucial in the face of rising health costs and patient numbers. By contrast, the increasing regulatory requirements, and their variance from one region to another, are a growing challenge in the context of product development and licensing.

Consumer Markets

Global market growth in the vision care market remains stable. The main growth drivers are increased purchasing power in emerging economies, the global rise in demand for vision care from an aging population, innovations with value added for health in branded eyeglass lenses and optic technologies as well as an in some cases pandemic-like increase in short-sightedness (myopia). However, a worsening consumer sentiment is affecting all markets worldwide. The global market for eyeglass lenses is characterized by fierce price and competitive pressure, a volatile consumer sentiment and global trends towards omnichannel solutions for opticians and chain stores alike. The market for cine lenses was affected by the disruption of film production in the US and Europe in the fiscal year due to strikes, but will benefit in the future from new, digital technologies for production and post-production. The markets for sports optics and nature observation are expected to continue to grow, despite rising inflation having caused some consumers to cut back on purchases in the past fiscal year.

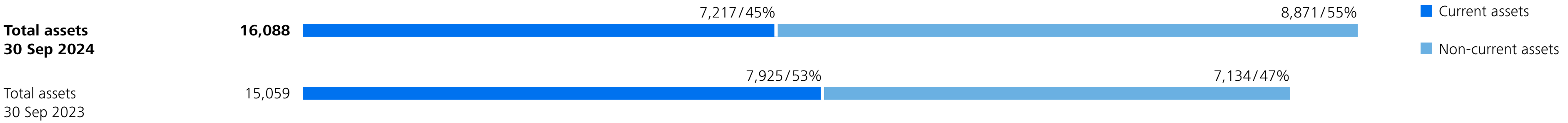
Overall statement on the economic situation of the Group as of fiscal year end

The ZEISS Group closed fiscal year 2023/24 with record revenue of €10,894m (prior year: €10,108m) and an EBIT margin of 13% (prior year: 17%). The prior-year’s forecast of an increase in revenue in the low single-digit percentage range was exceeded and the forecast EBIT margin of around 13% was achieved.

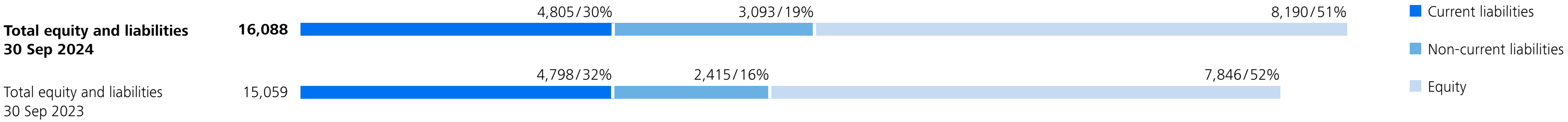
Net assets

Total assets increased by €1,029m in the reporting period to €16,088m (prior year: €15,059m).

Structure of the statement of financial position – assets in € m/as a % of total assets



Structure of the statement of financial position – equity and liabilities in € m/as a % of total equity and liabilities



Goodwill

Goodwill amounted to €1,940m (prior year: €1,423m). The increase is attributable to the first-time consolidation of DORC Topco B.V., Zuidland (Netherlands), and its subsidiaries (DORC). The impairment tests performed in the reporting period gave rise to impairment losses of €51m (prior year: €0m) on the goodwill recognized, which were recognized under Other expenses.

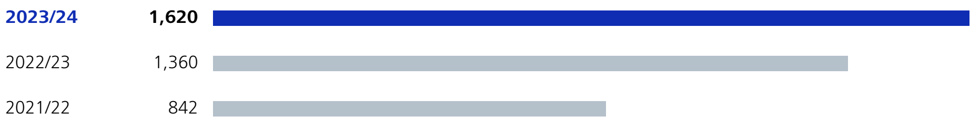
Other intangible assets

Other intangible assets amounted to €1,003m (prior year: €546m) and increased mainly as a result of the first-time consolidation of DORC.

Property, plant and equipment

The investments of €1,620m in property, plant and equipment (prior year: €1,360m) in expansion and modernization measures relating to infrastructure (including buildings), production plants and in furniture and fixtures. Investments in the Semiconductor Manufacturing Technology segment to meet expected demand in the semiconductor equipment market, including the production of the next generation of EUV lithography, as well as the investments in the ZEISS high-tech location in Jena are particularly noteworthy in this regard. Depreciation of property, plant and equipment in the reporting period amounted to €454m (prior year: €358m).

Capital expenditures on property, plant and equipment in € m



Other non-current assets

The other non-current assets amounted to €520m (prior year: €917m) and mainly consist of shares in non-consolidated subsidiaries, investments, loans as well as assets of entities in and outside Germany from pension plan surpluses and assets in connection with financing or securing short-term obligations to employees. The decline resulted in particular from the sale of securities to finance the acquisition of DORC.

Working capital

Inventories amounted to €3,534m as of the reporting date (prior year: €3,138m) and increased in particular due to the higher business volume compared to the prior year and new product launches with initially higher capital commitment. For reasons relating to the cut-off date, the current trade and other receivables decreased by 7% to €1,752m (prior year: €1,874m). Trade payables came to €787m as of the reporting date (prior year: €838m).

Other current assets amounted to €436m (prior year: €1,192m) and include tax refund claims, prepaid expenses and time deposits. The decline resulted in particular from the sale of securities with a short-term investment horizon to finance the acquisition of DORC.

Current provisions came to €172m (prior year: €167m) and essentially comprise provisions for warranty obligations.

Accruals of €1,703m (prior year: €1,607m) mainly include personnel-related and sales-related obligations as well as outstanding invoices.

Other current non-financial liabilities of €1,622m (prior year: €1,595m) mainly contain prepayments received on account of orders and deferred income.

Increase in equity

Equity amounted to €8,190m as of the reporting date (prior year: €7,846m). The consolidated profit of €1,031m generated in the reporting period increased equity. Equity was reduced, on the other hand, by the differences arising from the currency translation recognized in other reserves through other comprehensive income of €98m, the remeasurement of defined benefit plans of €84m through other comprehensive income and the acquisition of treasury shares of Carl Zeiss Meditec AG of €150m. The dividends paid of €353m reduced equity accordingly. The equity ratio stood at 51% (prior year: 52%), mainly due to the increase in total assets.

Pension obligations

The financing of pension obligations in Germany is largely structured in the form of a contractual trust arrangement (CTA), under which assets are transferred to a dedicated trust that serves exclusively to meet pension obligations, thus clearly separating the funds for operations from those for the pension obligations. The legally independent trust invests the assets transferred to it on the basis of an appropriate long-term investment strategy. The pension obligations of the corresponding entities remain unchanged.

The CTA assets in Germany, which are separated from operating funds, amounted to €1,825m on the reporting date (prior year: €1,660m). For reasons relating to the cut-off date, the pension obligations had a funded status of 104% (prior year: 117%).

The Group also has pension obligations toward employees of subsidiaries outside of Germany.

In accordance with IAS 19, the pension obligations reported in the statement of financial position match the actual obligations and therefore correspond to the present value of benefit obligations after deducting the fair value of plan assets as of the reporting date. Provisions for pensions of €689m (prior year: €637m) are reported in the consolidated statement of financial position. This equates to 4% of total assets (prior year: 4%).

Financial liabilities

The financial liabilities of €2,481m (prior year: €1,980m) primarily contain loans, lease liabilities and liabilities from dividends and purchase price obligations in conjunction with acquisitions. The increase stems mainly from investment loans from ASML.

Financial position

The financial position was mainly shaped by the good consolidated profit in the reporting period as well as payments for capital expenditures on property, plant and equipment, the acquisition of shares in entities, dividend payments and proceeds from loans.

Cash flows from operating activities of €1,409m were slightly up on the prior year (prior year: €1,377m) and were primarily determined by the consolidated profit for the year.

Cash flows from investing activities came to minus €1,662m in the reporting period (prior year: minus €1,593m). Payments for capital expenditures on property, plant and equipment and intangible assets of €1,658m (prior year: €1,381m) are partly counterbalanced by proceeds from the disposal of intangible assets and property, plant and equipment of €26m (prior year: €18m). The payments in connection with the acquisition of shares in entities amounted to €1,024m (prior year: €59m). The net cash flow changes of financial assets amounted to €994m (prior year: minus €171m).

Cash flows from financing activities came to €3m in the reporting period (prior year: €148m) and contain cash received from investment loans of €619m (prior year: €548m). Cash received is counterbalanced by cash paid for the acquisition of treasury shares of Carl Zeiss Meditec AG, cash paid to repay lease liabilities as well as dividend payments. Dividends of €346m (prior year: €322m) were paid out in the reporting period.

Liquidity

Cash and cash equivalents[1] came to €1,511m as of the reporting date (prior year: €2,784m) and loans payable[2] amounted to €1,755m (prior year: €1,165m). Net liquidity thus stood at[3] minus €244m (prior year: €1,619m).

Net liquidity in € m

In addition, the ZEISS Group has access to a revolving credit facility with a total volume of €1.3b that was concluded between Carl Zeiss AG and a syndicate of banks to finance its business operations. The credit facility has a term until 6 October 2029 and has a 1-year extension option. The revolving credit facility serves as a strategic liquidity reserve for the ZEISS Group and had not been utilized as of the reporting date.

In addition to the revolving credit facility, new credit lines were introduced in the banking group during the past fiscal year “until further notice”. As of the reporting date, these credit lines were available with a total volume of €370m and had not been utilized.

Carl Zeiss AG placed a promissory note with a total volume of €900m with effect from 29 October 2024. Tranches of €30m with a maturity of 3 years, €330m with a maturity of 5 years and €540m with a maturity of 7 years were issued, with interest rates partly fixed and partly floating based on 6-month Euribor.

[1] Cash and cash equivalents plus securities and time deposits
[2] Liabilities to banks plus ASML loan
[3] Cash and cash equivalents less loans payable

Goals and principles of financial management

ZEISS has a global financial management system that incorporates all subsidiaries and is coordinated centrally at Group level. The primary objective is to secure and effectively manage the liquidity of the ZEISS Group. In addition, ZEISS strives to continuously improve its financial strength and minimize financial risks. As part of the asset management process, investments are principally made in securities from issuers with good credit ratings. ZEISS is funded through the operations of the segments and targeted corporate actions. The ZEISS Group currently has sufficient cash and cash equivalents and loans and lines of credit to finance its operational and strategic objectives.

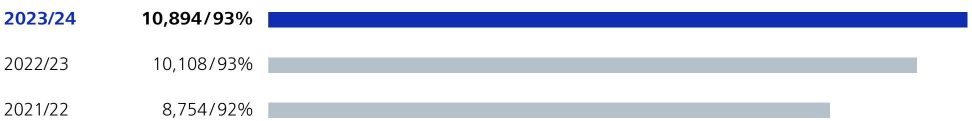
Results of operations

The income statement has been prepared using the cost of sales method that is widely used internationally.

The results of operations are characterized by an increase in revenue in all segments as well as an EBIT margin of 13% (prior year: 17%). Currency effects had a slightly negative impact on the results of operations of the ZEISS Group in the reporting period.

At €10,894m, the ZEISS Group's revenue in the reporting period was 8% higher than the prior-year figure (€10,108m). At 93%, the share of international revenue remained unchanged at the level seen in prior years. The prior-year's forecast of an increase in revenue in the low single-digit percentage range was exceeded.

Revenue in € m/international share as a %



The ZEISS Group's incoming orders increased by 5% (adjusted for currency effects: 6%) in the reporting period to €11,327m (prior year: €10,834m). Incoming orders in the instrument segments changed by a total of 1% (adjusted for currency effects: 3%). The Semiconductor Manufacturing Technology segment recorded an increase in incoming orders of 11% (adjusted for currency effects: 11%) compared to the prior year.

Consolidated revenue by segment

	2023/24	2022/23	Change compared to prior year as a %	
	€ m	€ m		Adjusted for currency effects
Semiconductor Manufacturing Technology	4,122	3,555	16	16
Industrial Quality & Research	2,369	2,295	3	5
Medical Technology	2,611	2,504	4	7
Consumer Markets	1,666	1,624	3	4
Other	126	130	-3	-3
ZEISS Group	**10,894**	**10,108**	**8**	**9**

Semiconductor Manufacturing Technology

The Semiconductor Manufacturing Technology segment generated revenue of €4,122m. That is equivalent to an increase of 16% (adjusted for currency effects: 16%) compared to the prior year (€3,555m).

The Semiconductor Manufacturing Technology segment thus remains on course for growth despite the uncertain environment in the semiconductor market. Business growth is decoupled from market developments and is attributable to special effects such as the strong demand for equipment for the manufacture of semiconductors in China. The strategic business unit for Semiconductor Manufacturing Optics in particular contributed to this renewed revenue record, with the unit generating increases in deliveries compared to the prior year.

Incoming orders exceeded revenue, resulting in a growing order backlog. The Semiconductor Manufacturing Technology segment is expanding capacities across all locations in order to meet customer demand. In view of a weaker global economy, the uncertainty caused by the semiconductor cycle and persistent and increasing cost pressure from customers for the entire product portfolio, the Semiconductor Manufacturing Technology segment is paying greater attention to product and investment costs.

In the Semiconductor Manufacturing Optics strategic business unit, high customer demand for lithography equipment for semiconductor manufacturing, particularly in the Deep Ultra Violet (DUV) segment, continued in fiscal year 2023/24. DUV lithography systems are still a key revenue driver in the segment, which also offers customers high added value through product enhancements. Extreme Ultra Violet (EUV) lithography is enabling the further miniaturization of microchips. In the past year, High-NA-EUV lithography, the latest EUV product generation, was delivered to the customer ASML for the first time. This EUV innovation enables the use of light from a larger aperture angle for imaging, allowing up to 3 times more structures to be imaged on a microchip. ZEISS is thus enabling the semiconductor industry to realize the next generation of microchips. In the strategic business unit's other business with optical components and modules for lithography lasers, demand remained sound in fiscal year 2023/24. Products for optical wafer inspection are in particularly high demand due to their increased importance in the chip manufacturing process. In the strategic business unit Semiconductor Mask Solutions, orders for solutions for the metrology, inspection and repair of photomasks are up on the prior year, providing a basis for further growth. Photomask repair systems are particularly in demand as they are essential in the production of microchips. In collaboration with leading semiconductor manufacturers, the Process Control Solutions strategic business unit made further progress in the business with products for process control in semiconductor manufacturing and technologies for the analysis of three-dimensional structures of microchips with nanometer precision, to establish ZEISS in this market.

As of 30 September 2024, the segment had 8,586 employees (based on full-time equivalents) worldwide (prior year: 7,591).

Industrial Quality & Research

The Industrial Quality & Research segment generated revenue of €2,369m. That is equivalent to an increase of 3% (adjusted for currency effects: 5%) compared to the prior year (€2,295m).

The economic situation of the Industrial Quality & Research segment was more challenging in fiscal year 2023/24 than in the prior year. The strategic business unit Industrial Quality Solutions recorded a slight increase in incoming orders and 3% revenue growth in the past fiscal year despite negative currency effects. The software business in particular developed positively. In addition to tactile metrology, new solutions such as fast multi-sensor machines and X-ray machines for non-destructive testing were in particularly high demand. The service and retrofit business makes an important and stable contribution to the business with new business models. The use of artificial intelligence and digital twins had a positive impact on business development. Demand for optical metrology, high-resolution light, electron and X-ray microscopes as well as new technologies such as products supported by machine learning also developed slightly positively. Contributions to revenue growth differed from region to region. The APAC region drove growth, while revenue in the Americas region stagnated. Thanks to a strong order backlog, the Europe region made a moderate contribution to growth.

Sales of microscopy systems for research and science were up slightly compared to the prior year, driven by strong growth in the APAC region. Electron microscopy and software developed particularly well. Global research spending slumped in the past fiscal year, resulting in low revenue in this area. Electron microscopy and the service and software area developed positively. Further expansion of remote service offerings is one of the factors that has enabled the installed base, which has grown steadily in recent years, to be leveraged for profitable growth in the service business.

As of 30 September 2024, the segment had 8,591 employees (based on full-time equivalents) worldwide (prior year: 8,213).

Medical Technology

The Medical Technology segment generated revenue of €2,611m. That is equivalent to an increase of 4% (adjusted for currency effects: 7%) compared to the prior year (€2,504m).

The Ophthalmology strategic business unit, which offers products and solutions to diagnose and treat eye diseases as well as systems and consumables, mainly for cataract, retina and refractive surgery, recorded slight growth. The acquisition and first-time consolidation of DORC Topco B.V., Zuidland (Netherlands), and its subsidiaries (hereinafter: DORC) were the main drivers of growth. DORC specializes in the development, manufacture and distribution of products and processes in the field of retinal surgical devices and consumables. Reluctance to invest, particularly in North America, combined with high interest rates and health policy uncertainties, led to a decline in the sale of equipment, such as surgical microscopes.

The strategic business unit Microsurgery, which offers visualization solutions for minimally invasive surgical treatments, suffered from increasing reluctance to invest, particularly in the North American market, due to high interest rates and increased finance costs. There was a decline in revenue.

The EMEA region showed positive revenue development with good contributions to growth from the core markets of Spain and Italy. The Americas region saw a decline in the sale of equipment, in particular due to a reluctance to invest in the North American market. Revenue in the APAC region developed positively. The markets in India and Southeast Asia also developed dynamically. In China growth slowed year on year, and Korea showed a slight year-on-year recovery.

As of 30 September 2024, the segment had 8,629 employees (based on full-time equivalents) worldwide (prior year: 7,736).

Due to different bases of consolidation, the figures for the Medical Technology segment deviate from the figures published in the consolidated financial statements for Carl Zeiss Meditec AG.

Consumer Markets

The Consumer Markets segment generated revenue of €1,666m in fiscal year 2023/24. That is equivalent to an increase of 3% (adjusted for currency effects: 4%) compared to the prior year (€1,624m).

The Vision Care strategic business unit generated revenue globally, in particular with ZEISS branded ophthalmic lenses and innovations for an aging population, for a digital lifestyle and for pressing challenges of global healthcare markets such as progressive myopia, as well as with omnichannel offers. The customer-oriented strategic positioning as a reliable partner to customers aided the exploitation of potential in growth markets and the acquisition of new customers in all regions. The US continued to be a challenge, mainly as a result of market entry barriers. In China, innovative ZEISS solutions for managing progressive myopia and the growing middle class in particular are driving growth.

Business in the Consumer Products strategic business unit was impacted worldwide by inflation and a deteriorating consumer climate. Innovations and the expansion of the portfolio to include thermal imaging and wildlife cameras, for example, have opened up new product categories for sports optics and nature observation. The market for cine lenses was impacted by strike-related interruptions to film production in the US and Europe in the fiscal year. The market for camera lenses has shrunk worldwide in recent years due to the shift to smartphone photography.

Through strategic partnerships for smartphone photography, ZEISS is taking advantage of new possibilities and market opportunities in the field of photography and expanding its position here as an innovative brand for end consumers.

As of 30 September 2024, the segment had 13,008 employees (based on full-time equivalents) worldwide (prior year: 13,075).

Consolidated revenue by region and cooperations

	2023/24	2022/23	Change compared to prior year as a %	
	€ m	€ m		Adjusted for currency effects
EMEA	2,345	2,283	3	3
» thereof Germany	715	723	-1	-1
Americas	1,768	1,802	-2	0
APAC	2,967	2,742	8	12
Cooperations	3,814	3,281	16	16
ZEISS Group	**10,894**	**10,108**	**8**	**9**

In the region Europe/Middle East/Africa (EMEA), ZEISS reported a rise in revenue in the reporting period of 3% (adjusted for currency effects: 3%) to €2,345m (prior year: €2,283m), with revenue in Germany decreasing by 1% to €715m (prior year: €723m).

Revenue in the Americas region came to €1,768m, a decrease of 2% (adjusted for currency effects: 0%) compared to the prior year (€1,802m).

Revenue in the Asia-Pacific region (APAC) increased by 8% compared to the prior year (adjusted for currency effects: 12%) to €2,967m (prior year: €2,742m).

Direct business with supra-regional cooperation partners increased by 16% to €3,814m in fiscal year 2023/24 (prior year: €3,281m). This was mainly due to capacity expansions in the semiconductor sector, especially in the area of EUV lithography.

Functional costs

Cost of sales increased by €781m in comparison to the prior year and came to €5,188m (prior year: €4,407m). Gross profit rose by €5m from €5,701m to €5,706m in the reporting period. The gross margin was 52% (prior year: 56%) and decreased due to a change in the product mix.

Sales and marketing expenses in fiscal year 2023/24 amounted to €1,919m (prior year: €1,831m) and, at 18% of revenue, were at the prior-year level. General administrative expenses stood at €720m (prior year: €638m) and were slightly above the prior-year level, accounting for 7% of revenue (prior year: 6%). The increase is related to transformation projects such as the ongoing global SAP S4/HANA implementation.

Research and development expenses recognized in the consolidated income statement came to €1,593m in the reporting period (prior year: €1,545m). Research and development expenses before subsidies and capitalized development costs (IAS 38) totaled €1,819m (prior year: €1,675m). Representing 17% of revenue and at the prior-year level, this figure testifies to the ZEISS Group's continued strong focus on innovation.

	2023/24	2022/23
	€ m	€ m
Research and development expenses before subsidies and IAS 38	1,819	1,675
Government and third-party grants	155	75
Capitalized development costs (IAS 38)	71	55
Research and development expenses according to consolidated income statement	**1,593**	**1,545**

Development of earnings

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €2,092m in the reporting period (prior year: €2,116m).

Earnings before interest and taxes (EBIT) of €1,444m (prior year: €1,686m) with an EBIT margin of 13% (prior year: 17%) were generated in the reporting period. The EBIT margin is lower than in the prior year due to higher cost of sales and corresponds to the EBIT margin of around 13% forecast in the prior year.

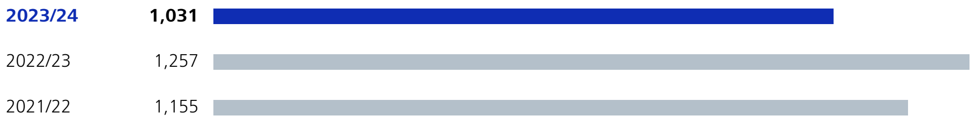
	2023/24	2022/23	2021/22
	€ m	€ m	€ m
EBITDA	2,092	2,116	1,979
» EBITDA margin as a %	19	21	23
EBIT	1,444	1,686	1,588
» EBIT margin as a %	13	17	18

The financial result changed by minus €13m compared to the prior year to €35m (prior year: €48m). The interest result increased by €8m to €15m (prior year: €7m). The other financial result changed by minus €19m to €23m (prior year: €42m), mainly due to the impact of exchange differences.

The income tax expense for fiscal year 2023/24 totaled €448m (prior year: €477m), which resulted in a group tax rate of 30% (prior year: 27%). This includes an impairment on goodwill that is non-deductible for tax purposes.

ZEISS thus achieved a consolidated profit of €1,031m (prior year: €1,257m).

Consolidated profit/loss in € m



Other financial indicators

Other financial indicators are Economic Value Added (EVA®)[4] and Free Cash Flow (FCF)[5].

ZEISS measures the value added that is generated using the Economic Value Added (EVA®) indicator. This is the internal measure of the company's success. In fiscal year 2023/24, EVA® amounted to €574m (prior year: €793m). ZEISS therefore once again achieved considerable value added, on par with the level forecast in the prior year.

The free cash flow (FCF) indicator used for internal control amounted to €60m in the reporting period (prior year: €332m). This exceeded the level forecast in the prior year, in particular due to lower investments and higher earnings than planned.

[4] Calculation: EVA® = operating profit (EBIT) after taxes plus amortization of intangible assets from purchase price allocations less cost of capital. Cost of capital is the average capital employed multiplied by the cost of capital rate. Capital employed is the committed business assets adjusted for amortization of intangible assets resulting from purchase price allocations ("gross" asset base). The internal interest rate used to determine weighted average of cost of capital ranges between 6.5% and 10%, depending on the business involved

[5] Calculation: Free Cash Flow (FCF) = EBIT ± changes in trade receivables ± changes in inventories ± changes in provisions (excluding provisions for pensions) ± changes in current accruals ± changes in trade payables ± changes in advances received ± changes in lease liabilities ± changes in other assets and liabilities - capital expenditures on intangible assets and property, plant and equipment + amortization and depreciation of intangible assets and property, plant and equipment

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Innovation

ZEISS strives to be a global technology leader in the field of optics and optoelectronics and aims to drive technological and social progress with its highly innovative solutions for its customers. Research activities at ZEISS focus above all on innovative key optical technologies as well as on digital technologies, continuously investing in these and shaping the market. This is the foundation for the continued growth of the company and is firmly embedded in its corporate identity as part of its strategy and culture.

In fiscal year 2023/24, expenses for research and development made up 15% of group revenue (prior year: 15%). This is on a par with the high level of prior years and marginally below the slightly higher research and development ratio forecast in the prior year. The ZEISS Group's research and development departments have 6,951 employees (prior year: 6,252 employees), or 15% of the workforce, working on new solutions and technologies for the optics and optoelectronics industries and digital business models.

As of the reporting date, ZEISS held about 12,500 patents worldwide (prior year: 11,300) and applied for new patents for approx. 740 inventions (prior year: approx. 670).

ZEISS uses Group-wide innovation management to ensure that its ongoing and planned activities meet its customers' needs. ZEISS uses a variety of tools for this purpose: The company evaluates each research and development project using a standardized process and incorporates the findings made into current and future projects. Employees can submit their ideas for improvement via the company-wide suggestion scheme. The objective is to simplify processes in a cost-efficient way, so as to raise ZEISS' competitiveness in the long term.

ZEISS Ventures manages a portfolio of investments in start-up companies and makes investments. In this way, ZEISS intends to enter attractive target markets with long-term growth prospects which are aligned with megatrends and which open up significant opportunities for future growth. It focuses on possibilities that lie between or beyond the activities of the strategic business units or that would potentially be a disruptive innovation. The aim is to invest in start-ups and form partnerships to establish long-term and sustainable businesses.

Beyond Innovation comprises investments in strategic future topics that go beyond ZEISS' existing business areas, markets and technologies. The Beyond Innovation initiatives are bundled and managed centrally, ensuring a continuous focus on realizing this potential and the early involvement of the Executive Board, regardless of market or business developments in individual segments. The Beyond Innovation initiatives have the potential to become business units in their own right.

The closer networking between business and science allows for even more intensive synergy effects for ZEISS as an active promoter of science. This includes, for example, cooperation with colleges and universities. Here, ZEISS maintains long-standing ties in the areas of research, teaching and innovation, advanced training and internationalization as well as recruiting. With the ZEISS Innovation Hub, ZEISS has further expanded its presence in Dresden in order to benefit from the local research and innovation environment.

The business-supporting function, ZEISS Digital Partners, supports the ZEISS segments and external customers along the entire value chain of digital solutions. The establishment of the ZEISS Group's Digital Competence Center, which employs more than 1,100 digital experts, and the integration of digital and data-based solutions at ZEISS Group level enables the scaling of these solutions and will accelerate digital transformation.

Employees

Highly qualified, dedicated and motivated employees are the foundation for the long-term success of the ZEISS Group. As of 30 September 2024, the total headcount of the ZEISS Group stood at 46,485, a global increase of 3,493 (prior year: 42,992). The increase in headcount is in line with the prior-year forecast, which correlates with the business development and allows for further increased investment in the future. ZEISS has 22,524 (prior year: 20,067) employees at locations in Germany and 23,961 (prior year: 22,925) employees at locations outside Germany.

The ZEISS Group views diversity as a prerequisite for innovation, which is why it is actively supported and strengthened by ZEISS. Around 52% (prior year: 53%) of the ZEISS workforce work at international locations outside Germany. At the same time, ZEISS in convinced that diversity in its different forms is the key to global success at an international company, as employees know the markets, understand the different needs of customers and know how to deal with the cultural customs of their business partners. ZEISS believes that this makes a huge difference in terms of local acceptance and confidence in the company.

Education and training is a top priority at ZEISS. As of the reporting date, the ZEISS Group had 822 trainees and students of universities offering dual degree programs (prior year: 690).

The professional training of employees and leadership development are areas of focus of human resources for ZEISS. Employees can choose from a large number of internal and external courses that are available through the global digital learning platform. In addition, ZEISS supports off-the-job training and personnel development measures.

ZEISS promotes occupational health and safety through comprehensive measures. In addition to offering employees and managers advice from occupational health and safety professionals and company doctors, ZEISS also provides corporate healthcare management. ZEISS and the statutory health insurance provider BARMER have been cooperating as healthcare partners since 2021. Since then, all employees in Germany have been offered free health services related to exercise, nutrition and mental health. The development of health literacy among employees continues to be strengthened and advanced through this cooperation.

This year, ZEISS will once again allow its employees to participate in the company's success in Germany and, on the basis of country-specific regulations, also in some entities outside Germany.

Sustainability

For ZEISS as a foundation company, sustainability and business success are inextricably linked. Sustainable value added is an integral part of operations, which aims to provide innovative solutions, contribute to a positive development in society and enable both long-term and profitable growth.

Environment
ZEISS attaches great importance to the sustainable and economical use of resources as well as to protecting the climate and the environment in the development, production, packaging, shipping and disposal of its products. To this end, the ZEISS Group has defined corresponding requirements for its segments and for its suppliers. Furthermore, ZEISS has set clear targets for reducing energy consumption, carbon emissions, water consumption and waste. ZEISS wants to make its contribution as a sustainable foundation company with concrete measures for the reduction of carbon emissions and climate protection: ZEISS has set itself the goal of reducing its Scope 1 and 2 emissions as far as possible by fiscal year 2024/25 and offsetting all emissions that cannot be avoided. ZEISS is focusing on energy efficiency measures, the purchase of green electricity and the expansion of its own generation of renewable energies. ZEISS offsets certain emissions that cannot be avoided or are very difficult to avoid for economic reasons, such as those from the use of gas and district heating, by supporting selected projects. In this way, ZEISS is making a contribution to the global target set in the Paris Agreement of limiting global warming to significantly below 2°C.

Product responsibility
For ZEISS product responsibility means that products are innovative, effective and safe. ZEISS also makes sure to use commodities and materials that are harmless to human health and the environment, as well as to produce as few effluents and emissions and as little waste as possible during the manufacture and use of its products. At ZEISS, product safety starts during development, goes hand in hand with the procurement and production process and is a key aspect for customers when they use the products and for the after sales service. ZEISS aspires to rigorously implement all product safety laws relating to product use and disposal. The product safety warranty is subject to a range of statutory requirements for the development, manufacture, approval and sale of products.

Supplier management
Procurement is a key process for the long-term success of the ZEISS Group due to its considerable contribution to added value in the supply chain. Around the globe, the local procurement organizations purchase materials used both for production and for non-production from local and international suppliers. The company demands that its new and existing principal suppliers recognize the ZEISS supplier standards and implement ongoing measures to meet these requirements. The ZEISS supplier standards are composed of the Code of Conduct of the Responsible Business Alliance (RBA) and additional requirements from the German Supply Chain Act (LkSG). The internationally recognized Code of Conduct is based on the UN Guiding Principles for Business and Human Rights and was derived from international labor and environmental standards. The protection of human rights is becoming increasingly important due to global supply chains and increasing regulation – for example through the German Supply Chain Act (LkSG). ZEISS uses a risk-based approach to monitor suppliers and implement sustainability standards.

Societal and social engagement
ZEISS wants to take responsibility and to play an active role in society. The ZEISS Group supports educational measures and scientific projects and institutions, nature conservation activities as well as selected social and cultural initiatives and facilities at its sites. With the ZEISS Promotion Fund, ZEISS bundles and structures its sponsorship activities in Germany. As part of the future initiative “A Heart for Science”, ZEISS launched a company volunteer program in June 2022 to bundle and further expand its social commitment in the field of STEM advancement. ZEISS has worked with non-profit organizations and made donations in money and in kind to ensure that medical care is available to everyone in developing and emerging countries and that their medical professionals receive training.

Dividends distributed to the Carl Zeiss Foundation are used within the framework of its aims to promote, in particular, scientific, engineering and mathematical studies in research and teaching.

RISK AND OPPORTUNITY REPORT

Groups with global operations face a large number of entrepreneurial and regulatory risks and opportunities that can have a sustained impact on planned business performance. The assessment of opportunities and risks and the conscientious handling of entrepreneurial uncertainty are an important part of corporate governance and sustainable operating policies at ZEISS. The following statements in the risk and opportunity report refer to fiscal year 2024/25.

Risk management

The central risk management system at ZEISS stipulates uniform rules and processes to detect, assess and manage risks at an early stage. The key objective is to exploit business opportunities and manage the associated risks as well as to detect going concern developments at an early stage.

Risk management coordinators apply the central policies and procedures. The management of the segments and strategic business units detects, manages and reports on operating and strategic risks. Overall responsibility lies with the Executive Board, which regularly assesses possible scenarios, risks and opportunities and their management at Group level in addition to the risk-bearing capacity of the ZEISS Group. While the Executive Board examines the appropriateness of the risk management system, the Supervisory Board's Audit Committee monitors the effectiveness of the risk management system.

Internal control system

The internal control system of ZEISS is based on the COSO Enterprise Risk Management Model (COSO ERM model). It integrates organizational, process-related and technical measures to ensure proper operating activities and correct reporting. i.e. it does not merely monitor financial risks. For central processes, there are defined key risks and defined control mechanisms, which are evaluated with regard to their effectiveness.

The Executive Board ensures that a generally adequate and effective internal control system is in place and that it is continuously enhanced. The Supervisory Board's Audit Committee monitors the effectiveness of the internal audit function, risk management and the internal control system as well as the financial reporting process.

Strategic and operational risks

ZEISS systematically analyzes and evaluates risks. Special emphasis is placed on potential economic effects and on probability of occurrence. In this way, risks are quantified and classified, and the overall risk is determined. This range of potential developments is compared with the defined risk-bearing capacity, thus determining the potential credit risk for ZEISS. Due to its broad portfolio and global presence, the ZEISS Group's strategic and operational risks are highly diversified.

General risks and opportunities

ZEISS regularly checks for risks and opportunities that can arise from changes in markets and within the supplier and customer environment, as well as political decisions, including increasing geopolitical influences, consolidation within the industry, new technologies and competitors, and lower entry barriers for alternative vendors. Multipolar risks and opportunities arising from general economic developments, demands on entities by society and politics, and opportunities due to megatrends, such as digitalization, sustainability and demographic change are also assessed at regular intervals. This also includes the evaluation of the impact of possible substance bans. In addition, ZEISS analyzes economic, legal and political developments or economic sanctions in the economic regions relevant for the ZEISS Group and evaluates possible scenarios. In the event of a crisis, an existing crisis team coordinates measures to minimize the negative effects. International orientation, sustainable operating policies and a balanced portfolio help spread the risk. However, the introduction of trade barriers, customs duties and increasing geopolitical and economic uncertainty, government intervention and restrictions as well as protectionism could make conditions for ZEISS more difficult.

Innovation risks and opportunities

The success and reputation of ZEISS are heavily dependent on the development of innovative products and solutions. New technical possibilities, trends and changing customer requirements as well as stricter regulatory requirements can give rise to abrupt technology shifts and make new business models necessary. Current findings from science and research accelerate this development and necessitate sustainable investments. In order to take advantage of these opportunities at an early stage and to minimize the probability of occurrence and the economic impact of the risk, ZEISS cooperates with customers and research institutes, engages in development partnerships including participations and makes targeted technology acquisitions. ZEISS seeks and engages in the targeted promotion of opportunities to extend the existing portfolio with market-shaping innovations and to secure their financing. ZEISS Ventures invests in the development and commercialization of new business models. Beyond Innovation comprises investments in strategic future topics that go beyond existing business areas, markets and technologies. The business-supporting function, ZEISS Digital Partners, supports the ZEISS Group in making the opportunities offered by digitalization available to customers and partners. The economic impact and probability of occurrence inherent in digitalization risks are therefore both low.

Personnel risks and opportunities

Labor markets around the world remain tense. Demographic developments such as the departure of employees from the baby boomer generation from the active workforce in Germany, the US and China are reducing the potential workforce. Employees' demands on companies with regard to flexibility in terms of location and time, remuneration and other working conditions are changing. The current inflation in several of ZEISS' core countries is affecting the wage structure. At the same time, ZEISS is continuing to expand its global workforce, in particular to further advance digitalization and transformation within the company. These give rise to moderate economic risks. In order to counter these risks, ZEISS is strengthening its global positioning as an attractive employer in relevant target groups, further differentiating its recruitment strategy and expanding its recruitment capacity worldwide in order to be able to act quickly on the applicant market and to cover the different requirements of the countries. The ZEISS Group offers a broad spectrum of opportunities for development to attract professionals and managers and to retain them in the long term. In addition, a variety of on-site initiatives and social benefits are offered, including health promotion programs, hybrid ways of working, flexible work models and ways of reconciling work and family life.

Opportunities arise from the new ways of working mainly related to diversity and attractiveness for current and future employees. ZEISS counters the blurring of boundaries between personal and professional lives by complying with regulations on working hours, new models for working time accounts, individual consultations, health management offerings and enhanced employee management. The probability of occurrence and the economic impact of personnel risks are therefore estimated to be moderate.

Risks and opportunities in procurement and production

ZEISS ensures compliance with national and international standards, laws and regulations by means of an integrated management system that addresses the issues of quality, environmental protection, information protection, occupational health and safety, and energy management.

The situation on the procurement markets has largely stabilized. Trade restrictions, customs duties and regulatory requirements increase the demands on supply chains and the monitoring of supply relationships. The supply risk is decreasing due to the persistently weak overall economic development. At the same time, upstream suppliers can come under economic pressure and fail. In addition, there is an opportunity to correct inflation-related price increases. There are isolated risks in the short to medium term relating to the stability of supply relationships, which are addressed in risk management and supplier management. Overall, the supply chain risk is therefore classified as low and the probability of occurrence is considered to be moderate.

A preventive increase in inventories in the supply chain is selectively maintained for critical materials. Potential geopolitical challenges are met with increased selective localization of the supply chain (local for local). ZEISS addresses potential supply chain disruptions in task force mode. The company can largely avoid these supply chain disruptions by employing predictive models, systems-based risk management, escalations or requalifications. As a result, the effects on business activities are currently low. ZEISS expects the normalized procurement market situation to continue. Identified energy supply risks are addressed and actively managed by supply chain analyses and the expansion of own capacities. Due to the complexity of the supply chain and the dependence on third parties, a low risk is expected due to production downtimes and unavailability of materials. The probability of occurrence is classified as low.

The regulatory requirements for supply chains in accordance with the German Supply Chain Act (LkSG) and the transparency requirements for commodities and materials, the growing uncertainty in international trade, unilateral technology restrictions, the growing complexity of purchased parts and the limited number of suppliers (single source) for some technologies give rise to higher costs and a moderate procurement risk. To mitigate this risk, ZEISS continuously adapts its strategic supplier pool as part of product group management. ZEISS suppliers are actively encouraged to reduce their carbon emissions, implement circular economy strategies, respect human rights and be socially responsible. In this context, ZEISS identifies suppliers with an increased risk and urges them to take suitable preventive or remedial measures. ZEISS also conducts systematic audits for selected suppliers that also include social standards and environmental aspects. ZEISS classifies the risk of breaches and associated reputational damage in the area of environmental health and safety in the supply chain as low as its partners are monitored regularly and the probability of breaches is low on account of the characteristics of ZEISS supply chains.

Sustainability risks and opportunities

The Group's Executive Board has appointed a Human Rights Officer to monitor risk management with regard to human rights and environmental risks. The Human Rights Officer is integrated into the compliance and reporting processes of ZEISS and maintains a close exchange with the business units. The management of the respective ZEISS business unit is responsible for identifying, managing and reporting human rights and environmental risks. This procedure is integrated into the ZEISS Group's risk management system.

As a manufacturing technology company with international sites and a large number of supplier companies, ZEISS has identified risks to occupational health and safety and environmental protection as priorities both in its own business operations and in its supply chains, and is placing an increased focus on these. ZEISS takes appropriate preventive and remedial measures to avoid, eliminate or minimize risks in its own operations or those of its suppliers. ZEISS builds on long-established processes and structures from the risk management in its own business and supplier management in procurement. Therefore, there is considered to be a moderate risk and low probability of occurrence.

Risks and opportunities of information technology (IT)

ZEISS constantly examines and utilizes the opportunities of digitalization in order to offer customers additional and enhanced services or improve its own performance. At the same time, reliance on a stable IT infrastructure with high availability is constantly increasing. ZEISS is also focused on mobile working. The ZEISS Group is therefore constantly optimizing its existing IT systems and structures to ensure greater protection, security and availability. Some ZEISS IT systems are operated by external IT service providers. For these service providers, high technical and legal standards regarding the hardware and software deployed, process monitoring, data security and data protection have been defined and contractually agreed. ZEISS continuously monitors the implementation of and compliance with these standards. The effects of sanctions due to regional events are continuously being assessed and appropriate measures are implemented promptly. The probability of occurrence of relevant IT risks is moderate and is further lowered by appropriate technical and organizational measures. However, the economic impact, for example from cyber attacks, may be considerable if they occur.

Risks and opportunities from acquisitions and investments

Acquisitions and investments offer ZEISS the opportunity to better meet customers' needs. Assessments are made as to how to enlarge and fund the competencies and technology portfolio or increase access to the regional markets. They also help to open up markets faster and accelerate processes. ZEISS systematically checks the associated risks and opportunities. Due diligence reviews aimed at assessing the business development that can be expected and, in addition to economic risks, reducing environmental, social and governance (ESG) risks and the likelihood of their occurrence are a key element prior to closing transactions. Although the economic impact may be high, the probability of occurrence is considered to be low.

With the acquisition of DORC Topco B.V., Zuidland (Netherlands), ZEISS has expanded and complemented its broad product range in the field of ophthalmology and its range of digitally networked workflow solutions for a variety of eye conditions and diseases.

In addition, Carl Zeiss Venture Beteiligungsgesellschaft mbH, among others, acquires minority shares in innovative, early-stage start-ups in order to achieve overarching strategic goals as well as to reduce internal technological risks through cooperation. Investing in an early-stage start-up carries inherent risks, up and including total loss, which are mitigated by thorough due diligence review. For this reason, the risk from these investments is low. High inflation and rising interest rates lead to lower valuations and offer attractive investment opportunities with simultaneously increasing finance costs.

Goodwill totaling €1,940m from acquisitions is shown in the consolidated statement of financial position. This goodwill is subject to regular impairment tests. It cannot be ruled out that impairment losses on goodwill may need to be recognized on account of changes in economic conditions, business models or technologies.

Legal risks, patents and intellectual property

ZEISS safeguards its technologies and products through a comprehensive intellectual property rights strategy. If patent and brand rights are infringed by third parties, ZEISS takes legal steps in order to counter the associated high economic risk. The probability of such cases occurring is low.

When developing new products and technologies, ZEISS systematically checks whether the rights of a third party could be affected, develops non-protected solutions if necessary, and acquires the requisite licenses and rights, or seeks other solutions by legal contract. Due to the complexity of possible industrial rights and the increased activity of institutional patent assertion entities, there is a low risk of litigation with a low economic risk.

There is no pending litigation that poses any risk to the continued existence of ZEISS at present.

Financial risks and opportunities

The liquidity risk of the ZEISS Group lies in financing growth, transformation, and innovation, as well as the risk that Carl Zeiss AG or subsidiaries may not be able to meet their financial obligations (for example, to repay financial liabilities or make interest payments). ZEISS has sufficient liquidity reserves in the form of cash and cash equivalents, loans and lines of credit. An appropriate and conservative investment strategy is in place with a focus on security and short-term availability in asset management. In addition, ZEISS ensures that the investments are broadly diversified.

Credit risk stems from an adverse development in the economic conditions of the company's borrowers or counterparties. On the one hand, this gives rise to the risk of default, in full or in part, on contractually agreed payments or performance and, on the other, potentially a need to recognize credit-risk-related impairment losses on financial instruments. These risks may increase as a result of geopolitical developments. Credit risks are limited by only entering into transactions with counterparties that have an investment grade credit rating. To limit and manage concentration risks, transactions are on principle conducted with various banks.

Generally, ZEISS is exposed to risk of a default on customer receivables or insolvencies. ZEISS has implemented receivables management in order to minimize the risk. However, a significant increase in defaults is not expected. The risk is thus deemed to be low.

On account of its global orientation, the ZEISS Group is exposed to financial market price risks in its operations and the financial results reported. This includes currency and interest rate risks. The associated opportunities and risks of the ZEISS Group are managed centrally. ZEISS uses defined risk strategies to minimize risks resulting from changes in exchange rates, interest rates or the value of assets. The ZEISS Group uses derivative financial instruments to hedge interest rates and currency risks. For this purpose, it enters into forward exchange contracts and interest rate swaps. These cover the underlying goods and services transactions of Group entities and non-derivative financial transactions (underlying transactions).

Financial risks also arise from current geopolitical developments and their consequences such as price increases and interest rate hikes. In conjunction with long delivery times, this could have additional negative effects on margins or purchasing power. Overall, the ZEISS Group's financial risks are classified as low with a low probability of occurrence.

In the context of pension obligations, risks could also arise from the further increasing life expectancy of the beneficiaries, from general interest rate developments and from the obligation to regularly adjust the amount of the pensions paid. As capital market interest rates rise, the required pension fund allocations decrease. In the event of a reversal, the existing pension agreements could give rise to risks with regard to equity which could in turn restrict scope for strategic action. ZEISS has transferred the funds to cover pension obligations toward active employees in Germany to a contractual trust arrangement (CTA). The investment strategy is based on long-term commitments.

Market risks and opportunities

ZEISS' broad and balanced business portfolio maintains the stability of the ZEISS Group, especially in times of crisis, and is currently helping to diversify risk against the backdrop of geopolitical tension, the war in Ukraine and the Middle East as well as possible disruptions to global supply chains. It is possible that further restrictive trade policy measures and restrictions may be imposed, particularly in the technology sector and for rare raw materials. The economic risk resulting from restrictions on free goods exchange is classified as moderate with a moderate probability of occurrence. The search for opportunities to expand the portfolio horizontally or vertically results in further market opportunities and a broader risk diversification. The economic risk arising from the differing development of the segments is classified as moderate with a moderate probability of occurrence. Accordingly, there are different financial effects depending on the segment and the individual risk. In order to further reduce both the probability of occurrence and the economic risk, ZEISS is undertaking measures designed to increase competitiveness and resilience in certain areas.

Macroeconomic and geopolitical uncertainties and volatility of the semiconductor sector entails risks and opportunities for the Semiconductor Manufacturing Technology segment, which ZEISS adapts to in a flexible manner. The uncertainties and the continuing and increasing cost pressure from customers due to strategic drivers, affecting both mature products and new products in the high-end segment, are being addressed with cost efficiency programs. In particular, the market success of EUV lithography and the expected strong long-term market growth offer great potential. The same applies to the politically motivated and subsidized establishment of semiconductor factories around the world. Current production capacities are being expanded to meet future market demand. This includes infrastructure, technology and personnel development. Risks may arise from an impairment of the industry's security of supply of raw materials and energy, as well as from geopolitical uncertainties such as the situation with regard to China and Taiwan and uncertainties in value chains. It also cannot be ruled out that negative trends on the demand side and the slowdown in the market for equipment manufacturers or political requirements could also impact the Semiconductor Manufacturing Technology segment. At the same time, there are inherent technological risks for the field in the realization of the next generation of EUV lithography. In this context, ZEISS therefore collaborates closely with its strategic partner ASML and other development partners.

Risks for the Industrial Quality & Research segment result from the slowdown in global economic growth, which has an impact on both global industrial dynamics and the academic market. In addition, there are risks from geopolitical developments that lead to a global tightening of trade barriers and macroeconomic uncertainty, as well as risks arising from the entry of new competitors and the rise of currently small competitors, particularly on the Chinese market. These risks could also have a negative impact on already fragile supply chains and customer segments. Further risks result from overcapacity in mechanical and plant engineering and the associated reluctance to invest. These risks are reduced by continuously developing new application areas, through an innovative product portfolio as well as by stringently expanding the segment's business with customer services and by using digital sales channels and services. Opportunities arise from the construction of new factories, for example in the semiconductor industry or for batteries. The continued growth in demand for carbon neutral technologies represents a major opportunity. Innovations and the expansion of the product portfolio are aimed at tapping new market and customer potential. In addition, opportunities arise for the Industrial Quality & Research segment from more intense research in the life sciences and pharmaceuticals worldwide as well as from increasingly networked production processes (Smart Production), from the unrelenting pursuit of increased productivity as well as from its positioning as a one-stop provider and the expansion of local value chains in the key economic regions.

In the Medical Technology segment, political and regulatory decisions can have a long-term effect on the reimbursement of costs for medical treatment and thus on willingness to invest in new treatment systems. Cuts in public budgets and government interventions can have similar consequences. Refractive surgery is an elective procedure that patients pay for themselves. Demand therefore hinges on the general economic development and access to doctors. Furthermore, new product launches can be delayed or even rejected due to changes in product approval requirements. In principle, patients may be harmed due to malfunctions or misuse of medical devices or may be injured due to improper handling of personal data. This can result in substantial litigation costs and can cause long-term damage to the company's reputation. The steadily growing world population and rising life expectancy, which is likely to lead to increased demand for medical technology, are giving rise to growth opportunities for the Medical Technology segment. The rapidly developing economies offer further potential for growth due to the growing demand for basic medical care.

Risks for the Consumer Markets segment arise from fundamental changes in the market, persistent inflation risks and their impact on consumer sentiment, changes in consumer behavior driven in particular by digitalization, and the horizontal and vertical integration of large competitors. Other risks include uninterrupted pressure on prices, the market entry of new providers previously unknown in the sector, as well as competitors who use alternative sales channels or deploy new technologies to establish their own production capacity. There is also the long-term risk of substitutes to traditional eyeglass lenses being developed or in the creation of digital visual experiences. Global supply chains continue to be subject to friction, disruptions, and geopolitical changes. This could create challenges in terms of manufacturing locations and capacity planning, as well as delivery reliability. There are also opportunities inherent in the technological and systematic digitalization in vision care, the growing global demand to correct visual impairment and, in connection with this, innovative, individualized branded eyeglass lenses, the optimization of the value chain, the expansion of digital services and the entry into new business areas such as corrective lenses for Virtual Reality (VR) and Augmented Reality (AR).

Overall statement on the risks faced by the company

When this report was prepared, no risks or combination of risks were discernible that could jeopardize the ability of the ZEISS Group to continue as a going concern. In terms of the overall assessment, the risk-bearing capacity remains sufficient despite the high overall risk. This is primarily due to geopolitical developments, increasing regulation, strained supply chains, acquisitions and a challenging situation on the energy and labor markets. The Executive Board believes that the ZEISS Group has a solid foundation for further development and uses a systematic strategy and planning process to provide the resources required in order to leverage the opportunities and overcome the risks.

REPORT ON EXPECTED DEVELOPMENTS

Future conditions of business development

According to the forecast of the International Monetary Fund (IMF) in the World Economic Outlook Report of October 2024, the global economy is expected to grow only moderately by around 3.2% in calendar year 2025. The IMF forecasts constant growth of 1.8% for advanced economies and 4.2% for emerging markets and developing economies. According to the forecast, the Chinese economy will grow 4.5%, the US economy 2.2% and the euro area 1.2%. Global inflation will continue to decline in calendar year 2025 and is expected to be around 4.3%. With regard to the decline in inflation, the IMF expects the FED and ECB to gradually lower key interest rates to a level compatible with target inflation.

The return of industrial policies including sanctions, tariffs and subsidies as well as the associated restrictions on the free exchange of goods against the backdrop of numerous geopolitical conflicts have been identified by the EU and the IMF as two of the main risk factors for the future development of the global economy.

Expected development of the markets and industries relevant for ZEISS

Semiconductor Manufacturing Technology

Despite an uncertain global economic situation and the volatility of the semiconductor industry, the long-term trend persists: ZEISS continues to see long-term growth impetus for the Semiconductor Manufacturing Technology segment, in particular from global digitalization, the multi-year investment programs of chip manufacturers and incentive programs to expand its chip production with the aim of reducing dependence on Asia for chip manufacturing. The growth drivers for the semiconductor industry remain intact despite the slow market recovery. These include technologies such as artificial intelligence, more powerful data centers, a higher proportion of semiconductors in vehicles, and the industrial sector. AI applications in smartphones and PCs incentivize purchases and thus increase the demand for computing capacity and semiconductors. Many semiconductor manufacturers are eager to invest in new production technologies and capacities, although some are proceeding with increased caution. A good order backlog in the segment provides a healthy foundation for fiscal year 2024/25. This also entails a great responsibility towards the semiconductor industry to meet the demand for ZEISS' unique technologies. The development of the market in the coming fiscal year remains uncertain at this time. ZEISS is therefore acting prudently.

Industrial Quality & Research

For the fiscal year 2024/25, ZEISS expects largely stable business development for the Industrial Quality & Research segment in a competitive and in part varying market environment, and expects modest growth overall. In the APAC region, especially in China, the Industrial Quality & Research segment anticipates slight business growth. Due to the interest rate policy, the segment also expects slight growth in the US, stagnation in Europe and a decline in business in the DACH region. Overall, the segment anticipates growth through forward-looking projects, for example in energy technology. Further positive impetus is expected for the industrial application of microscopes, particularly in the electronics area.

Medical Technology

Medical devices and medical equipment will remain an attractive business field in the healthcare sector. ZEISS expects that the growth drivers in the market for the Medical Technology segment, such as demographic trends and population growth as well as rising demand from the rapidly developing economies, will continue to exist. They will be supplemented by new technologies and applications, particularly in the area of minimally invasive surgery, which will contribute to the growth of the industry. From the customer's perspective, a better cost-benefit balance for medical technology products as well as increasing digitalization and systems integration are playing a key role in day-to-day work in healthcare centers and hospitals. Growth in the low to mid single-digit percentage range is forecast for the medical technology industry as a whole for the coming years. In general, the Medical Technology segment expects further growth for the coming fiscal year.

Consumer Markets

For business in the Consumer Markets segment, ZEISS expects that global growth for vision care will, despite the volatile consumer climate, remain stable and that consumer behavior will be changed further by digital offerings in fiscal year 2024/25. Major drivers of the continued positive development of the vision care market are demographic trends, the significant increase in short-sightedness, rising income in the rapidly developing economies, increasing health awareness, growing demand for individualized branded eyeglass lenses for a modern lifestyle and new application areas for the correction of visual impairments. ZEISS assumes that advancing digitalization will lead to significant changes across the entire eyeglass value chain. Examples of this include changes in consumer behavior such as online purchases, the use of online consulting and trial offers, in addition to modifications at local specialist stores, where digital tools are used not only for process management, but also for consultations, glasses fitting and sales. Internal departments such as logistics, marketing, sales and customer service are also increasingly implementing digital tools. At the same time, order volumes are currently falling in some regional markets where consumers buy higher-quality products less frequently. In these markets, it is currently not foreseeable that order and production volumes will increase again in the medium to long term, also in the European market. At the Aalen site, the production volumes for prescription lenses and photochromic lenses are therefore being adjusted to the falling order volumes.

Future research and development

The ZEISS Group makes significant investments in research and development projects. Efficient and targeted development processes play a central role here. The company is looking for new technologies and market trends to then be able to establish new solutions on the market and shape markets. In order to achieve this, ZEISS includes regional market circumstances and customer needs in the development process from the very beginning. For fiscal year 2024/25, ZEISS aims to further intensify its research and development activities to tap future potential, resulting in a slightly higher research and development ratio compared to already high prior-year level.

Future personnel development

In order to continue to innovate and make a profit in the future, qualified and highly motivated employees are indispensable for the company’s success. In addition, it is extremely important to invest in the professional development of existing employees and hire qualified professionals and managers in the future. For the next fiscal year, the company therefore expects a further increase in the headcount that correlates with the business development and makes further future investments possible.

Overall statement on anticipated development

Based on the strategic focus and positioning of the segments in their respective markets, which the company established and expanded in the past, mainly through its innovative strength, ZEISS plans revenue growth in the low single-digit percentage range with an EBIT margin of around 11% for fiscal year 2024/25. Furthermore, ZEISS forecasts a negative Free Cash Flow (FCF) in the mid triple-digit million range due to the consistently high investments and Economic Value Added (EVA®) below the level of the current fiscal year in the low triple-digit million range. At the time of publication, there was no indication that the forecast is not attainable.

Oberkochen, 4 December 2024

The Executive Board of Carl Zeiss AG

Dr. Karl Lamprecht
Susan-Stefanie Breitkopf
Sven Hermann
Stefan Müller
Andreas Pecher
Dr. Jochen Peter
Dr. Markus Weber

Consolidated Financial Statements

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Consolidated Income Statement
for the period from 1 October 2023 to 30 September 2024

	Note	2023/24	2022/23
		€ k	€ k
Revenue	5	**10,893,765**	**10,108,471**
Cost of sales		-5,187,762	-4,407,154
Gross profit		**5,706,003**	**5,701,317**
» Sales and marketing expenses		-1,918,876	-1,830,511
» General administrative expenses		-720,243	-638,481
» Research and development expenses		-1,592,932	-1,544,526
» Other income	6	29,565	16,110
» Other expenses	7	-59,893	-17,716
Earnings before interest and taxes (EBIT)		**1,443,624**	**1,686,193**
» Profit/loss from investments accounted for using the equity method	8	-3,082	-893
» Interest income	8	72,548	48,624
» Interest expenses	8	-43,181	-28,259
» Net interest balance on defined benefit plans	8	-14,116	-13,460
» Other financial result	8	22,864	41,737
Financial result		**35,033**	**47,749**
Earnings before taxes (EBT)		**1,478,657**	**1,733,942**
» Income taxes	9	-447,511	-476,540
Consolidated profit/loss		**1,031,146**	**1,257,402**
» thereof profit/loss attributable to the stockholder of the parent company		699,503	905,750
» thereof profit/loss attributable to non-controlling interests		331,643	351,652

Consolidated Statement of Comprehensive Income
for the period from 1 October 2023 to 30 September 2024

	Note	2023/24	2022/23
		€ k	€ k
Consolidated profit/loss		**1,031,146**	**1,257,402**
Other comprehensive income that may be reclassified to consolidated profit/loss in subsequent periods:			
» Currency translation differences		-98,008	-182,983
» Remeasurement of debt instruments		5,468	5,557
» Deferred income tax on the remeasurement of debt instruments		0	2
Other comprehensive income that will not be reclassified to consolidated profit/loss in subsequent periods:			
» Remeasurement of defined benefit plans		-136,911	7,267
» Deferred income tax on the remeasurement of defined benefit plans		52,700	-9,577
» Remeasurement of equity instruments		-9,376	4,249
» Deferred income tax on the remeasurement of equity instruments		447	-387
Other comprehensive income (after taxes)		**-185,680**	**-175,872**
Total comprehensive income		**845,466**	**1,081,530**
» thereof profit/loss attributable to the stockholder of the parent company		538,557	742,438
» thereof profit/loss attributable to non-controlling interests		306,909	339,092

Consolidated Statement of Financial Position
as of 30 September 2024

Assets	Note	**30 Sep 2024**	30 Sep 2023
		€ k	€ k
Non-current assets			
» Goodwill	10	1,939,661	1,422,667
» Other intangible assets	10	1,002,765	546,455
» Property, plant and equipment	11	4,678,173	3,572,934
» Investments accounted for using the equity method	12	14,207	12,870
» Trade and other receivables	23	55,825	45,513
» Other financial assets	13	490,871	894,795
» Other non-financial assets	14	14,990	9,447
» Deferred tax assets	9	674,169	629,561
		8,870,661	**7,134,242**
Current assets			
» Inventories	15	3,534,406	3,138,136
» Trade and other receivables	23	1,752,430	1,874,477
» Other financial assets	13	150,383	902,048
» Income tax refund claims		58,963	20,623
» Other non-financial assets	14	285,903	290,149
» Cash and cash equivalents	16	1,434,969	1,699,143
		7,217,054	**7,924,576**
		16,087,715	**15,058,818**

Equity and liabilities	Note	**30 Sep 2024**	30 Sep 2023
		€ k	€ k
Equity	17		
» Issued capital		120,000	120,000
» Capital reserves		52,770	52,770
» Retained earnings		7,266,537	6,781,323
» Other reserves		-348,093	-187,032
» Non-controlling interests		1,098,701	1,079,141
		8,189,915	**7,846,202**
Non-current liabilities			
» Provisions for pensions and similar obligations	18	689,339	637,351
» Other provisions	19	68,899	85,113
» Financial liabilities	21	2,083,942	1,544,560
» Other non-financial liabilities	22	52,594	46,514
» Deferred tax liabilities	9	197,568	100,917
		3,092,342	**2,414,455**
Current liabilities			
» Other provisions	19	171,747	166,542
» Accruals	20	1,703,479	1,607,011
» Financial liabilities	21	396,734	435,402
» Trade payables	23	786,788	838,478
» Income tax payables		125,139	155,855
» Other non-financial liabilities	22	1,621,571	1,594,873
		4,805,458	**4,798,161**
		16,087,715	**15,058,818**

Consolidated Statement of Changes in Equity
for the period from 1 October 2023 to 30 September 2024[1]

	Issued capital	Capital reserves	Retained earnings	Other reserves			Equity attributable to the stockholder of the parent company	Non-controlling interests	Equity
				from currency translation	from the remeasurement of defined benefit plans	from the remeasurement of equity and debt instruments			
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
1 Oct 2022	**120,000**	**52,770**	**6,008,647**	**248,789**	**-259,914**	**-12,061**	**6,158,231**	**1,015,098**	**7,173,329**
» Consolidated profit/loss	0	0	905,750	0	0	0	905,750	351,652	1,257,402
» Other comprehensive income	0	0	0	-166,956	-4,199	7,843	-163,312	-12,560	-175,872
Total comprehensive income	**0**	**0**	**905,750**	**-166,956**	**-4,199**	**7,843**	**742,438**	**339,092**	**1,081,530**
Dividends	0	0	-101,500	0	0	0	-101,500	-259,660	-361,160
Changes in basis of consolidation	0	0	0	-534	0	0	-534	-4,920	-5,454
Other changes	0	0	-31,574	0	0	0	-31,574	-10,469	-42,043
30 Sep 2023	**120,000**	**52,770**	**6,781,323**	**81,299**	**-264,113**	**-4,218**	**6,767,061**	**1,079,141**	**7,846,202**
» Consolidated profit/loss	0	0	699,503	0	0	0	699,503	331,643	1,031,146
» Other comprehensive income	0	0	0	-88,232	-72,824	110	-160,946	-24,734	-185,680
Total comprehensive income	**0**	**0**	**699,503**	**-88,232**	**-72,824**	**110**	**538,557**	**306,909**	**845,466**
Dividends	0	0	-86,100	0	0	0	-86,100	-266,973	-353,073
Changes in basis of consolidation	0	0	128	0	0	-115	13	0	13
Other changes	0	0	-128,317	0	0	0	-128,317	-20,376	-148,693
30 Sep 2024	**120,000**	**52,770**	**7,266,537**	**-6,933**	**-336,937**	**-4,223**	**7,091,214**	**1,098,701**	**8,189,915**

[1] For more information on the changes in equity, please refer to note 17 of the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
for the period from 1 October 2023 to 30 September 2024[1]

	2023/24	2022/23
	€ k	€ k
Consolidated profit/loss	1,031,146	1,257,402
Income taxes	447,511	476,540
Income tax paid	-527,166	-451,425
Amortization depreciation and impairment of intangible assets and property, plant and equipment	648,156	429,741
Profit/loss from investments accounted for using the equity method	3,082	893
Other non-cash income and expenses	1,665	-5,121
Change in pension provisions and assets from overfunded pension plans	48,612	7,313
Changes in other provisions	-17,935	-8,177
Gain/loss from the disposal of intangible assets and property, plant and equipment	-65	6,090
Gain/loss from the disposal of current securities	-2,685	-22
Changes in inventories	-376,406	-703,973
Changes in trade and other receivables	118,759	-348,011
Changes in other assets	6,631	-112,635
Changes in trade payables	-61,493	158,694
Changes in current accruals	98,886	285,725
Changes in prepayments received	-20,744	335,859
Changes in other liabilities	10,890	48,574
Cash flows from operating activities	**1,408,844**	**1,377,467**
Purchases of intangible assets and property, plant and equipment	-1,658,190	-1,381,440
Proceeds from the disposal of intangible assets and property, plant and equipment	25,787	18,021
Changes in financial assets	993,561	-170,926
Acquisition of subsidiaries, net of cash and cash equivalents received	-1,023,657	-58,943
Cash flows from investing activities	**-1,662,499**	**-1,593,288**

	2023/24	2022/23
	€ k	€ k
Dividend paid to the Carl Zeiss Foundation (Carl-Zeiss-Stiftung)	-86,100	-101,500
Dividends paid to non-controlling interests	-259,606	-220,365
Proceeds from loans	619,073	548,000
Repayment of loans	-28,612	-1,112
Changes in other bank liabilities	-3,123	-886
Repayment of lease liabilities	-88,930	-75,800
Payments for the acquisition of treasury shares of Carl Zeiss Meditec AG	-150,075	0
Cash flows from financing activities	**2,627**	**148,337**
Changes in cash and cash equivalents from exchange rate movements and changes in the basis of consolidation	-13,146	-44,653
Changes in cash and cash equivalents	**-264,174**	**-112,137**
Cash and cash equivalents as of 1 Oct	1,699,143	1,811,280
Cash and cash equivalents as of 30 Sep	**1,434,969**	**1,699,143**

Additional information on the statement of cash flows	2023/24	2022/23
Included in cash flows from operating activities:	€ k	€ k
Payments of interest	40,916	21,576
Proceeds from interest	58,088	41,135
Proceeds from dividends	808	1,621

[1] For more information on the statement of cash flows, please refer to note 24 of the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
for fiscal year 2023/24

BASIS OF PRESENTATION

1 General principles

Carl Zeiss AG is a non-listed stock corporation incorporated under German law and parent company of the ZEISS Group, headquartered at Carl-Zeiss-Strasse 22, 73447 Oberkochen (Germany), and has been entered in the commercial register of Ulm district court (HRB 501555). The Carl Zeiss Foundation, Heidenheim an der Brenz and Jena (Germany), is the sole stockholder of Carl Zeiss AG.

ZEISS is an internationally leading technology enterprise operating in the optics and optoelectronics industries. The ZEISS Group develops, produces and sells semiconductor manufacturing equipment, metrology, microscopes, medical technology, eyeglass lenses as well as camera and cine lenses, binoculars and planetarium technology. ZEISS comprises 4 segments: Semiconductor Manufacturing Technology, Industrial Quality & Research, Medical Technology and Consumer Markets.

Carl Zeiss AG exercises the option afforded by Sec. 315e (3) German Commercial Code (HGB) which, based on the member state option set out in the EU Regulation dated 19 July 2002, also allows non-capital-market-oriented entities to issue their consolidated financial statements for publication in accordance with International Financial Reporting Standards with exempting effect as defined by this regulation.

The accompanying consolidated financial statements of Carl Zeiss AG, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations of the IFRS Interpretations Committee, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB. All pronouncements of the International Accounting Standards Board (IASB) whose adoption is mandatory have been considered.

The consolidated financial statements are presented in euros (€). Unless otherwise specified, all amounts are stated in thousands of euros (€ k) and rounded in line with common business practice. It is therefore possible that individual figures do not add up exactly to the total stated and the percentages presented may not precisely reflect the absolute figures they correspond to.

In order to improve clarity and transparency, individual items have been combined in the consolidated statement of financial position and the consolidated income statement and broken down and explained separately in these notes.

The consolidated financial statements and group management report prepared as of 30 September 2024 were authorized for issue to the Supervisory Board by the Executive Board on 4 December 2024.

2 Significant accounting policies

The consolidated financial statements are prepared on the basis of the financial statements of the subsidiaries included in the consolidated financial statements, which were prepared in accordance with the uniform accounting policies of the ZEISS Group. Adjustments are made as necessary where the local GAAP financial statements of individual entities diverge from these policies. Where the reporting date of subsidiaries is different from the reporting date for the consolidated financial statements, interim financial statements are used.

New and revised financial reporting standards
The first-time adoption of new and revised financial reporting standards (including agenda decisions) in the reporting period did not have any significant impact on the net assets, financial position and results of operations.

The other accounting policies used were the same as in the prior year.

The IASB and the IFRS Interpretations Committee have issued a number of revised and new standards or interpretations, which did not come into effect in the reporting period. The new or amended rules and accounting regulations have not been early adopted in the accompanying consolidated financial statements of Carl Zeiss AG. They are not currently expected to have any significant impact on the net assets, financial position and results of operations of the ZEISS Group. They will be applied when they become mandatory.

The following financial reporting standards were to be adopted for the first time in the reporting period:

Date of issue	Standard/interpretation	Amendment/new standard or interpretation
18 May 2017	IFRS 17 *Insurance Contracts*	Principles for the recognition, measurement, presentation and disclosure of insurance contracts (replaces IFRS 4)
12 Feb 2021	Amendments to IAS 1 *Presentation of Financial Statements*	Guidance on deciding which accounting policies to disclose in the financial statements
12 Feb 2021	Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	Clarification of the distinction between changes in accounting policies and changes in accounting estimates
7 May 2021	Amendments to IAS 12 *Income Taxes*	Narrowing of the scope of an exemption from recognizing deferred taxes in specific cases

The accounting regulations mentioned in the following table have not been early adopted:

Date of issue	Standard/interpretation	Amendment/new standard or interpretation	Effective date	Endorsed by the EU
23 Jan 2020	Amendments to IAS 1 *Presentation of Financial Statements*	Clarification of the criteria to classify liabilities as current or non-current	Periods beginning on or after 1 January 2024	Yes
22 Sep 2022	Amendments to IFRS 16 *Leases*	Requirements for the subsequent measurement of leases under a sale and leaseback for seller lessees	Periods beginning on or after 1 January 2024	Yes
31 Oct 2022	Amendments to IAS 1 *Presentation of Financial Statements*	Clarification that only additional conditions which an entity must fulfill on or before the reporting date affect the classification of liabilities as current or non-current	Periods beginning on or after 1 January 2024	Yes
25 May 2023	Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*	Additional disclosure requirements in connection with supplier finance agreements	Periods beginning on or after 1 January 2024	Yes
15 Aug 2023	Amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*	Amendments to the mandatory application of a single approach when assessing whether a currency is exchangeable	Periods beginning on or after 1 January 2025	No
30 May 2024	Amendments to IFRS 7 *Financial Instruments: Disclosures* and IFRS 7 *Financial Instruments*	Changes in the classification of financial assets, derecognition of financial liabilities and disclosures on equity instruments	Periods beginning on or after 1 January 2026	No
18 Jul 2024	Annual Improvements Volume 11	Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Periods beginning on or after 1 January 2026	No
9 Apr 2024	IFRS 18 *Presentation and Disclosure in Financial Statements*	Improving financial reporting with a focus on the income statement	Periods beginning on or after 1 January 2027	No
9 May 2024	IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	Possibility for certain subsidiaries to apply reduced disclosure requirements under certain conditions	Periods beginning on or after 1 January 2027	No

Consolidation principles
The consolidated financial statements comprise the financial statements of Carl Zeiss AG as well as the financial statements of all material subsidiaries, including structured entities, that are directly or indirectly controlled by Carl Zeiss AG. Control exists when Carl Zeiss AG can directly or indirectly exercise power over the investee, is exposed to variable returns on its involvement with the investee and has the ability to use its power over the investee to affect the amount of those returns. Subsidiaries that, on account of their lack or low level of business activity, are immaterial for the presentation of a true and fair view of ZEISS Group's net assets, financial position and results of operations, either individually or in their totality, are generally included in the consolidated financial statements at cost.

Acquisition accounting was performed using the purchase method pursuant to IFRS 3 *Business Combinations*. The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values as of the acquisition date regardless of the extent of any non-controlling interests. Non-controlling interests are measured either at fair value (full goodwill method) or the proportionate share of fair value of the assets acquired and liabilities assumed (partial goodwill method).

The cost of the interests acquired is offset against the Group's proportionate share in the subsidiary's net assets measured at fair value. Any acquisition-related costs incurred are immediately expensed. Any excess of cost over the Group's interest in the net fair value remaining after offsetting is recognized as goodwill. Any excess of the Group's interest in the net fair value over cost is recognized through profit or loss. For business combinations prior to 14 May 2002, the option set forth in IFRS 1.18 in connection with IFRS 1.C1 was exercised by including the previous GAAP accounting for these business combinations in the consolidated financial statements in accordance with IFRSs. Transactions under common control are accounted for by rolling forward the carrying amount. Changes to the investment ratio in a subsidiary which do not lead to a loss of control are treated as transactions between equity providers that do not affect income.

The profit/loss of the subsidiaries acquired is included in the consolidated income statement based on their group affiliation, i.e. from the date on which the Group obtains control.

A subsidiary is deconsolidated on the date on which Carl Zeiss AG loses control over the entity.

The shares in net assets that are attributable to non-controlling interests are reported under non-controlling interests within consolidated equity.

If reciprocal put and call options with the same terms and conditions are agreed in a business combination for the remaining non-controlling interests, an anticipated purchase of these shares is assumed. The same applies to purchase options that can be exercised at any time if their exercise would be advantageous at the current time. As such, no non-controlling interests are recognized. Instead, the conditional purchase price for these shares is reported as a financial liability at fair value.

Intercompany receivables and liabilities between consolidated entities are netted.

Intercompany profits from intercompany trade are eliminated.

The income tax implications are considered in the course of consolidation by recognizing deferred taxes.

Internal revenue and other intercompany income are offset against the corresponding expenses in the consolidated income statement.

Significant entities where Carl Zeiss AG is able, indirectly or directly, to significantly influence financial and operating policy decisions (associates), or indirectly or directly shares control (joint ventures), are accounted for using the equity method. Associates and joint ventures that are immaterial are generally carried at cost.

When using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*, the shares are initially recognized at cost in the statement of financial position and subsequently measured at amortized cost to reflect changes in ZEISS Group's share of the equity (net assets) after the acquisition date and impairment losses.

Currency translation

The consolidated financial statements are presented in euros. In the annual financial statements of those entities included in consolidation, transactions in foreign currencies are translated at the relevant exchange rate prevailing on the date of the transaction. Monetary items in foreign currencies are revalued at the mean closing rate, with exchange rate gains and losses being recognized in the consolidated income statement under financial result.

Financial statements denominated in foreign currency of the subsidiaries included in consolidation are translated into euros on the basis of the functional currency concept pursuant to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. All assets and liabilities are translated using average closing rates prevailing on the reporting date, whereas equity is translated at historical rates. The income and expense items from the income statement are translated using annual average rates. Any exchange differences arising are recognized through other comprehensive income within other reserves from currency translation.

The functional currencies of Carl Zeiss Meditec Medikal Cözümler Tic. ve San. A.S., Ankara (Türkiye), and Carl Zeiss Vision Argentina S.A., Buenos Aires (Argentina), which are included in the consolidated financial statements, are considered to be hyperinflationary in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. However, the effects on the consolidated financial statements are immaterial.

The following key exchange rates for the consolidated financial statements as of 30 September 2024 were used for currency translation:

		Closing rate		Average rate	
	1 € =	**30 Sep 2024**	30 Sep 2023	**2023/24**	2022/23
China	CNY	7.85	7.74	7.81	7.53
UK	GBP	0.84	0.86	0.86	0.87
Japan	JPY	159.82	158.10	162.94	148.19
South Korea	KRW	1,469.11	1,425.26	1,457.56	1,404.26
USA	USD	1.12	1.06	1.08	1.07

Use of estimates
The preparation of financial statements in accordance with IFRSs requires management to make estimates and assumptions. These can affect the measurement of assets and liabilities, the nature and scope of contingencies, and the reported amounts of income and expenses during the reporting period. The assumptions and estimates primarily relate to the following matters:

» The determination of uniform useful lives throughout the Group.
» The measurement parameters for impairment testing, in particular regarding goodwill (see note 10 Goodwill and other intangible assets).
» The measurement of assets and liabilities as part of the purchase price allocation in accordance with IFRS 3 *Business Combinations.*
» The actuarial parameters on which the calculation of the defined benefit obligations is based (see note 18 Provisions for pensions and similar obligations).
» The recoverability of the future tax relief.
» The timing of recognizing intangible assets pursuant to IAS 38 *Intangible Assets*.
» Assessment of the expected probability of default when assessing trade receivables and other financial assets.
» The measurement of lease liabilities pursuant to IFRS 16 *Leases.* In determining the lease term, all facts and circumstances that create an economic incentive to exercise options to extend the lease or not exercise termination options are taken into account, and
» The share of revenue comprising contractual fees that are in part variable or contingent on future events.

In addition, estimates are required when assessing the recoverability of inventories as well as recognizing and measuring provisions and contingent purchase price obligations in connection with business combinations. Actual results may differ from these estimates. The estimates and assumptions are regularly reviewed based on past experience. Changes are recognized through profit or loss as and when better information is available.

Current versus non-current classification
In the statement of financial position, assets and liabilities are classified as current or non-current depending on their maturity.

3 Basis of consolidation

The consolidated financial statements contain 168 (prior year: 164) fully consolidated entities (including Carl Zeiss AG). The entities are generally included in the consolidated financial statements from the date on which control is obtained.

The entities included in consolidation and shareholdings are all contained in the list of share-holdings as an exhibit to the notes to the consolidated financial statements in accordance with Sec. 313 (2) HGB.

The number of fully consolidated entities changed as follows in the reporting period:

	Germany	Other countries	**Total**
1 Oct 2023	42	122	164
Additions in the reporting period	3	9	12
Disposals in the reporting period	6	2	8
30 Sep 2024	**39**	**129**	**168**

Additions to the basis of consolidation
The following entities were included in the consolidated financial statements for the first time:

» Carl Zeiss Aalen GmbH & Co. KG, Aalen (Germany), from 25 July 2024 (incorporated)
» Carl Zeiss Retrofit und Service GmbH, Cologne (Germany), from 1 October 2023 (merger into Carl Zeiss IQS Deutschland GmbH, Oberkochen (Germany))
» D.O.R.C. Deutschland GmbH, Düsseldorf (Germany), from 3 April 2024 (acquired)
» D.O.R.C. Dutch Ophthalmic Research Center (International) B.V., Zuidland (Netherlands), from 3 April 2024 (acquired)
» D.O.R.C. France S.A.R.L., Issy-les-Moulineaux (France), from 3 April 2024 (acquired)
» DORC Bidco B.V., Zuidland (Netherlands), from 3 April 2024 (acquired)
» DORC Topco B.V., Zuidland (Netherlands), from 3 April 2024 (acquired)
» Dutch Ophthalmic US, Inc., Exeter (US), from 3 April 2024 (acquired)
» GOM FRANCE SAS, Guibeville (France), from 1 October 2023 (merger into Carl Zeiss SAS, Rueil-Malmaison (France))
» Lenso Sp. z o.o., Poznan (Poland), from 1 December 2023 (merger into Carl Zeiss Sp. z o.o., Poznan (Poland))
» MicroVision, Inc., New Hampshire (US), from 3 April 2024 (acquired)
» Peregrine Surgical Ltd, New Britain (US), from 3 April 2024 (acquired)

Apart from the acquisition of DORC Topco B.V., Zuidland (Netherlands) and its subsidiaries presented separately below, the additions to the basis of consolidation had no material impact on the net assets, financial position and results of operations of the ZEISS Group.

Disposals from the basis of consolidation
The following entities were no longer included in the basis of consolidation in the reporting period:

» Carl Zeiss QEC GmbH, Peine (Germany)
» Carl Zeiss Retrofit und Service GmbH, Cologne (Germany)
» Carl Zeiss Vision Holding GmbH, Aalen (Germany)
» Carl Zeiss Vision Investment GmbH, Aalen (Germany)
» GOM FRANCE SAS, Guibeville (France)
» Helaba Invest – CZFS Spezialfonds, Frankfurt (Germany)
» LBBW AM – CZFS Spezialfonds, Stuttgart (Germany)
» Lenso Sp. z o.o., Poznan (Poland)

The disposals from the basis of consolidation had no material impact on the net assets, financial position and results of operations of the ZEISS Group.

Additions to the basis of consolidation from acquisitions in fiscal year 2023/24
DORC Topco B.V., Zuidland (Netherlands), and its subsidiaries
Under an agreement dated 2 February 2024 and effective as of 3 April 2024, Carl Zeiss Meditec AG, Jena (Germany), acquired 100% of the shares in DORC Topco B.V., Zuidland (Netherlands), ("DORC").

DORC specializes in the development, manufacture and sale of products and processes in the field of retinal surgical devices and consumables. DORC's EVA NEXUS platform is at the heart of a portfolio that includes a complete range of accessories, instruments and fluids. The platform is one of the leading solutions for vitrectomy (VR) and combines procedures for cataract treatment. With this acquisition, the ZEISS Group has expanded and complemented its broad ophthalmology product portfolio and its range of digitally networked workflow solutions for the treatment of a wide variety of eye diseases.

The purchase price allocation in accordance with IFRS 3 *Business Combinations* was performed in the reporting period. The purchase price of €1,023.7m was paid on 3 April 2024. It consists of a fixed component of €709.6m and the redemption of DORC's debt of €314.1m.

Goodwill from the acquisition mainly relates to expected synergies from the integration of DORC into the existing operations of the Opthamology strategic business unit. As expected, the goodwill will not be deductible for tax purposes.

At the time of preparing the consolidated financial statements of Carl Zeiss AG, the purchase price had not yet been finally allocated to the assets and liabilities of the acquired entity because there was still some information outstanding about the assets and liabilities.

The provisional fair values of the identifiable assets and liabilities as of the acquisition date are as follows:

	€ k
Identifiable intangible assets	468,706
Property, plant and equipment	19,425
Other financial assets	8,611
Deferred tax assets	11,618
Non-current assets	**508,360**
Inventories	54,298
Trade receivables	34,296
Other non-financial assets	6,579
Cash and cash equivalents	17,380
Current assets	**112,553**
Other provisions	409
Financial liabilities	8,717
Deferred tax liabilities	118,565
Non-current liabilities	**127,691**
Other provisions	10,338
Accruals	12,585
Financial liabilities	2,373
Trade payables	16,754
Income tax payables	3,146
Other non-financial liabilities	5,976
Current liabilities	**51,172**
Identifiable net assets	**442,050**
Goodwill from acquisition	581,609
Cost	**1,023,659**
Cash received	17,380
Cash outflow due to acquisition	1,023,659
Actual cash outflow from acquisition	**1,006,279**

Identifiable intangible assets mainly include customer relationships of €259.8m, technology and intellectual property of €164.1m and brand rights of €32.7m.

The acquired trade receivables correspond to the market value.

Acquisition-related costs of €10.2m were incurred in fiscal year 2023/24. They were recognized under general administrative expenses.

DORC contributed €99.9m to the revenue disclosed in the consolidated income statement and minus €8.8m to consolidated profit/loss in the period between the acquisition date and the reporting date. The negative profit contribution is due to the purchase price allocation and the associated effects.

Assuming that the acquisition that took place during the fiscal year had already taken place on the first day of the fiscal year, pro-forma consolidated revenue of €11,002m and a pro-forma consolidated profit of €1,044 million would have been recorded. These pro-forma figures have been prepared for the purpose of comparison only.

4 Summarized financial information of material subsidiaries with non-controlling interests

The summarized financial information presented in the following corresponds to the financial information in the published consolidated financial statements of Carl Zeiss Meditec AG, Jena (Germany). The share of non-controlling interests in Carl Zeiss Meditec AG amounts to 39.6% (prior year: 40.9%). In fiscal year 2023/24, Carl Zeiss Meditec AG acquired treasury shares on the stock exchange. As the ZEISS Group did not sell any shares, the capital share remains at 59.1% and the beneficial share in capital increased from 59.1% to 60.4%.

	2023/24	2022/23
	€ k	€ k
Revenue	2,066,127	2,089,300
Consolidated profit/loss	180,154	292,009
Other comprehensive income	-48,299	-48,703
Total comprehensive income	131,855	243,306

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Non-current assets	2,180,717	1,121,197
Current assets	1,212,483	1,911,727
Non-current liabilities	767,886	298,375
Current liabilities	568,835	561,646
Equity	2,056,479	2,172,903

	2023/24	2022/23
	€ k	€ k
Cash flows from operating activities	247,319	250,861
Cash flows from investing activities	-412,305	-110,980
Cash flows from financing activities	176,249	-135,094
Changes in cash and cash equivalents from exchange rate movements and changes in the basis of consolidation	-1,579	-1,915
Changes in cash and cash equivalents	9,684	2,872

	2023/24	2022/23
	€ k	€ k
Consolidated profit/loss attributable to non-controlling interests	71,341	119,432
Total comprehensive income attributable to non-controlling interests	52,215	99,512
Dividends paid to non-controlling interests	40,021	40,202
Equity attributable to non-controlling interests	814,366	888,717

The partnership between the Semiconductor Manufacturing Technology segment and ASML was intensified further in fiscal year 2016/17. In connection with this, ASML acquired 24.9% of the shares in Carl Zeiss SMT Holding GmbH & Co. KG and thus participated financially in the business of the Semiconductor Manufacturing Technology segment.

The summarized financial information (IFRS) for Carl Zeiss SMT Holding GmbH & Co. KG and Carl Zeiss SMT GmbH breaks down as follows:

	Carl Zeiss SMT Holding GmbH & Co. KG		Carl Zeiss SMT GmbH	
	30 Sep 2024	30 Sep 2023	**30 Sep 2024**	30 Sep 2023
	€ k	€ k	€ k	€ k
Non-current assets	44,994	44,897	1,605,966	1,271,391
Current assets	1,095,618	1,072,777	3,526,201	3,053,026
Non-current liabilities	3,132	2,589	1,564,560	962,232
Current liabilities	1,085,868	1,063,275	3,088,405	2,885,783
Equity	51,612	51,810	479,202	476,402
Other comprehensive income	-280	55	-34,939	4,996
Revenue	0	0	4,053,736	3,496,014
Profit/loss for the year	905,264	875,902	37,738	32,108

The dividends paid to the non-controlling shareholder ASML in the reporting period, amounting to €218,023k (prior year: €178,729k), were included in financial liabilities at the beginning of the reporting period. As of the reporting date, dividends of €225,391k are payable to ASML (prior year: €218,023k).

The list of shareholdings in accordance with Sec. 313 (2) HGB as an exhibit to the notes shows the capital share as defined by Sec. 285 no. 11 HGB and the beneficial share in capital. The latter is equivalent to the capital share economically attributable to Carl Zeiss AG excluding the capital shares of non-controlling interests.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5 Revenue

Revenue was generated from products, system solutions, technical and other services for biomedical research, the medical technology, the semiconductor, automobile and mechanical engineering industries, planetariums and high-end consumer articles such as eyeglass lenses, camera and cine lenses and binoculars.

ZEISS recognizes revenue when control over the distinct goods and services is transferred to the customer, i.e. as soon as the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods or services transferred. The recognition of revenue requires a contractual agreement that creates legally enforceable rights and obligations. The amount of revenue recognized is the expected consideration to which ZEISS is contractually entitled. Revenue for product deliveries and services is partly based on variable price arrangements with external partners. Price variability is based, among other things, on estimates of the expected business development of external partners. The most likely amount is used for the determination of revenue, taking into account all information available at the time of preparation. Where required, revenue is adjusted for variable price components such as cash discounts, price reductions, customer bonuses and rebates. These are mainly volume-based bonuses measured on the basis of estimated future purchase volumes. Rebates are generally allocated to the individual performance obligations on the basis of the relative stand-alone selling prices.

Revenue from the sale of goods is recognized when control is transferred to the customer, which is normally when the goods are delivered. Revenue from services, for example under maintenance agreements, is recognized over time since the customer simultaneously receives and consumes the benefits evenly throughout the performance period. It is recognized on either a straight-line basis or, where the performance obligation is not satisfied on a straight line basis, in line with the provision of the services in proportion to the total services to be provided. Revenue from royalties that ZEISS collects as a usage fee (fee for an access right) over the period of use are recognized according to the economic substance of the underlying contract.

In all cases described, revenue is recognized in accordance with the output method, since customers normally use both the services and the licenses evenly throughout the year.

When goods are sold, the customer pays on receiving the invoice after the goods are delivered. Prepayments may be requested from customers. The payment terms vary depending on the customary conditions in the respective countries and industries and usually allow short-term payment terms.

In addition to conventional product sales, ZEISS offers several performance obligations under multiple component arrangements. This can be, for example, the sale of a product combined with a service-type warranty, related services and/or an additional sale of consumables. If a single contract with a customer comprises several performance obligations and the timing of satisfaction of the performance obligations differs, the agreed transaction price is allocated to the separate performance obligations in accordance with the contractually stated prices, which usually corresponds to the relative individual selling prices spread among the individual performance obligations.

Revenue from the sale of service-type warranties is recognized pro rata temporis over the contractually agreed warranty period.

No financing component is included in the determination of the amount and timing of revenue recognition when the period between transferring the goods or services and the customer paying for the goods or services is 1 year or less.

Incremental costs of obtaining contracts with customers (mainly sales commissions) which are amortized over 1 year or less are expensed immediately.

Revenue by region breaks down as follows:

	2023/24		2022/23	
	€ k	%	€ k	%
Germany	730,900	7	740,155	7
EMEA (without Germany)	5,237,773	48	4,682,687	47
Americas	1,919,273	18	1,908,900	19
APAC	3,005,819	27	2,776,729	27
	10,893,765	**100**	**10,108,471**	**100**

Of revenue, €9,659m (prior year: €8,966m) is attributable to the sale of goods, €1,190m (prior year: €1,100m) to the rendering of services and €45m (prior year: €42m) to the granting of licenses.

Revenue of €1,467m (prior year: €1,138m) was still recognized under contractual liabilities at the beginning of the reporting period. Contracts with customers of €1,455m (prior year: €1,467m) currently still recorded under current contract liabilities are expected to result in revenue in the next fiscal year.

Due to changes in the transaction price, revenue from performance obligations that were met in the prior year increased by €10m in the reporting period (prior year: €86m).

The transaction price allocated to the remaining performance obligations (fully or partially unsatisfied) from contracts for the provision of services with an original expected duration of more than one year is expected to result in revenue of €23m in fiscal year 2025/26 (prior year: €19m for fiscal year 2024/25) and €19m in the subsequent fiscal years (prior year: €17m).
In addition, there are contractual performance obligations from the order backlog of €7,072m (prior year: €6,723m).

6 Other income

Other income includes income from the favorable settlement of a legal dispute in the US with Topcon Ltd. amounting to €18m, from cross-charging Microsoft licenses to SCHOTT AG, Mainz (Germany), from disposals of property, plant, and equipment, from scrap sales, as well as other income not attributable to functional costs.

7 Other expenses

Other expenses include the impairment losses on goodwill of €51m (prior year: €0m), Microsoft licenses cross-charged to SCHOTT AG, Mainz (Germany), losses from the disposal of assets, expenses from additions to other provisions and other operating expenses not attributable to functional costs.

8 Financial result

Profit/loss from investments accounted for using the equity method

	2023/24	2022/23
	€ k	€ k
Share of profit/loss from equity consolidation	-3,082	-893
	-3,082	**-893**

Interest result

	2023/24	2022/23
	€ k	€ k
Interest income	**72,548**	**48,624**
» thereof from affiliates	2,494	544
Interest expenses	**-43,181**	**-28,259**
» thereof to affiliates	-437	-107
» thereof from leases	-11,065	-7,413
Net interest balance on defined benefit plans	**-14,116**	**-13,460**
	15,251	**6,905**

Interest income is recognized pro rata temporis using the effective interest method.

Other financial result

	2023/24	2022/23
	€ k	€ k
Income from investments	1,260	1,659
Income from profit transfer	0	249
Expenses for loss absorption	-3,286	-2,440
Result from exchange differences	-8,854	14,184
Result from changes in market value	53,090	35,107
Sundry other financial result	-19,346	-7,022
	22,864	**41,737**

The result from exchange differences should be seen in the context of the hedging of currency risks. The result from changes in market value mainly include effects from the measurement of financial assets and financial liabilities at fair value through profit or loss.

9 Income taxes

Deferred taxes are recognized using the liability method according to IAS 12 *Income Taxes*. Deferred tax assets and liabilities are recognized on all temporary differences between the IFRS carrying amounts and the tax accounts of consolidated entities and on consolidation measures. Further, deferred tax assets for future economic benefits from unused tax losses and unused tax credits are taken into account if it is probable that they will be used within period of up to 5 years. As non-capital-market-oriented entity, the ZEISS Group is pursuing a long-term business strategy that has a direct impact on the tax strategy and the forecast period.

The carrying amount of deferred tax assets is reviewed at every reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. A previously unrecognized deferred tax asset is reassessed and recognized to the extent that it has become probable that future economic benefits will be recovered.

Deferred tax liabilities are recognized for the expected income tax and withholding tax on expected dividend payments by subsidiaries. No deferred tax liabilities are recognized for the retained earnings of subsidiaries, unless corresponding dividend distributions are intended in the foreseeable future.

Deferred taxes relating to items recognized in other comprehensive income are likewise recognized in other comprehensive income and not through profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Consequently, deferred tax assets and liabilities are netted within consolidated tax groups.

In Germany, the Act to Ensure a Global Minimum Level of Taxation for Enterprise Groups (MinStG ["Mindeststeuergesetz": German Minimum Tax Act]) was promulgated on 27 December 2023. The law is based on the implementation of the Pillar 2 model rules published by the Organisation for Economic Co-operation and Development (OECD). As a company based in Germany, the ZEISS Group generally falls within the scope of the regulation. The law applies for the first time to fiscal years beginning after 30 December 2023. The ZEISS Group was therefore not subject to any tax burden under the MinStG in fiscal year 2023/24.

The ZEISS Group has initiated a project to implement the relevant regulations. Based on the analysis of the data from fiscal year 2022/23 and considering the transitional exemptions to be applied, it is assumed that the global minimum top-up tax will not have any significant impact on the ZEISS Group.

In accordance with the temporary exemption in IAS 12 *Income Taxes*, deferred taxes in connection with the global minimum top-up tax have not been recognized.

Income taxes comprise domestic and foreign income taxes as well as deferred tax and break down as follows:

	2023/24	2022/23
	€ k	€ k
Current tax expenses less tax refunds	-455,586	-483,066
Deferred tax income	8,075	6,526
» thereof from temporary differences	21,686	45,106
» thereof from changes in tax rates	-2,104	-3,584
» thereof from unused tax losses including any reductions	-11,507	-34,996
	-447,511	**-476,540**

Deferred taxes are determined on the basis of the tax rates that apply or are expected to apply based on the tax laws that have been enacted or substantively enacted in the individual countries at the time of realization. In Germany, a corporate income tax rate of 15.0% currently applies. Taking into account the solidarity surcharge and the different trade tax levy rates, the rates for German entities ranged between 27.7% to 29.9% (prior year: 27.7% to 29.9%). The tax rates form the basis for the calculation of current taxes.

The nominal tax rates applicable outside Germany in the reporting period ranged between 6.2% and 35.0% (prior year: 6.2% and 35.0%).

In the reporting period, the tax rate of the parent company Carl Zeiss AG of 28.78% (prior year: 28.78%) was used as the tax rate applicable for the reconciliation of the expected income tax expense of €425,557k (prior year: €499,029k), based on earnings before taxes, to the current income tax expense of €447,511k (prior year: €476,540k).

The tax reconciliation statement is presented in the table below:

	2023/24	2022/23
	€ k	€ k
Earnings before taxes (EBT)	1,478,657	1,733,942
Expected income tax expense (= 28.78% x EBT; prior year: = 28.78% x EBT)	**-425,557**	**-499,029**
Differences from diverging tax rates	27,580	37,470
Effects of changes in tax rates	-2,104	-3,584
Effects of non-deductible expenses	-51,372	-20,792
Effects of tax-free income	22,073	39,513
Effects relating to other periods	1,370	2,565
Recognition and measurement of deferred tax assets	-25,479	-39,149
Permanent other effects	5,978	6,466
Current income tax expense	**-447,511**	**-476,540**

The tax expense for the fiscal year totaled €447,511k (prior year: €476,540k), which resulted in a group tax rate of 30% (prior year: 27%). This includes an impairment on that is not deductible for tax purposes.

Significant estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets are assumed to be recoverable on account of the planned business development in subsequent years.

The total amount of deferred tax assets and liabilities as of 30 September 2024 is allocated to the following items of the statement of financial position:

	30 Sep 2024		30 Sep 2023	
	Assets	Liabilities	Assets	Liabilities
	€ k	€ k	€ k	€ k
Non-current assets	**74,566**	**254,216**	**53,738**	**144,903**
Intangible assets	41,124	210,882	24,591	100,507
Property, plant and equipment	21,274	38,220	21,731	38,713
Other non-current assets	12,168	5,114	7,416	5,683
Current assets	**142,071**	**20,217**	**164,104**	**44,737**
Inventories	127,978	6,826	146,947	5,655
Receivables and other current assets	14,093	13,391	17,157	39,082
Non-current liabilities	**397,188**	**17,110**	**354,588**	**30,164**
Provisions for pensions and similar obligations	341,893	5,807	307,443	18,916
Other non-current liabilities and provisions	55,295	11,303	47,145	11,248
Current liabilities	**130,789**	**8,208**	**141,905**	**9,532**
Retained earnings	**0**	**4,100**	**0**	**3,700**
Unused tax losses	**35,838**	**0**	**47,345**	**0**
Total deferred taxes	**780,452**	**303,851**	**761,680**	**233,036**
Offsetting	106,283	106,283	132,119	132,119
Deferred taxes, net	**674,169**	**197,568**	**629,561**	**100,917**

The item retained earnings contains deferred tax liabilities on retained earnings from subsidiaries where a distribution is planned.

In the fiscal year, deferred taxes of €53,147k (prior year: minus €9,962k) were recognized in other comprehensive income.

Unused tax losses include deferred tax assets from unused tax losses as well as from tax credits.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable on the basis of the tax planning that taxable profit will be available against which the losses can be utilized. The loss carryforwards relate to group entities in Germany, Australia, Brazil, Canada, China, France, Israel, Netherlands, the UK and the US (prior year: Germany, Australia, Brazil, Canada, China, France, Netherlands, the UK and the US).

In the fiscal year, there were deferred tax assets amounting to €115,527k (prior year: €102,706k) at German group entities with tax losses.

The unused tax losses for which no deferred taxes were recognized amount to €1,075,089k (prior year: €855,353k). Thereof, an amount of €372k (prior year: €839k) is available for offsetting for more than 5 years while an amount of €1,074,717k (prior year: €854,514k) does not expire at all. As of the reporting date these unused tax losses were classified as not likely to be usable because based on the forecasts it is not likely that taxable profit will be available in the future. The unused tax losses relate to group entities in the following countries:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Germany	1,031,128	805,245
France	30,966	36,282
Japan	372	839
Singapore	0	52
South Africa	10,781	11,047
Hungary	1,842	1,877
Other	0	11
Unrecognized unused tax losses	**1,075,089**	**855,353**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10 Goodwill and other intangible assets

	Goodwill	Patents, industrial rights, licenses, software	Development costs	Other intangible assets and prepayments	**Total**
	€ k	€ k	€ k	€ k	€ k
Cost					
1 Oct 2022	**1,530,557**	**575,980**	**537,188**	**350,286**	**2,994,011**
Change in the basis of consolidation	23,483	51	49,733	-1,678	71,589
Additions	1,202	13,465	55,042	64,580	134,289
Disposals	0	1,306	0	1,074	2,380
Reclassifications	0	5,424	0	-6,450	-1,026
Currency translation	-35,983	-11,441	-17,915	-7,884	-73,223
30 Sep 2023	**1,519,259**	**582,173**	**624,048**	**397,780**	**3,123,260**
Amortization/impairment					
1 Oct 2022	**100,287**	**512,759**	**295,307**	**204,898**	**1,113,251**
Change in the basis of consolidation	0	-1,004	-391	-1,678	-3,073
Additions	0	21,304	33,882	16,456	71,642
Disposals	0	1,115	0	3	1,118
Reclassifications	0	6	0	-6	0
Currency translation	-3,695	-9,431	-8,488	-4,950	-26,564
30 Sep 2023	**96,592**	**522,519**	**320,310**	**214,717**	**1,154,138**
Carrying amounts as of 30 Sep 2023	**1,422,667**	**59,654**	**303,738**	**183,063**	**1,969,122**

Cost					
1 Oct 2023	**1,519,259**	**582,173**	**624,048**	**397,780**	**3,123,260**
Change in the basis of consolidation	581,609	40,428	164,094	267,547	1,053,678
Additions	6,059	47,223	70,881	16,528	140,691
Disposals	0	34,814	48,451	53,451	136,716
Reclassifications	0	83,997	0	-83,809	188
Currency translation	-21,971	-5,774	-13,396	-4,474	-45,615
30 Sep 2024	**2,084,956**	**713,233**	**797,176**	**540,121**	**4,135,486**
Amortization/impairment					
1 Oct 2023	**96,592**	**522,519**	**320,310**	**214,717**	**1,154,138**
Change in the basis of consolidation	0	27	0	0	27
Additions	51,000	45,255	73,626	24,032	193,913
Disposals	0	34,650	48,451	53,445	136,546
Reclassifications	0	3	0	0	3
Currency translation	-2,297	-5,310	-7,680	-3,190	-18,477
30 Sep 2024	**145,295**	**527,844**	**337,805**	**182,114**	**1,193,058**
Carrying amounts as of 30 Sep 2024	**1,939,661**	**185,389**	**459,371**	**358,007**	**2,942,428**

Intangible assets with an indefinite useful life and goodwill are recognized at cost less impairment losses and are not amortized. Apart from goodwill, the ZEISS Group does not report any intangible assets with indefinite useful lives.

In accordance with IAS 38 *Intangible Assets*, internally generated intangible assets are recognized only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably.

Acquired and internally generated intangible assets are initially measured at cost. Intangible assets with finite useful lives are subsequently measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is charged over the useful life using the straight-line method. The major part of amortization is contained in cost of sales.

Development costs are capitalized if all of the criteria set forth in IAS 38.57 are satisfied. These include, for example, demonstrating the technical feasibility of completing the intangible asset so that it will be available for use or sale. Other criteria relate to the intention to complete the intangible asset and the ability to use or sell it. In addition, it must generate future economic benefits for the company.

The entities of the ZEISS Group perform development work at the limit of the possible and set new technological standards. That is why only a small portion of development costs is capitalized in the ZEISS Group, as the criteria for recognition as part of the cost of an intangible asset are not all satisfied until a relatively late stage.

The production costs directly attributable to development, including appropriate development-related overheads, are recognized as part of the cost of an asset. Amortization of capitalized development costs begins when the asset is available for use and is charged using the straight-line method over the expected product life cycle or based on unit numbers defined in business plans. Research costs and development costs that cannot be capitalized are expensed in the period in which they are incurred.

Amortization is based on the following ranges of useful lives:

	Useful life
Patents, industrial rights, licenses, software	2 to 20 years
Development costs	2 to 16 years
Other intangible assets and prepayments	2 to 15 years

IAS 36 *Impairment of Assets* requires assessing at the end of each reporting period whether there is any indication that the assets reported in the statement of financial position may be impaired. In addition, annual impairment testing is required for intangible assets with indefinite useful lives and goodwill. The Group performs impairment testing if any indication of impairment exists or if this is required. This involves estimating the recoverable amount of the asset or cash-generating unit (CGU) in order to determine any need to record an impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use – determined for the individual asset or cash-generating unit in each case.

All assets that contribute to cash flow generation, meaning those that contribute to the creation of output that can be sold, are included in the carrying amount of a group of cash-generating units. Consequently, all non-operating items and interest-bearing debt are excluded from the calculation.

In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax risk-adjusted discount rate based on the discounted cash flow method. The discount rates are calculated using the parameters risk-free base interest rate, risk premium (market risk premium, country risk and beta factor), borrowing costs and tax effect, and reflect the capital structure of the cash-generating unit. The detailed planning period for future cash flows generally covers 3 fiscal years. If 3 fiscal years are not sufficient to derive sustainable cash flows, the detailed planning period is extended to 5 years. For the following fiscal years, the cash flows of the third or fifth detailed planning year are rolled forward taking into account appropriate growth. Historical developments, budget plans for the following year and the future strategic direction of the strategic business unit or cash-generating unit (medium-term planning) form the basis for determining the respective plans. Furthermore, external sources of information, such as market studies and results from market observations and publications, are included in the analysis in order to take account of macroeconomic trends appropriately. An impairment exists when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Such impairment loss is recognized in the income statement immediately.

With the exception of goodwill, impairment losses recognized in prior years are reversed if the reasons for recognizing the impairment no longer exist. The reversal is limited to ensure that the carrying amount is not exceeded that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of impairment losses recognized on goodwill is not permissible.

The cash flows referred to in the annual impairment test of goodwill are generally determined on the basis of detailed plans with a planning horizon of 3 years. The detailed planning phase for impairment testing was extended to 5 years for the Industrial Quality Solutions and Vision Care strategic business units, as the detailed planning phase of 3 years was not sufficient to derive the sustainable cash flow based on the development of business. For the following fiscal years, the cash flows of the last detailed planning year are rolled forward with a growth rate of 1.0% (prior year: 1.0%).

The impairment test revealed an impairment of goodwill in the Industrial Quality Solutions strategic business unit of €51m. The impairment was mainly the result of slightly lower expectations for the future business prospects of the Industrial Quality Solutions strategic business unit compared to prior years and was applied to the value in use. The impairment was recognized in other expenses.

The sensitivity analyses carried out for the respective impairment tests of the cash-generating units take into account possible changes to the discount rate and long-term growth rate measurement parameters. An increase in the discount rate by 1 percentage point and a decrease in the long-term growth rate by half a percentage point were therefore simulated. In combination with both adjustments, this simulation indicated an impairment loss of €155.0m for the Industrial Quality Solutions strategic business unit, an impairment loss of €112.6m for the Vision Care strategic business unit and an impairment loss of €14.7m for the Ophthalmology strategic business unit. For the other business units, no sensitivity of parameters (individually or in combination) classified as probable would result in a need to recognize an impairment loss.

Goodwill is allocated to the cash-generating units on the basis of the internal organizational structure of the ZEISS Group. This generally allows goodwill to be allocated to the strategic business units. In addition, various smaller goodwill items are allocated to the corresponding cash-generating units and combined in Others.

	30 Sep 2024		30 Sep 2023	
	Carrying amounts	WACC (before tax)	Carrying amounts	WACC (before tax)
	€ k	%	€ k	%
» Semiconductor Mask Solutions	46,675	18.9	48,541	18.8
Semiconductor Manufacturing Technology	**46,675**		**48,541**	
» Industrial Quality Solutions	522,987	15.4	569,619	15.5
» Research Microscopy Solutions	49,180	14.9	51,164	16.3
Industrial Quality & Research	**572,167**		**620,783**	
» Ophthalmology	923,046	13.1	353,841	12.9
» Microsurgery	33,101	13.4	34,564	12.9
Medical Technology	**956,147**		**388,405**	
» Vision Care	332,260	12.3	332,526	12.5
Consumer Markets	**332,260**		**332,526**	
Others	**32,412**	16.0	**32,412**	15.5
Total	**1,939,661**		**1,422,667**	

The changes in goodwill result from the first-time consolidation of DORC Topco B.V., Zuidland (Netherlands), and its subsidiaries in the Ophthalmology business unit, from the impairment in the Industrial Quality Solutions business unit and from foreign currency translation in accordance with IAS 21.47.

Impairment on development costs in the current fiscal year includes impairment losses of €31,468k, which were recognized on technologies and developments already in use that were identified as part of the acquisition of Carl Zeiss Meditec Cataract Technology, Inc. The need to recognize impairment losses resulted from reduced expectations regarding the future profit contributions of the acquired technologies. The recoverable amount of €11,537k corresponds to the value in use.

The capitalized development costs include developments not yet completed in the amount of €188,694k (prior year: €160,591k). The annual impairment test of intangible assets that are not yet ready for use on the basis of their value in use did not indicate any impairment.

11 Property, plant and equipment

	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures	Prepayments and assets under construction	Right-of-use assets	**Total**
	€ k	€ k	€ k	€ k	€ k	€ k
Cost						
1 Oct 2022	**947,405**	**1,371,515**	**1,716,299**	**550,842**	**519,687**	**5,105,748**
Change in the basis of consolidation	0	2,898	1,091	0	-730	3,259
Additions	69,561	33,300	127,958	1,018,843	110,385	1,360,047
Disposals	8,265	42,428	98,087	8,100	39,969	196,849
Reclassifications	23,104	147,207	105,045	-274,308	0	1,048
Currency translation	-15,008	-39,427	-28,951	-8,874	-24,637	-116,897
30 Sep 2023	**1,016,797**	**1,473,065**	**1,823,355**	**1,278,403**	**564,736**	**6,156,356**
Depreciation/impairment						
1 Oct 2022	**372,517**	**851,797**	**1,047,055**	**0**	**168,172**	**2,439,541**
Change in the basis of consolidation	0	0	113	0	-730	-617
Additions	42,462	104,643	132,187	0	78,807	358,099
Disposals	3,276	37,973	90,246	0	33,477	164,972
Reclassifications	2	85	-87	0	0	0
Currency translation	-4,928	-19,459	-17,102	0	-7,140	-48,629
30 Sep 2023	**406,777**	**899,093**	**1,071,920**	**0**	**205,632**	**2,583,422**
Carrying amounts as of 30 Sep 2023	**610,020**	**573,972**	**751,435**	**1,278,403**	**359,104**	**3,572,934**
Cost						
1 Oct 2023	**1,016,797**	**1,473,065**	**1,823,355**	**1,278,403**	**564,736**	**6,156,356**
Change in the basis of consolidation	1,865	3,127	10,060	39	9,436	24,527
Additions	47,233	36,201	135,612	1,301,502	99,204	1,619,752
Disposals	11,118	32,187	57,234	22,243	63,099	185,881
Reclassifications	118,639	211,124	-155,402	-174,549	0	-188
Currency translation	-9,956	-18,655	-13,362	-4,852	-13,920	-60,745
30 Sep 2024	**1,163,460**	**1,672,675**	**1,743,029**	**2,378,300**	**596,357**	**7,553,821**
Depreciation/impairment						
1 Oct 2023	**406,777**	**899,093**	**1,071,920**	**0**	**205,632**	**2,583,422**
Change in the basis of consolidation	324	126	2,235	**0**	0	2,685
Additions	44,372	155,177	161,141	**0**	93,553	454,243
Disposals	9,366	35,233	49,586	0	42,153	136,338
Reclassifications	0	-6,332	6,330	0	0	-2
Currency translation	-3,470	-11,685	-8,307	**0**	-4,900	-28,362
30 Sep 2024	**438,637**	**1,001,146**	**1,183,733**	**0**	**252,132**	**2,875,648**
Carrying amounts as of 30 Sep 2024	**724,823**	**671,529**	**559,296**	**2,378,300**	**344,225**	**4,678,173**

Property, plant and equipment except for right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses in accordance with IAS 16 *Property, Plant and Equipment*. The cost of self-constructed assets includes direct costs and a portion of materials and production overheads. The cost of creating qualifying assets, for example for assets that take a substantial period of time to produce, includes borrowing costs. Depreciation is charged on a straight-line basis over the asset's useful life.

The property held to earn rentals is immaterial and recognized at cost less any accumulated depreciation and any accumulated impairment losses in accordance with IAS 40 *Investment Property*.

Depreciation is based on the following ranges of useful lives:

	Useful life
Buildings and structures	2 to 50 years
Technical equipment and machinery	2 to 21 years
Other equipment, furniture and fixtures	2 to 23 years

Impairment losses are recognized in accordance with IAS 36 *Impairment of Assets* if the recoverable amount of the asset concerned has fallen below the carrying amount. Corresponding reversals of impairment losses are made if the reasons for the impairment losses from prior years no longer apply.

Property, plant and equipment with a net carrying amount of €55,588k (prior year: €54,445k) are subject to restrictions on disposal or serve as collateral for liabilities. Accumulated contractual purchase commitments for property, plant and equipment and intangible assets total €1,058,311k as of the reporting date (prior year: €1,004,372k).

12 Investments accounted for using the equity method

Investments accounted for using the equity method amount to €14,207k (prior year: €12,870k) and include the shares in Photono Oy, Helsinki (Finland), Vibrosonic GmbH, Mannheim (Germany), and Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd., Wuxi (China).

The share in Photono Oy, Helsinki (Finland), amounts to 25.0% (prior year. 49.0%) and is accounted for using the equity method due to the significant influence.

The share in Vibrosonic GmbH, Mannheim (Germany), amounts to 28.1% (prior year: 18.8%) and is accounted for using the equity method due to the significant influence.

The share in the joint venture Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd., Wuxi (China), amounts to 50.0% and is accounted for using the equity method due to joint control.

13 Other financial assets

	30 Sep 2024		30 Sep 2023	
		thereof due in more than 1 year		thereof due in more than 1 year
	€ k	€ k	€ k	€ k
Shares in affiliates	63,872	63,872	68,551	68,551
Investments	57,652	57,652	53,088	53,088
Loans	67,777	48,131	63,260	55,138
Securities	13,468	998	921,422	269,228
Derivatives	6,851	1,232	23,201	5,914
Sundry other financial assets	431,634	318,986	667,321	442,876
	641,254	**490,871**	**1,796,843**	**894,795**

The shares in affiliates relate to non-consolidated subsidiaries.

Loans include loans to affiliates, investments and customers. Loans cover default risks according to the expected credit loss model of €3.5m (prior year: €3.4m). Current macroeconomic uncertainties were taken into account in the calculation.

Sundry other financial assets mainly include assets of entities within and outside Germany from overfunded pension plans amounting to €123.3m (prior year: €256.0 million), assets in connection with the financing or securing of short-term obligations to employees amounting to €185.3m (prior year: €179.4m) as well as time deposits and cash pool receivables from non-consolidated subsidiaries. For more information on plan assets, please refer to note 18 Provisions for pensions and similar obligations.

14 Other non-financial assets

Other non-financial assets mainly comprise prepaid expenses as well as tax refund claims from taxes other than income taxes.

15 Inventories

Materials and supplies as well as merchandise are measured at costs of purchase, which are generally determined using the average cost method. Work in progress and finished goods are measured at costs of conversion. In addition to direct materials as well as direct labor, costs of conversion include an appropriate portion of materials and production overheads as well as production-related depreciation and production-related administrative expenses. In addition, the costs for the company pension scheme, for welfare facilities and services at the company and for voluntary social benefits of the company are included insofar as they are attributable to production.

Write-downs are recorded on inventories when the costs of purchase or conversion exceed the estimated net realizable value. All inventory, selling and income risks are thus given adequate consideration. If the reasons for a write-down no longer apply, it is reversed to the lower of cost or estimated net realizable value.

Inventories break down as follows:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Materials and supplies	1,174,815	951,052
Work in progress	1,339,021	1,209,724
Finished goods and merchandise	947,761	921,492
Prepayments	72,809	55,868
	3,534,406	**3,138,136**

The carrying amount of inventories recognized at net realizable value comes to €1,006,452k (prior year: €1,094,429k). The carrying amounts contain write-downs of €276,360k (prior year: €288,297k).

The write-downs recorded on inventories, which are recognized under cost of sales in the consolidated income statement, amounted to €95,894k in the reporting period (prior year: €107,155k). Write-downs of €16,929k (prior year: €12,120k) were reversed through profit or loss.

Cost of materials amounted to €3,760m in the fiscal year (prior year: €3,318m).

16 Cash and cash equivalents

Cash is composed of cash on hand, checks and cash at banks. Liquid financial assets with an original term of up to 3 months that can be converted directly into a fixed cash amount and are only subject to immaterial value fluctuation risks are reported as cash equivalents.

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Cash funds	1,259,620	1,698,165
Cash equivalents	175,349	978
	1,434,969	**1,699,143**

17 Equity

The issued capital of Carl Zeiss AG totaling €120,000k is unchanged compared to the prior year and is divided into 120,000,000 stocks at nominal value, all of which are held by the Carl Zeiss Foundation. A dividend of €86,100k was distributed in the reporting period (prior year: €101,500k).

The capital reserves are unchanged at €52,770k.

Retained earnings primarily contain:

» the legal reserve of Carl Zeiss AG of €5,951k
» the consolidated profit of the reporting period as well as the past results generated by the entities included in the consolidated financial statements less the associated non-controlling interests
» the acquisition or sale of shares in subsidiaries currently under control

Other reserves present the differences arising from the currency translation of foreign subsidiaries' separate financial statements without effect on income as well as remeasurement effects recognized in equity:

» defined benefit plans
» financial assets at fair value through other comprehensive income

Non-controlling interests contain the proportionate share of non-controlling interests in equity.

The development of consolidated equity is shown in the consolidated statement of changes in equity.

Other changes in the fiscal year mainly include the acquisition of treasury shares of Carl Zeiss Meditec AG of €150,075k.

18 Provisions for pensions and similar obligations

The entities of the ZEISS Group have various pension plans. In addition, some foreign subsidiaries have agreed to provide post-employment healthcare benefits on a certain scale.

The ZEISS Group has both defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the obligation of the entity concerned is limited to the payment of the agreed amounts. Payments for defined contribution obligations including contributions to statutory pension funds are recognized as an expense for the period.

With defined benefit plans, the entity's obligation consists of fulfilling the commitments made to current and former employees and their surviving dependents. Such obligations exist both at group entities in Germany and other countries. In the ZEISS Group, defined benefit plans are partly funded via provisions and partly via external funds.

Defined benefit obligations are measured according to IAS 19 *Employee Benefits* using actuarial principles with the projected unit credit method, taking into account country-specific accounting bases and parameters.

External funds invested to cover defined benefit obligations are measured at fair value and offset against the corresponding obligations. If the fair value of the plan assets exceeds the corresponding obligations, the excess amount is recognized under financial assets.

Changes in the portfolio and variances in actual trends compared to the assumptions used for calculation purposes, as well as changes in the assumptions for the measurement of defined benefit obligations, result in actuarial gains and losses, which are recognized directly in other reserves within equity and thus directly affect the consolidated statement of financial position and the consolidated statement of comprehensive income.

The balance of the defined benefit obligation and plan assets (net defined benefit obligation or net plan assets) is discounted using the interest rate on which the measurement of the defined benefit obligation is based. The resulting net interest cost or income is recognized in the net interest balance on defined benefit plans and the service cost in earnings before interest and taxes in the consolidated income statement.

The provisions for pensions include current and future pension obligations of Carl Zeiss AG and various subsidiaries. In addition, this item comprises the provisions of the US entities for medical care benefit obligations. The characteristics and the associated risks of the defined benefit plans vary depending on the legal, tax and economic framework in the respective country.

The most significant defined benefit obligations for the ZEISS Group, which mainly relate to pension obligations in Germany, the US and the UK, are described below.

German pension plans

The currently applicable pension arrangement for employees in Germany is an employer-financed defined benefit plan, comprising old age, disability and surviving dependents' pensions. These pensions are generally granted after a certain period of service.

The defined benefit plan is a modular system in which one pension module is calculated and fixed for each fiscal year. The contribution amount is based on the employee's income and the profit of the company during the fiscal year, with a basic contribution being guaranteed. The contribution is translated into a pension module on the basis of age- and interest-related factors. The pension modules acquired are aggregated and paid out as a life-long annuity.

For employees who were employed before 1 January 2000, vested rights from previous final-salary-based defined benefit plans must be taken into account for service periods up to 2010.

To reduce the risks associated with defined benefit plans (in particular longevity, salary increases and inflation), benefits are partly financed via external plan assets. To this end, a contractual trust arrangement (CTA) was introduced in Germany in fiscal year 2005/06, under which assets are transferred to a trust association such that they can be used only to settle benefit obligations. These assets satisfy the criteria set forth in IAS 19 for plan assets and can therefore be offset against the benefit obligations in these consolidated financial statements. Where the assets exceed the underlying secured claims, the excess is reported under non-current financial assets.

In addition to employer-funded defined benefits, ZEISS offers employees with unlimited employment contracts the option of using untaxed salaries to make provision for old age in the form of deferred compensation. Depending on the terms of their contract, the employees may convert up to 3 monthly salaries a year. The amounts converted are paid into an employer's pension liability insurance policy taken out by the company and the associated benefits are pledged to the employees. The amount and timing of the receivables from the employer's pension liability insurance matches those of the benefits payable to employees. As the receivables are pledged, they generally satisfy the requirements for plan assets and are presented on a net basis. The pension plan is therefore classified as a defined contribution plan from a substance-over-form perspective. If the future benefits under the employer's pension liability insurance are higher than the benefit obligation to the employee, the employee receives the higher amount. The amount is dependent on the age of the employees at the time of conversion of their compensation and the employees' decision on whether to have the deferred compensation paid out as a one-off payment or as a pension. In addition to the conversion of income, the deferred compensation system may include invalidity and surviving dependents' benefits, depending on the model chosen.

Pension plans outside Germany
Major pension plans exist primarily in the US and the UK. These are employer-financed defined benefit plans, comprising old age and surviving dependents' benefits as well as medical benefits, depending on how they are structured. Some of these plans are based on final salary, while others are based on salary-related modules. The obligations from foreign defined benefit obligations are largely covered by assets in long-term external funds. The plans in the US and in the UK are closed to new employees and existing obligations are now capped.

Actuarial assumptions are essential for all defined benefit plans. Besides life expectancy, which in Germany is determined based on the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck, and in other countries on comparable local measurement bases, the following assumptions were made for the purposes of the actuarial calculations:

	Germany		Other countries	
	30 Sep 2024	30 Sep 2023	**30 Sep 2024**	30 Sep 2023
	%	%	%	%
Interest rate	3.40	4.10	1.14 to 10.25	1.13 to 9.50
Future salary increases	3.00	3.00	0.00 to 6.00	0.00 to 5.00
Future pension increases	2.25	2.25	0.00 to 3.25	0.00 to 3.40

The assumptions regarding interest rates, future salary and pension increases as well as mortality rates on which the calculation of the defined benefit obligation (DBO) was based vary depending on economic and other conditions in the country in which the plans exist. The interest rates were determined on an entity-specific basis as of the respective reporting date, depending on the weighted average duration of the pension obligations and in line with the respective maturities and currencies.

For pensioners in Germany, whose pensions are adjusted in line with the consumer price index, an additional valuation surcharge is taken into account for the disproportionately high pension adjustments that have accrued but not yet taken place, as well as for timely annual adjustments up to 2025, due to the significantly higher inflation since the last pension adjustment dates. The expected pension adjustment as of 1 January 2025 will be around 14%, based on a 3-year adjustment cycle. No adjustment backlog is taken into account for pensioners with an adjustment date after 2025. To account for this overinflation in the measurement, a mark-up of 2.5% was applied to all pensioners with adjustments according to the consumer price index.

The amounts for defined benefit obligations recognized in the statement of financial position break down as follows:

			30 Sep 2024
	Defined benefit obligations (DBO)	Fair value of plan assets	Net carrying amount
	€ k	€ k	€ k
Germany	2,344,223	1,824,713	519,510
Other countries	241,486	194,968	46,518
Carrying amount	**2,585,709**	**2,019,681**	**566,028**
» thereof pension provisions			689,339
» thereof other non-current financial assets			123,311

			30 Sep 2023
	Defined benefit obligations (DBO)	Fair value of plan assets	Net carrying amount
	€ k	€ k	€ k
Germany	1,992,027	1,659,648	332,379
Other countries	229,590	180,570	49,020
Carrying amount	**2,221,617**	**1,840,218**	**381,399**
» thereof pension provisions			637,351
» thereof other non-current financial assets			255,952

The reconciliation from the funded status to the amounts recognized in the consolidated statement of financial position is as follows:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Present value of funded pension obligations	1,944,621	1,592,963
Fair value of plan assets	2,019,681	1,840,218
Funded status (net)	**-75,060**	**-247,255**
Present value of unfunded pension obligations	641,088	628,654
Carrying amount	**566,028**	**381,399**
» thereof pension provisions	689,339	637,351
» thereof other non-current financial assets	123,311	255,952

Pension provisions developed as follows:

	2023/24	2022/23
	€ k	€ k
1 Oct	**637,351**	**662,026**
Recognized through profit or loss		
Service cost	92,991	83,337
Net interest cost	14,116	13,460
Not recognized through profit and loss		
Benefits paid	-50,663	-52,289
Remeasurements	136,911	-7,267
Employer contributions	-10,444	-37,469
Exchange differences on translation	-1,810	-3,511
Other	-129,113	-20,936
30 Sep	**689,339**	**637,351**

Service cost is included in both the cost of sales and the functional costs, depending on which function to which the personnel expenses are allocated. The net interest cost is recognized in the financial result.

The other changes in pension provisions mainly result from the change in the overfunding of pension plans.

The present value of the defined benefit obligations developed as follows during the reporting period:

	2023/24	2022/23
	€ k	€ k
1 Oct	**2,221,617**	**2,242,408**
Service cost	92,991	83,337
Interest cost	91,817	85,217
Benefits paid	-99,820	-97,727
Remeasurements		
» Actuarial gains/losses as a result of changes in demographic assumptions	-1,415	-2,177
» Actuarial gains/losses as a result of changes in financial assumptions	279,615	-106,914
» Actuarial gains/losses as a result of experience adjustments	2,608	30,691
Exchange differences on translation	-5,585	-11,796
Other	3,881	-1,422
30 Sep	**2,585,709**	**2,221,617**

The present value of the defined benefit obligations is attributable to:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Active employees	1,196,188	920,332
Former employees with vested rights	192,673	167,669
Pensioners	1,196,848	1,133,616
	2,585,709	**2,221,617**

A detailed reconciliation of the change in the fair value of plan assets is presented in the table below:

	2023/24	2022/23
	€ k	€ k
1 Oct	**1,840,218**	**1,856,811**
Interest income	77,701	71,757
Remeasurements	143,897	-71,133
Employer contributions	10,444	37,469
Employee contributions	372	366
Withdrawals for benefit payments	-49,157	-45,438
Exchange differences on translation	-3,775	-8,285
Other	-19	-1,329
30 Sep	**2,019,681**	**1,840,218**

The actuarial gains/losses from the DBO and the remeasurement of the plan assets are recognized in other comprehensive income.

Employer contributions to plan assets outside Germany for the following fiscal year are expected to amount to €4,335k (prior year: €2,414k).

These plan assets are used exclusively to settle the defined benefit obligations. The funding of these benefit obligations serves to cover future cash outflows as required by law in some countries and made on a voluntary basis in others.

Giving special consideration to the type of the underlying obligations, the assets transferred in Germany to Carl Zeiss Pensions-Treuhand e.V. are to be invested in the interest of the beneficiaries so as to maximize security and profitability while ensuring liquidity at all times. The objective of the investment is the long-term ability to fulfill the obligation.

The plan assets in the CTA were managed in part using an absolute return approach with the objective of achieving an attractive return over the investment horizon while controlling and limiting short-term risks. This approach is supplemented by a liability-dependent component, which is implemented in a liability-driven investment (LDI) portfolio.

The aim of the LDI portfolio is to partially secure the IFRS coverage ratio (in the amount of the capital invested in the LDI portfolio) against changes in interest and inflation levels, i.e. the LDI portfolio should track the interest and inflation-driven development of the obligations as closely as possible.

The CTA's other investments continue to follow the risk-controlled absolute return approach. The risk management implemented there aims to reduce the risk of loss in relation to the strategic asset allocation (SAA) for these investments (excluding the LDI portfolio) while at the same time generating a return comparable to the SAA over a market cycle. The exposures of the asset classes are managed by means of derivatives on an annual basis using defined allocation ranges and taking into account a risk budget.

The portfolio of plan assets consists of the following components:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Equities and equity funds	489,631	517,136
Bonds and bond funds	626,293	564,462
Real estate and real estate funds	218,773	230,232
Alternative investments	410,213	360,321
Cash and cash equivalents	267,886	186,421
Other	6,885	-18,354
	2,019,681	**1,840,218**

Price quotations for the equity and equity funds as well as bonds and bond funds are almost exclusively in an active market; for the other investments, there are no market quotations.

Plan assets (real estate and real estate funds) contain owner-occupied property of €218,289k (prior year: €223,687k).

Changes in the relevant actuarial assumptions would have the following effects on the present value of the defined benefit obligations (DBO) as of the reporting date:

	30 Sep 2024	
	Increase by 0.5%	Decrease by 0.5%
	€ k	€ k
Interest rate	-206,074	237,677
Future salary increases	11,006	-10,338
Future pension increases	87,180	-80,325

The sensitivity analyses presented take into account ceteris paribus the change of a parameter, while retaining the calculation method.

To examine the sensitivity of the DBO with regard to a change in the assumed life expectancy, the mortality rates used were reduced in a comparative calculation so that the decrease results in an increase in life expectancy of roughly 1 year. In this case, the DBO would have been €110,736k higher as of the reporting date.

For the DBOs as of the reporting date, the following pension payments are forecast for the next 10 years, with the expected benefit payments being partly funded via plan assets:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
in the next fiscal year	102,458	101,189
in the second fiscal year	103,539	104,714
in the third fiscal year	105,092	107,254
in the fourth fiscal year	108,311	109,033
in the fifth fiscal year	110,173	111,653
in the sixth to tenth fiscal year	596,694	597,181

As of the reporting date, the average weighted duration of the pension plans is about 19 years in Germany (prior year: around 16 years), about 10 years in the US (prior year: around 10 years) and about 13 years in the UK (prior year: around 12 years). The duration is an expression of the period over which the invested capital is committed for the pension obligations and depends on the payout profile and the interest rate level.

19 Other provisions

	30 Sep 2024		30 Sep 2023	
		thereof due within 1 year		thereof due within 1 year
	€ k	€ k	€ k	€ k
Provisions for personnel-related obligations	43,259	5,507	28,260	5,962
Provisions for sales-related obligations	110,536	104,675	138,296	107,347
Sundry other provisions	86,851	61,565	85,099	53,233
	240,646	**171,747**	**251,655**	**166,542**

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, present obligations to third parties arising from past events are disclosed within other provisions if it is probable that an outflow of resources will be required and can be measured reliably. The provisions are recognized at full cost.

Provisions for personnel-related obligations
Provisions for personnel-related obligations contain long-service awards, phased retirement obligations and early retirement arrangements, the timing and/or amount of which cannot yet be precisely determined. The provisions for obligations under the German phased retirement scheme, long-service awards and death benefits are determined and measured on the basis of actuarial reports or similar parameters.

Provisions for sales-related obligations
Provisions for sales-related obligations principally relate to warranty obligations. The company is liable to its customers for flawless functioning of the products sold during the contractual warranty period. The corresponding warranty provisions are recognized by debiting cost of sales when revenue is recognized.

Warranty obligations may be legal, contractual or non-contractual (assurance-type warranties). Provisions are recognized for expenses expected to be incurred under guarantee or warranty obligations unless there are separate performance obligations. Warranty claims are expected especially when the warranty period has not yet expired, when warranty expenses were incurred in the past or when there is specific indication of pending warranty cases. The warranty risk is derived either from individual estimates or past experience and is provided for accordingly.

Sundry other provisions
Sundry other provisions include provisions for litigation cost risks and restructuring provisions.

Provisions are recognized for risks arising from litigation in which entities of the ZEISS Group are the defendants and if it is more likely than not that the outcome will be negative. They are measured at the amount that the company expects to pay in the event of a negative outcome. This amount includes the amounts payable by the company, such as damages and compensation payments as well as anticipated legal costs.

Restructuring provisions are recognized if a detailed formal plan for restructuring is available by the reporting date, stating the parts of a business or locations concerned, the approximate number of employees affected and when the plan will be implemented, and it has been announced to those affected or their representatives before the reporting date. The amount of the provision covers all direct expenditures arising from the restructuring which necessarily arise during the restructuring and are not associated with the ongoing or future activities of the entity.

	1 Oct 2023	Change in the basis of consolidation	Utilization	Reversal	Additions	Unwinding of the discount and effects from changes in the discount factor	Currency differences	**30 Sep 2024**
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
Provisions for personnel-related obligations	28,260	409	-14,709	-1,203	31,104	12	-614	43,259
Provisions for sales-related obligations	138,296	10,374	-24,435	-44,619	33,012	68	-2,160	110,536
Sundry other provisions	85,099	25	-13,194	-10,290	25,791	528	-1,108	86,851
	251,655	**10,808**	**-52,338**	**-56,112**	**89,907**	**608**	**-3,882**	**240,646**

20 Accruals

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Accruals for personnel-related obligations	785,879	724,265
Accruals for sales-related obligations	402,780	387,146
Outstanding invoices	483,861	469,341
Other accruals	30,959	26,259
	1,703,479	**1,607,011**

Accruals for personnel-related obligations are primarily attributable to special payments, accrued overtime, accrued vacation as well as other personnel-related obligations. Claims from short-term employee benefits are partially secured by financial assets. These assets generally meet the criteria of IAS 19 for plan assets and are included in other financial assets.

Accruals for sales-related obligations mainly relate to bonus and commission payments.

Outstanding invoices are normally measured at amortized cost using the effective interest method.

21 Financial liabilities

			30 Sep 2024			30 Sep 2023
		thereof due within 1 year	thereof due in more than 5 years		thereof due within 1 year	thereof due in more than 5 years
	€ k	€ k	€ k	€ k	€ k	€ k
Liabilities to banks	232,148	3,806	1,802	254,217	32,581	0
Derivatives	3,824	3,824	0	14,405	14,405	0
Lease liabilities	377,744	90,421	88,865	388,791	79,420	108,341
Other financial liabilities	1,866,960	298,683	912,398	1,322,549	308,996	625,913
	2,480,676	**396,734**	**1,003,065**	**1,979,962**	**435,402**	**734,254**

Financial liabilities are normally measured at amortized cost using the effective interest method. Non-interest-bearing loans and loans bearing off-market interest rates are recognized at present value and increased due to the passage of time over their term to maturity.

Liabilities to banks

Promissory notes of €200m were placed in fiscal year 2008/09 and 2013/14. In June 2016, some of the promissory notes were renewed and some were refinanced at new conditions. After early repayment in fiscal year 2019/20 and further regular repayments, the promissory note was repaid on schedule in December 2023.

A loan agreement in the amount of €220m was concluded with the European Investment Bank on 30 September 2021. The dedicated loan, which serves to finance research and development activities, was drawn down on 15 July 2022. The term of the loan is 5 years and it will be repaid at maturity. The interest rate is floating on the basis of the 3-month Euribor plus the agreed margin.

Lease liabilities

Lease liabilities mainly stem from lease agreements for office space, various non-current asset items and office equipment, which ZEISS accounts for as the lessee in accordance with IFRS 16 *Leases*. They are measured at the present value of the outstanding lease payments.

Other financial liabilities

The other financial liabilities are as follows:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Loans payable	1,522,400	912,400
Dividends payable	225,391	218,025
Purchase price liabilities	64,272	113,883
» thereof Preceyes B.V., Eindhoven (Netherlands)	20,103	25,313
» thereof Kogent Surgical LLC, Chesterfield (USA)	25,121	23,638
» thereof Audioptics Medical Inc., Halifax (Canada)	10,320	9,770
» thereof InfiniteVision Optics SAS., Strasbourg (France)	4,113	5,511
» thereof Katalyst Surgical, LLC, Chesterfield (USA)	3,551	3,369
» thereof Peregrine Surgical Ltd., New Britain (USA)	1,064	0
» thereof Carl Zeiss Meditec Cataract Technology, Inc., Reno (USA)	0	28,428
» thereof Capture 3D, LLC., Santa Ana (USA)	0	17,854
Sundry other financial liabilities	54,897	78,241
	1,866,960	**1,322,549**

Loans payable

Under framework loan agreements with Carl Zeiss SMT GmbH, Oberkochen (Germany), dated 22 September 2021 and 24 September 2024, ASML agreed to finance Carl Zeiss SMT GmbH’s investments in property, plant and equipment under certain circumstances and conditions if requested by Carl Zeiss SMT GmbH by drawing on a credit facility to be arranged annually. The annual drawings on the credit facility agreed under this framework loan agreement each have a term of 10 years and are subject to a floating interest rate within a range and is repayable in equal annual installments after an initial 3-year repayment-free period. The agreements both include an option to repay the loan that can be exercised ahead of schedule at any time.

Under this framework loan agreement, Carl Zeiss SMT GmbH drew down a loan with a nominal volume of €124.4m on 29 September 2021, a loan with a nominal volume of €240.0m on 30 September 2022, a loan with a nominal volume of €548.0m on 27 September 2023 and a loan with a nominal volume of €610.0m on 30 September 2024.

Dividends payable
As in the prior year, dividends are payable to ASML.

Purchase price liabilities
Purchase price liabilities relate to (contingent) purchase price components from the acquisition of the shares in the specified companies.

Sundry other financial liabilities
Sundry other financial liabilities include cash pool liabilities to non-consolidated subsidiaries and sundry financial liabilities.

For more information on the contractually agreed undiscounted cash outflows from the non-derivative financial liabilities and derivative financial instruments, please refer to note 23 Financial instruments and risk management.

22 Other non-financial liabilities

Contract liabilities are recorded when the customer pays consideration before the corresponding goods or services are transferred to the customer. Contract liabilities are recognized as revenue when the contractual obligations are fulfilled.

	30 Sep 2024		30 Sep 2023	
		thereof due within 1 year		thereof due within 1 year
	€ k	€ k	€ k	€ k
Contract liabilities				
» Prepayments received on account of orders	1,215,127	1,215,127	1,243,123	1,243,123
» Deferred income	266,583	224,620	246,294	210,589
» Other contract liabilities	15,166	15,166	13,150	13,150
Other liabilities	177,289	166,658	138,820	128,011
	1,674,165	**1,621,571**	**1,641,387**	**1,594,873**

Other liabilities essentially contain liabilities from taxes other than income taxes as well as with-held wage tax.

23 Financial instruments and risk management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are reported in the consolidated statement of financial position as of the date on which ZEISS becomes party to the contract. Regular way purchases and sales of financial assets are generally recognized on the settlement date. As of the date of initial recognition, financial assets and financial liabilities are measured at fair value and classified in accordance with the provisions of IFRS 9 *Financial Instruments*.

Fair value generally corresponds to the market or quoted value. If no active market exists, fair value is calculated using generally accepted valuation techniques (for example, using the present value method or option pricing models). Amortized cost corresponds to the cost of the financial liabilities adjusted for repayments, impairment and the amortization of any discounts or premiums.

IFRS 9 divides financial assets into the following measurement categories:

» At amortized cost (AC)
» At fair value through profit or loss (FVPL)
» At fair value through other comprehensive income (FVOCI)

The classification and measurement of financial assets is based on the business model and the structure of the cash flows. Classification depends on

» whether the underlying business model is aimed at holding financial assets to collect contractual cash flows ("hold" business model), whether the objective is to both collect contractual cash flows and sell financial assets ("hold and sell" business model) or solely sell the financial assets ("sell" business model) and
» whether the contractual cash flows are solely payments of principal and interest (SPPI).

The business model is determined based on the corporate management of the ZEISS Group. To this end, the financial instruments are combined into groups, each of which have a consistent underlying business model. The characteristics of the contractual cash flows are reviewed at the level of the individual financial instruments.

Financial assets whose contractual cash flows are solely payments of principal and interest on the principal amount and that are held under a "hold" business model are measured at amortized cost. These are trade receivables, cash and cash equivalents, cash at banks, loans, securities and sundry financial assets. The assets are subsequently measured using the effective interest method. Gains and losses from impairment or derecognition are recognized in the income statement.

If the objective is to both collect the contractual cash flows and sell the financial assets ("hold and sell" business model), the financial assets are measured at fair value through other comprehensive income (FVOCI). Unrealized gains and losses are recognized in other comprehensive income. If the assets are sold the cumulative gains and losses from the change in fair value are reclassified to the income statement. Interest income is recognized in profit or loss using the effective interest method. This mainly relates to securities.

Financial assets that do not meet the SPPI criteria or are held under a "sell" business model are measured at fair value through profit or loss (FVPL). Gains and losses from the change in fair value are recognized directly in the income statement. This mainly relates to securities and derivatives.

Financial instruments classified as equity instruments are allocated to the "fair value through profit or loss" (FVTPL) measurement category. Entities may also opt to allocate equity instruments to the "fair value through other comprehensive income" (FVOCI) measurement category. If the option is exercised, the gains or losses from this financial instrument are recognized in other comprehensive income and may not be subsequently reclassified to the income statement. This option was exercised for certain investments, since ZEISS intends to hold these investments long term.

Subsidiaries, associates and joint ventures that are not consolidated on the grounds of immateriality do not fall under the scope of IFRS 9 and IFRS 7.

A financial instrument is derecognized if the rights to cash flows have expired, due to the conclusion of insolvency proceedings, a court ruling or depending on other circumstances in the local law. A financial asset is also derecognized if the significant risks and rewards are transferred.

Financial assets are subject to credit risk which is accounted for by recognizing a risk provision or, if losses have already occurred, an impairment loss. Specific allowances and portfolio-based allowances based on the expected credit loss model are recognized to cover the credit risk. The extent of expected losses is categorized according to a three-stage model (general approach) depending on whether the credit risk of a financial instrument has increased significantly since initial recognition. Stage 1 comprises financial assets that have not deteriorated significantly in credit quality since initial recognition. In these cases, 12-month expected credit losses are recognized. If there is a significant increase in the risk of default by the debtor, the financial instrument is allocated to stage 2 and an allowance is recognized in the amount of the expected losses over the entire term or life of the asset. If there is further objective evidence of impairment, the financial assets are allocated to stage 3. Objective evidence includes delay of payment by more than 90 days, information about financial difficulties of the debtor or insolvency proceedings filed against the debtor. The general approach is used to determine the expected credit losses for all assets except trade and other receivables.

Trade and other receivables

Trade receivables are recognized when an unconditional right to consideration from the customer exists (detailed explanation in note 5 Revenue). The simplified approach is applied to determine allowances for trade receivables and receivables under financial leases. According to this, expected credit losses are always calculated over the entire lifetime of financial instruments. As a practical expedient, the ZEISS Group applies a provision matrix for non-credit-impaired receivables which determines the expected losses as a percentage based on the number of days past due. The calculation is based on historical loss experience and is supplemented by relevant forward-looking parameters. This takes current macroeconomic forecasts into account. The forecasts cover a full economic cycle at a minimum. If information about financial difficulties of the debtor is available, the receivables are assessed on a case-by-case basis and an allowance is recognized for credit-impaired receivables. An allowance account is used to post changes to allowances.

Derivative financial instruments

The ZEISS Group uses derivative financial instruments to hedge interest and currency risks. For this purpose, it enters into interest rate swaps as well as cross-currency swaps and forward exchange contracts. These cover the underlying goods and services transactions of Group entities and non-derivative financial transactions (underlying transactions).

The currency hedges serve above all to hedge recognized receivables and liabilities, transactions in foreign currency and the currency exposure derived from a continuously updated, rolling 15-month plan.

Interest rate hedges serve to hedge the interest rate risk arising from the floating-rate portions of certain loans.

In addition, options are held that were acquired as part of a company acquisition, including additional rights to acquire further shares. The options are recognized in the income statement when they are in the money.

The market values are derived from the amounts at which the derivative financial instruments concerned are traded or quoted at the reporting date, without taking into account any offsetting effects from the hedged transactions. Where market values are not available, they are determined using generally accepted valuation techniques (e.g. the present value method or option pricing models).

The nominal amounts and market values of the derivative financial instruments can be found in the following table:

	30 Sep 2024		30 Sep 2023	
	Nominal value	Market value	Nominal value	Market value
	€ k	€ k	€ k	€ k
» Derivatives with a positive market value	535,134	6,851	619,549	23,201
» Derivatives with a negative market value	540,147	3,824	646,196	14,405

Risks

As a global player, the ZEISS Group is exposed to credit risks, liquidity risks and market risks (currency, interest rate and other market risks) as part of its ordinary activities.

Credit risk

Credit risk stems from an adverse development in the economic conditions of the company's counterparties or borrowers and lies primarily in trade receivables. There is the threat of non-performance on the part of a contractual party. The maximum credit risk position of the ZEISS Group is equivalent to the carrying amounts of the financial instruments disclosed as financial assets. The risks are minimized by obtaining collateral, gathering credit ratings/references or analyzing track records of prior business relations, particularly payment behavior. The most frequent form is the retention of title. To reduce the credit risk with regard to trade receivables, invoices and corresponding credit notes are reported at the net amount in the statement of financial position provided netting is legally permissible and the receivable is intended to be settled on a net basis. Impairment losses are recognized for any credit risks associated with the financial assets.

The table below provides information on the remaining credit risk of trade and other receivables:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Trade and other receivables (gross)	**1,855,042**	**1,966,287**
Impairment losses	47,958	46,954
Allowance for exchange differences	1,171	657
Trade and other receivables (net)	**1,808,255**	**1,919,990**
» thereof due in more than 1 year	55,825	45,513

Trade and other receivables include finance lease receivables of €26,508k (prior year: €25,229k).

Identifiable credit risks are accounted for by specific allowances on trade and other receivables. Impairment losses of €31,968k (prior year: €28,760k) are recognized for credit risks.

Bad debt allowances on trade receivables (credit-impaired and non-credit-impaired) developed as follows:

	2023/24	2022/23
	€ k	€ k
1 Oct	**46,954**	**46,751**
Change in the basis of consolidation	37	30
Utilization	-3,926	-5,612
Reversal	-11,098	-9,050
Additions	17,357	16,697
Exchange rate effects	-1,366	-1,862
30 Sep	**47,958**	**46,954**

The table below presents the gross carrying amounts and average default rates for trade and other receivables according to the simplified expected credit loss model:

	30 Sep 2024		30 Sep 2023	
	€ k	%	€ k	%
Not past due	1,366,242	0.3	1,406,221	0.4
Up to 30 days past due	327,987	0.8	262,599	1.1
31 to 60 days past due	39,871	3.5	81,229	2.5
61 to 90 days past due	27,400	5.3	62,462	3.3
More than 90 days past due	93,542	7.3	153,776	4.6
Trade and other receivables (gross)	**1,855,042**		**1,966,287**	

Macroeconomic forecasts were taken into account when calculating expected losses in order to reflect the credit risk expected by the market compared to past years. In general, a full default is assumed when a payment is 365 days past due.

In the ZEISS Group, derivative financial transactions are concluded in accordance with the German master agreement for financial futures contracts. They do not meet the offsetting criteria pursuant to IAS 32 *Financial Instruments: Presentation* since offsetting is enforceable only in the event of insolvency.

In the event of insolvency at a counterparty, the following offsetting would be possible:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Derivatives with a positive market value	6,851	23,201
Amount available for offsetting in the event of insolvency	2,740	12,130
Remaining credit risk	**4,111**	**11,071**

Credit risk in connection with securities is mitigated by selecting counterparties with good credit ratings and by limiting the amounts invested. The Group invests exclusively in securities of investment grade issuers.

Another credit risk is connected to the investment of cash if the banks are not able to meet their obligations. This risk is diversified by investing at different banks, defining limits per asset class and issuer, and applying high rating standards to business partners.

Liquidity risk

The liquidity risk of the ZEISS Group is the risk that it may not be able to meet its financial obligations (to repay financial liabilities or make interest payments).

The cash that serves this risk is generated primarily by operations. Where necessary or where it makes sense for strategic reasons, external sources of finance are drawn on in addition. Carl Zeiss Meditec AG also has the possibility of raising equity funds on the capital market.

For further details on financial liabilities, please refer to note 21 Financial liabilities.

To reduce liquidity risk with regard to trade payables, credit notes received are reported at the net amount in the statement of financial position provided there is a legal right to settle the liability on a net basis.

The following offsetting of derivative financial instruments with a negative market value would be possible in the event of insolvency of a counterparty:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Derivatives with a negative market value	3,824	14,405
Amount available for offsetting in the event of insolvency	2,740	12,130
Remaining liquidity risk	**1,084**	**2,275**

Liquidity is ensured by means of ongoing, group-wide liquidity monitoring and budgeting and a diversified investment policy that takes into account the terms to maturity and is implemented by Carl Zeiss Financial Services GmbH on a group-wide scale. The available liquidity and the revolving credit facility concluded with a banking syndicate on 6 October 2023 with a term of 5 years and 2 extension options of 1 year each give the ZEISS Group adequate flexibility to cover the Group's refinancing needs. In the past fiscal year, the original volume of €1.0b was increased by €300m to a total volume of €1.3b and the first extension option was exercised. The maturity date is now 6 October 2029.

In addition to the revolving credit facility, new credit lines were introduced in the banking group during the past fiscal year "until further notice". As of the reporting date, these credit lines were available with a total volume of €370m and had not been utilized.
The ZEISS Group is not subject to any concentration risk thanks to the diverse nature of its financing sources and its cash and cash equivalents. The payment terms of the trade payables vary depending on the customary conditions in the respective countries and industries and usually include short-term payment terms.

The table below shows the contractually agreed undiscounted cash outflows for non-derivative financial liabilities:

	Undiscounted cash outflows			
	due within 1 year	due in 1 to 5 years	due in more than 5 years	**Total 30 Sep 2024**
	€ k	€ k	€ k	€ k
Trade payables	786,788	0	0	**786,788**
Financial liabilities				
» Liabilities to banks	13,026	245,243	1,838	**260,107**
» Lease liabilities	94,799	205,622	92,914	**393,335**
» Other financial liabilities	311,564	738,383	976,189	**2,026,136**

	Undiscounted cash outflows			
	due within 1 year	due in 1 to 5 years	due in more than 5 years	Total 30 Sep 2023
	€ k	€ k	€ k	€ k
Trade payables	838,478	0	0	**838,478**
Financial liabilities				
» Liabilities to banks	42,517	248,582	0	**291,099**
» Lease liabilities	83,721	207,229	111,498	**402,448**
» Other financial liabilities	318,349	448,397	692,354	**1,459,100**

The table below shows the contractually agreed undiscounted cash outflows for derivative financial instruments with a negative market value:

	Undiscounted cash outflows			
	due within 1 year	due in 1 to 5 years	due in more than 5 years	**Total 30 Sep 2024**
	€ k	€ k	€ k	€ k
Derivative financial liabilities settled on a gross basis				
» Cash outflows	546,784	0	0	**546,784**
» Cash inflows	542,744	0	0	**542,744**

	Undiscounted cash outflows			
	due within 1 year	due in 1 to 5 years	due in more than 5 years	Total 30 Sep 2023
	€ k	€ k	€ k	€ k
Derivative financial liabilities settled on a gross basis				
» Cash outflows	660,553	0	0	**660,553**
» Cash inflows	644,714	0	0	**644,714**

Market risk

The operations of the ZEISS Group are exposed to market price risks due to changes in exchange rates and interest rates. Business policy aims to minimize these risks by means of hedging. All hedging transactions are implemented at corporate level.

From an operating perspective, hedging rates are set for all relevant currencies. All business is transacted in compliance with the principle of strict separation of duties between front office (trading), middle office (financial risk management) and back office (settlement, documentation).

Exchange rate risk

On account of its global orientation, the ZEISS Group is primarily exposed to exchange rate risks in operations whenever revenue is generated or goods are purchased in a currency other than the currency in which the associated costs are incurred. This risk is mainly in relation to the Chinese renminbi, the pound sterling, the Japanese yen, the South Korean won and the US dollar.

The average rates of the forward exchange contracts for the main currencies break down as follows:

	1 € =	**2023/24**	2022/23
China	CNY	7.77	7.43
UK	GBP	0.86	0.87
Japan	JPY	158.23	144.35
South Korea	KRW	1,406.60	1,376.76
USA	USD	1.09	1.08

In order to reduce the effect of exchange rate fluctuations on operations, foreign exchange risks are mostly hedged using standard currency options and forward exchange contracts concluded with banks with excellent credit ratings.

For risk management and monitoring purposes value-at-risk analyses, supplemented by scenario, sensitivity and stress test analyses, are used to quantify exchange rate risks. These risk analyses are reported monthly to the Group's Executive Board.

These value-at-risk analyses are used to regularly assess the risk position from changes in exchange rates by calculating the maximum loss for a certain confidence level and retention period. Value at risk is determined on the basis of historical data and taking into account correlations between the transactions analyzed. The value at risk determined then shows the maximum loss that will not be exceeded over a period of 10 days with a probability of 95% (historical simulation).

Value at risk amounted to €1.9m as of the reporting date (prior year: €5.4m).

Interest rate risk
Interest rate risk arises from fluctuations in market interest rates.

The ZEISS Group has various interest-sensitive assets and liabilities and therefore has interest rate exposure from its asset and liability management. These changes can affect both earnings (cash flow risk) and any fluctuations in the value of financial instruments (fair value risk).

The interest rate risk is analyzed and managed centrally by Carl Zeiss Financial Services GmbH. The ZEISS Group has the following cash flow and fair value risks based on its floating-rate and fixed-rate instruments in this context.

Cash flow risk: A change of +/- 100 base points for the floating-rate financial instruments would have an effect of +/- €11.2m (prior year: +/- €18.2m) on profit or loss.

Fair value risk: Assuming a change of +/- 100 base points, the fixed-rate securities allocated to the "fair value through other comprehensive income" (FVOCI) measurement category would have an effect of -/+ €0.5m on equity (prior year: -/+ €4.9m). Assuming a change of +/- 100 base points, the financial instruments allocated to the "fair value through profit or loss" (FVPL) category would have an effect of +/- €2.9m (prior year: +/-€1.3m) on profit or loss.

The ZEISS Group is not exposed to material other price risks.

Carrying amounts and fair values by category

The table below presents the carrying amounts of the financial instruments accounted for by measurement category:

	Categories of IFRS 9	30 Sep 2024 Carrying amount € k	30 Sep 2023 Carrying amount € k
Trade and other receivables			
» Trade receivables	AC	1,781,747	1,894,761
» Other receivables	n/a*	26,508	25,229
Other financial assets			
» Shares in affiliates	n/a*	63,872	68,551
» Investments	FVPL	46,226	34,830
	FVOCI	0	8,584
	n/a*	11,426	9,674
» Loans	AC	67,777	63,260
» Securities	AC	0	93,792
	FVPL	13,468	659,165
	FVOCI	0	168,465
» Derivatives	FVPL	6,851	23,201
» Sundry other financial assets	AC	431,634	667,321
Cash and cash equivalents	AC	1,259,952	1,699,143
	FVPL	175,017	0
Financial assets		**3,884,478**	**5,415,976**
Trade payables	FLAC	786,788	838,478
Sundry other financial liabilities			
» Liabilities to banks	FLAC	232,148	254,217
» Derivatives	FVPL	3,824	14,405
» Lease liabilities	n/a*	377,744	388,791
» Other financial liabilities	FLAC	1,802,688	1,208,666
	FVPL	64,272	113,883
Financial liabilities		**3,267,464**	**2,818,440**
Aggregated by measurement category in accordance with IFRS 9			
Financial assets at amortized cost	AC	3,407,532	3,982,956
Financial assets at fair value through other comprehensive income	FVOCI	0	177,049
Financial assets at fair value through profit or loss	FVPL	66,545	717,196
Financial liabilities at amortized cost	FLAC	2,821,624	2,301,361
Financial liabilities at fair value through profit or loss	FVPL	68,096	128,288

* n.a.: Not attributable to any of the measurement categories pursuant to IFRS 9.

The carrying amounts presented for the financial instruments measured at (amortized) cost approximate their fair values. The following table shows the fair values and carrying amounts of the financial instruments that were measured at (amortized) cost but the carrying amounts do not approximate their fair values:

		30 Sep 2024		30 Sep 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
	Categories of IFRS 9	€ k	€ k	€ k	€ k
Securities	AC	0	0	93,792	93,615
Liabilities to banks	FLAC	232,148	230,561	254,217	250,119
Other financial liabilities	FLAC	1,802,688	1,659,346	1,208,666	1,016,554

Fair value measurement
Financial instruments are measured at fair value based on a 3-level fair value hierarchy:

Level 1: Fair value is calculated based on the quoted, unadjusted market prices on active markets.

Level 2: Fair value is calculated based on market data such as stock prices, exchange rates or interest curves pursuant to market-based valuation techniques (e.g. present value method or option pricing models).

Level 3: Fair value is calculated based on models with non-observable market data (e.g. discounted cash flow method).

The decision on classification is made on the reporting date.

The table below shows the fair values of financial instruments as well as their respective classification:

				30 Sep 2024
	Level 1	Level 2	Level 3	Total
	€ k	€ k	€ k	€ k
Investments	0	0	46,226	46,226
Securities	13,468	0	0	13,468
Derivatives	0	6,851	0	6,851
Financial assets	**13,468**	**6,851**	**46,226**	**66,545**
Liabilities to banks	0	230,561	0	230,561
Derivatives	0	3,824	0	3,824
Other financial liabilities	0	1,659,346	64,272	1,723,618
Financial liabilities	**0**	**1,893,731**	**64,272**	**1,958,003**

				30 Sep 2023
	Level 1	Level 2	Level 3	Total
	€ k	€ k	€ k	€ k
Investments	0	0	43,414	43,414
Securities	918,317	2,928	0	921,245
Derivatives	0	23,201	0	23,201
Financial assets	**918,317**	**26,129**	**43,414**	**987,860**
Liabilities to banks	0	250,119	0	250,119
Derivatives	0	14,405	0	14,405
Other financial liabilities	0	1,016,554	113,883	1,130,437
Financial liabilities	**0**	**1,281,078**	**113,883**	**1,394,961**

The development of financial instruments allocated to Level 3 of the fair value hierarchy is presented in the table below:

		2023/24
	Investments	Other financial liabilities
	€ k	€ k
1 Oct 2023	**43,414**	**113,883**
Additions and disposals	16,844	1,064
Changes in fair value recognized through profit or loss	-4,329	-30,004
Changes in fair value recognized in other comprehensive income	-9,376	0
Payment of contingent purchase price obligations	0	-17,235
Exchange rate effects	-327	-3,436
30 Sep 2024	**46,226**	**64,272**

	2022/23	
	Investments	Other financial liabilities
	€ k	€ k
1 Oct 2022	**16,808**	**113,029**
Additions	24,219	9,561
Changes in fair value recognized through profit or loss	-1,656	2,960
Changes in fair value recognized in other comprehensive income	4,249	0
Payment of contingent purchase price obligations	0	-5,622
Exchange rate effects	-206	-6,045
30 Sep 2023	**43,414**	**113,883**

The financial assets allocated to Level 3 are investments belonging to both the measurement category “at fair value through profit or loss” (FVTPL) and the measurement category “at fair value through other comprehensive income” (FVOCI).

Level 3 investments allocated to the measurement category “fair value through other comprehensive income” (FVOCI) comprise Precise Bio, Inc., Winston-Salem (US), at €0k (prior year: €6,224k) and OcuTerra Therapeutics, Inc., Boston (US), at €0k (prior year: €2,360k).

An increase or decrease in the interest rate for level 3 investments by one percentage point would, as in the prior, result in a decrease or increase in the carrying amount of the investment by a single-digit million figure.

The financial liabilities allocated to level 3 relate to contingent purchase price obligations from the acquisitions of Preceyes B.V., Eindhoven (Netherlands), Kogent Surgical, LLC, Chesterfield (US), Katalyst Surgical, LLC, Chesterfield (US), Audioptics Medical Inc., Halifax (Canada) and InfiniteVision Optics SAS, Strasbourg (France), which was acquired as part of an asset deal. The change in fair value recognized through profit or loss includes the annual unwinding of the discount on these liabilities and also the adjustment of cost of capital to measure the liabilities. Both effects were recognized in interest expenses. Furthermore, the other financial result contains the income from the remeasurement of contingent purchase price obligations which are also part of the change in fair value recognized through profit or loss presented here.

The fair value of the contingent consideration is determined based on the criteria agreed in the purchase agreement and the expected probable target achievement and is discounted at market interest rate. An increase or decrease in the interest rate by 1.0 percentage point would result in a decrease or increase in the contingent consideration by a low single-digit million figure. A delay in the target achievement linked to milestones and simultaneous decrease in the forecast revenue targets by 15% would result in a decrease in the obligations by €16m.

Net gain or loss

The effects of financial instruments recognized in the income statement are presented on a net basis in the table below by category as defined in IFRS 9 *Financial Instruments*:

	2023/24			
		thereof from interest	thereof from subsequent measurement	thereof from disposals
	€ k	€ k	€ k	€ k
Financial assets at amortized cost	22,409	57,604	-36,301	1,106
Financial assets at fair value through other comprehensive income	8,784	7,469	-264	1,579
Financial assets and liabilities at fair value through profit or loss	69,396	2,549	53,090	13,757
Financial liabilities measured at amortized cost	-26,473	-27,801	1,328	0

				2022/23
		thereof from interest	thereof from subsequent measurement	thereof from disposals
	€ k	€ k	€ k	€ k
Financial assets at amortized cost	-33,472	29,026	-62,478	-20
Financial assets at fair value through other comprehensive income	3,342	6,041	-340	-2,359
Financial assets and liabilities at fair value through profit or loss	103,486	1,852	38,902	62,732
Financial liabilities measured at amortized cost	-20,245	-17,704	-2,541	0

The "Financial assets at amortized cost" category contains the interest and currency result from the measurement of receivables and loans together with securities allocated to this category. The "Financial assets at fair value through other comprehensive income" category mainly results from the measurement of securities and from the reversal of provisions from financial assets in equity. The "Financial assets and liabilities at fair value through profit or loss" category contains the gains or losses from the measurement of derivatives and financial liabilities. The interest and currency result from the measurement of liabilities is recognized in the "Financial liabilities at amortized cost" category.

OTHER NOTES

24 Notes to the statement of cash flows

The consolidated statement of cash flows shows how the cash and cash equivalents reported in the statement of financial position of the ZEISS Group changed in the course of the fiscal year as a result of cash received and paid. In accordance with IAS 7 *Statement of Cash Flows*, a distinction is made between cash flows from operating activities, investing activities and financing activities.

The cash flows from operating activities are derived indirectly from the consolidated profit/loss for the year. The cash flows from investing activities and financing activities is generally determined on the basis of payments made or received. As for government grants for research and development, third-party subsidies are offset against investments in property, plant and equipment. The changes in financial assets are presented on a net basis as defined by IAS 7.22.

When performing the indirect calculation, changes in items of the statement of financial position considered are adjusted for the effects from currency translation, changes in the basis of consolidation and non-cash effects. Changes in the items of the statement of financial position concerned can therefore not be reconciled with the figures published in the consolidated statement of financial position.

Changes to liabilities from financing activities are shown in the table below. Cash changes include both proceeds from loans as well as repayment of liabilities from financing activities. The other non-cash changes in lease liabilities relate to new contracts and contract amendments from leases.

	1 Oct 2023	Cash changes	Non-cash changes			30 Sep 2024
			Currency translation	Changes in basis of consolidation	Other changes	
	€ k	€ k	€ k	€ k	€ k	€ k
Liabilities to banks	254,217	-22,662	-156	749	0	232,148
Lease liabilities	388,791	-88,930	-9,991	9,616	78,258	377,744
ASML loans	912,400	610,000	0	0	0	1,522,400
	1,555,408	**498,408**	**-10,147**	**10,365**	**78,258**	**2,132,292**

	1 Oct 2022	Cash changes	Non-cash changes			30 Sep 2023
			Currency translation	Changes in basis of consolidation	Other changes	
	€ k	€ k	€ k	€ k	€ k	€ k
Liabilities to banks	256,360	-1,998	-145	0	0	254,217
Lease liabilities	380,041	-75,800	-18,914	-313	103,777	388,791
ASML loans	306,093	548,000	0	0	58,307	912,400
	942,494	**470,202**	**-19,059**	**-313**	**162,084**	**1,555,408**

In addition to the cash and cash equivalents of €1,434,969k (prior year: €1,699,143k) reported in the statement of financial position and the statement of cash flows, the Group has access to a revolving credit facility concluded between Carl Zeiss AG and a banking syndicate with a total volume of €1.3 b. The credit facility has a term until 6 October 2029 and has a 1-year extension option. As in the prior year, the revolving credit facility serves as a strategic liquidity reserve for the ZEISS Group and was not utilized as of the reporting date.

In addition to the revolving credit facility, new credit lines were introduced in the banking group during the past fiscal year “until further notice”. As of the reporting date, these credit lines were available with a total volume of €370m and had not been utilized.

25 Contingent liabilities

Contingent liabilities amount to €4,971k (prior year: €2,061k) and were not recognized as provisions because the probability of an outflow of resources is considered remote.

26 Average headcount for the year and personnel expenses

	2023/24	2022/23
	Number	Number
Germany	20,945	18,244
EMEA (without Germany)	5,617	5,179
Americas	7,595	7,628
APAC	10,203	9,643
	44,360	**40,694**
Trainees	713	517
Total	**45,073**	**41,211**

The average number for the year is calculated on the basis of full-time equivalents.

Personnel expenses break down as follows:

	2023/24	2022/23
	€ k	€ k
Wages and salaries	3,345,946	2,928,596
Social security	530,199	461,309
Pension costs	110,518	91,583
Total	**3,986,663**	**3,481,488**

The expenses for defined contribution plans including contributions to statutory pension funds amounted to €191,949k in the reporting period (prior year: €159,544k). The employer's contribution to statutory pension funds is included in social security contributions.

27 Leases

Contracts that convey the right to use an asset for a period of time in exchange for consideration are recognized in accordance with IFRS 16 *Leases*.
Sale-and-leaseback agreements are presented using the same principles.

ZEISS as lessee

Lessees must generally recognize all leases as a financing transaction in the form of a right-of-use asset and corresponding lease liability. The lease liability is measured at the present value of the outstanding lease payments. The right-of-use assets are depreciated on a straight-line basis and the lease liability is rolled forward using the effective interest method. Renewal, termination and purchase options are taken into account during initial measurement of the lease liability if their exercise has become reasonably certain (especially property leases). The practical expedients for leases based on low-value assets and short-term leases are used.

The Group has entered into lease agreements for properties, technical equipment and machines as well as furniture and fixtures. The contracts have terms of between one and more than 5 years and some contain renewal and purchase options as well as price adjustment clauses.

The carrying amounts of the right-of-use assets are included in property, plant and equipment as follows:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Land and buildings	286,468	307,088
Technical equipment and machinery	426	480
Other equipment, furniture and fixtures	57,331	51,536
Carrying amounts for right-of-use assets	**344,225**	**359,104**

Depreciation of right-of-use assets breaks down as follows:

	2023/24	2022/23
	€ k	€ k
Land and buildings	-67,562	-57,985
Technical equipment and machinery	-179	-464
Other equipment, furniture and fixtures	-25,812	-20,358
Depreciation of right-of-use assets	**-93,553**	**-78,807**

Lease liabilities of €88,930k (prior year: €75,800k) were repaid in fiscal year 2023/24. Interest expenses from unwinding of discount on lease liabilities are presented in the financial result and amount to €11,065k (prior year: €7,413k).

The lease expenses include expenses for short-term leases of €15,874k (prior year: €14,088k) and expenses for leases of low-value assets of €20,489k (prior year: €15,556k).

In fiscal year 2023/24, cash outflows for leases totaled €136,358k (prior year: €112,857k).

Future cash outflows of €70,990k (prior year: €49,443k) were not included in the lease liability because it is not reasonably certain that the leases will be renewed or not terminated.

There are no future cash outflows for leases that have not yet begun as of the reporting date (prior year: €10,570k).

Income of €964k (prior year: €1,218k) from the sublease of right-of-use assets was also recognized.

ZEISS as lessor

Lessors must assess as of the commencement date whether a lease is a finance lease or an operating lease. The lease is a finance lease if all significant risks and rewards incidental to ownership of an underlying asset are transferred. In this case, a receivable is recognized in the amount of the net investment in the lease. The corresponding interest income is presented in the financial result. Lease payments under operating leases are recognized in income on a straight-line basis over the lease term.

Operating leases

The Group has entered into lease agreements mainly for buildings and technical equipment. In connection with its product sales, the ZEISS Group offers financing models in the form of leases that are classified as operating leases based on their features.

The carrying amounts for property, plant and equipment contain the following amounts from operating leases under which the ZEISS Group is the lessor:

	30 Sep 2024	30 Sep 2023
	€ k	€ k
Land and buildings	16,595	17,725
Technical equipment and machinery	13,394	10,701
Other equipment, furniture and fixtures	2,432	45
Carrying amounts for operating leases	**32,421**	**28,471**

Risks from leases stem in particular from lessees failing to adhere to agreed conditions or purchase agreed quantities. In these cases, compensation for minimum purchase volumes in the event of failure to purchase or the return of the leased asset to the lessor including appropriate compensation payments for contract termination ahead of schedule are agreed in the contracts as protection against such risks. Further risk mitigation measures that are carried out prior to entering into a contract include customer credit checks, a feasibility appraisal of the lease and a comprehensive analysis of the customer’s realistic requirements.

Lease income came to €10,059k (prior year: €7,690k) in fiscal year 2023/24. There was no lease income relating to variable lease payments not linked to an index or interest.

Accumulated future minimum lease payments under non-cancellable operating leases amount to:

	30 Sep 2024	30 Sep 2023
Term to maturity	€ k	€ k
Due within year 1	10,124	8,190
Due within year 2	4,036	4,600
Due within year 3	3,311	2,846
Due within year 4	2,761	2,748
Due within year 5	2,475	2,605
Due in more than 5 years	4,205	4,883
Total minimum lease payments	**26,912**	**25,872**

Finance leases

In connection with product sales, the ZEISS Group offers financing models in the form of leases that are classified as finance leases based on their features. There are also finance leases for buildings.

See the statements under operating leases for information on the risks from finance leases.

In the current fiscal year, profits from finance leases amounted to €4,737k (prior year: €3,236k).

Outstanding minimum lease payments under finance leases are as follows:

	30 Sep 2024	30 Sep 2023
Term to maturity	€ k	€ k
Due within year 1	8,299	7,269
Due within year 2	7,181	6,224
Due within year 3	5,140	5,112
Due within year 4	3,810	3,479
Due within year 5	2,604	2,092
Due in more than 5 years	375	1,731
Future undiscounted cash inflows	**27,409**	**25,907**
Unearned finance income	901	678
Finance lease receivables	**26,508**	**25,229**

28 Government grants

In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, government grants are only recorded if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. Grants related to income are offset against the corresponding expenses in the period in which the expenses are incurred. As a rule, public investment grants for assets are deferred and amortized through profit or loss over the useful lives of the related assets.

The government grants received in the reporting period were as follows:

	2023/24	2022/23
	€ k	€ k
Research and development grants	63,881	8,020
Grants related to assets	3,184	3,312
Other grants related to expenses	17,403	13,251
	84,468	**24,583**

29 Related party disclosures

Related parties as defined by IAS 24 *Related Party Disclosures* include the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena (Germany), the entity SCHOTT AG, Mainz (Germany), owned by the Carl Zeiss Foundation, non-consolidated subsidiaries, the associates and joint ventures as well as the members of the Executive Board and the Supervisory Board of Carl Zeiss AG.

Related party transactions are carried out at arm's length.

In fiscal year 2023/24, the ZEISS Group procured goods and services from SCHOTT AG, Mainz (Germany), of €11,314k (prior year: €13,600k) and provided a negligible volume of goods and services to SCHOTT AG, Mainz (Germany). In addition, Microsoft licenses of €5,866k (prior year: €5,036k) were cross-charged to SCHOTT AG, Mainz (Germany). As of the reporting date, a prepayment of €2,705k (prior year: €3,954k) had been made to SCHOTT AG, Mainz (Germany). There were no other significant outstanding balances as of the reporting date.

The table below shows the goods and services supplied to and received from non-consolidated subsidiaries as well as associates and joint ventures:

	Goods and services supplied		Goods and services received	
	2023/24	2022/23	**2023/24**	2022/23
	€ k	€ k	€ k	€ k
Non-consolidated subsidiaries	28,902	16,899	50,070	48,780
Associates and joint ventures	5,583	1,752	2,850	12,564
	34,485	**18,651**	**52,920**	**61,344**

The table below shows the receivables from non-consolidated subsidiaries as well as associates and joint ventures:

	Trade and other receivables		Financial receivables	
	30 Sep 2024	30 Sep 2023	**30 Sep 2024**	30 Sep 2023
	€ k	€ k	€ k	€ k
Non-consolidated subsidiaries	20,466	6,564	34,731	18,255
Associates and joint ventures	5,207	947	8,126	843
	25,673	**7,511**	**42,857**	**19,098**

The table below shows the liabilities to non-consolidated subsidiaries as well as associates and joint ventures:

	Trade payables and other liabilities		Financial liabilities	
	30 Sep 2024	30 Sep 2023	**30 Sep 2024**	30 Sep 2023
	€ k	€ k	€ k	€ k
Non-consolidated subsidiaries	13,500	4,118	17,474	6,841
Associates and joint ventures	324	244	71	60
	13,824	**4,362**	**17,545**	**6,901**

Financial receivables and financial liabilities primarily contain receivables and liabilities from loans and cash management.

In the reporting period, there were no transactions between the ZEISS Group and members of the Executive Board and the Supervisory Board and their family members above and beyond the existing employment, service or appointment relationships and the related contractually agreed remuneration.

Information on the remuneration of board members is contained in note 33 Remuneration of the Executive Board and the Supervisory Board.

30 German Corporate Governance Code

The Management Board and the Supervisory Board of the listed company Carl Zeiss Meditec AG, Jena (Germany), included in the consolidated financial statements have issued a declaration in accordance with Sec. 161 German Stock Corporation Act (AktG) on the recommendations issued by the government commission on the German Corporate Governance Code and made it available to stockholders on the company's website (www.zeiss.de/meditec-ag/ir).

31 Audit fees

The following fees were recognized as expenses for the services provided by the auditor of the consolidated financial statements PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and other companies in the international PwC network:

	2023/24		2022/23	
		thereof PwC Germany		thereof PwC Germany
	€ k	€ k	€ k	€ k
Audit services	6,551	2,998	5,030	2,048
Other attestation services	62	62	0	0
Other services	425	425	23	23

32 Subsequent events

Carl Zeiss AG placed a promissory note with a total volume of €900m with effect from 29 October 2024. Tranches of €30m with a term of 3 years, €330m with a term of 5 years and €540m with a term of 7 years were issued, with interest rates being partly fixed and partly floating based on 6-month Euribor.

There were no other significant events after the end of the fiscal year.

33 Remuneration of the Executive Board and the Supervisory Board

Total remuneration of the members of the Executive Board for performance of their duties at Carl Zeiss AG and its subsidiaries came to €15,916k in fiscal year 2023/24 (prior year: €15,212k), comprising fixed remuneration as well as short-term and long-term variable remuneration components. Of the total remuneration, €1,911k (prior year: €1,512k) is attributable to service cost for pension obligations. Current fixed and variable remuneration comes to €14,005k (prior year: €13,700k). The members of the Executive Board did not receive any additional remuneration because they either waived the remuneration for their activities on the Supervisory Board of subsidiaries or offset this against their Executive Board remuneration. There are pension obligations of €15,724k (prior year: €14,545k) and further obligations from outstanding remuneration (dependent on defined targets) of €9,899k (prior year: €10,283k) toward members of the Executive Board.

The total benefits paid to former members of the Executive Board and their surviving dependents amounted to €3,641k for fiscal year 2023/24 (prior year: €3,325k). Provisions for the benefit obligations to former members of the Executive Board or their surviving dependents amount to €62,009k (prior year: €58,194k).

The total remuneration of the members of the Supervisory Board of Carl Zeiss AG for their work came to €1,948k in fiscal year 2023/24 (prior year: €1,352k).

Oberkochen, 4 December 2024

The Executive Board of Carl Zeiss AG

Dr. Karl Lamprecht
Susan-Stefanie Breitkopf
Sven Hermann
Stefan Müller
Andreas Pecher
Dr. Jochen Peter
Dr. Markus Weber

List of Shareholdings of the Group

in accordance with Sec. 315e (1) in conjunction with Sec. 313 (2) German Commercial Code HGB 30 September 2024

Country	City	Name of entity		Share in capital acc. to Sec. 285 No. 11 HGB %	Beneficial share in capital %
1. Fully consolidated subsidiaries					
Germany	Aalen	Carl Zeiss Aalen GmbH & Co. KG		100.0	100.0
Germany	Neuenstein	Carl Zeiss Automated Inspection GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Beteiligungs-GmbH	1	100.0	100.0
Germany	Goettingen	Carl Zeiss CMP GmbH	1	100.0	100.0
Germany	Dresden	Carl Zeiss Digital Innovation GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss EEH GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Energie GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Financial Services GmbH	1	100.0	100.0
Germany	Braunschweig	Carl Zeiss GOM Metrology GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Industrielle Messtechnik GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss IQR GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss IQS Deutschland GmbH	1	100.0	100.0
Germany	Jena	Carl Zeiss Jena GmbH	1	100.0	100.0
Germany	Jena	Carl Zeiss Jena Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Jena	Carl Zeiss Meditec AG		59.1	60.4
Germany	Jena	Carl Zeiss Meditec Asset Management Verwaltungsgesellschaft mbH	1	100.0	60.4
Germany	Oberkochen	Carl Zeiss Meditec Vertriebsgesellschaft mbH	1	100.0	60.4
Germany	Oberkochen	Carl Zeiss Microscopy Deutschland GmbH	1	100.0	100.0
Germany	Jena	Carl Zeiss Microscopy GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss MultiSEM GmbH	1	100.0	100.0
Germany	Neubeuern	Carl Zeiss Optotechnik GmbH	1	100.0	100.0
Germany	Schönkirchen	Carl Zeiss Schönkirchen GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss SMT GmbH	1	100.0	75.1
Germany	Oberkochen	Carl Zeiss SMT Holding GmbH & Co. KG	1	75.1	75.1
Germany	Oberkochen	Carl Zeiss SMT Holding Management GmbH	1	100.0	100.0
1. Fully consolidated subsidiaries					
Germany	Jena	Carl Zeiss Spectroscopy GmbH	1	100.0	100.0
Germany	Wetzlar	Carl Zeiss Sports Optics GmbH	1	100.0	100.0
Germany	Oberkochen	Carl Zeiss Venture Beteiligungsgesellschaft mbH	1	100.0	100.0
Germany	Aalen	Carl Zeiss Vision GmbH	1	100.0	100.0
Germany	Aalen	Carl Zeiss Vision Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Aalen	Carl Zeiss Vision International China Holding GmbH		100.0	100.0
Germany	Aalen	Carl Zeiss Vision International GmbH	1	100.0	100.0
Germany	Wetzlar	Carl Zeiss Wetzlar Grundstücks GmbH & Co. KG	1	100.0	100.0
Germany	Düsseldorf	D.O.R.C. Deutschland GmbH		100.0	60.4
Germany	Aalen	Marwitz & Hauser GmbH	1	100.0	100.0
Germany	Kiel	Opton Feintechnik Kiel GmbH	1	100.0	100.0
Germany	Aalen	tooz technologies GmbH		100.0	100.0
Argentina	Buenos Aires	Carl Zeiss Vision Argentina S.A.		100.0	100.0
Australia	North Ryde	Carl Zeiss No. 2 Pty Ltd		100.0	100.0
Australia	North Ryde	Carl Zeiss Pty. Limited		100.0	100.0
Australia	Tonsley	Carl Zeiss Vision Australia Group Pty. Ltd.		100.0	100.0
Australia	Tonsley	Carl Zeiss Vision Australia Holdings Ltd.		100.0	100.0
Australia	Tonsley	Carl Zeiss Vision Australia Pty. Ltd.		100.0	100.0
Australia	Tonsley	Sola Optical Partners (Limited Partnership)		100.0	100.0
Belgium	Zaventem	Carl Zeiss N.V.-S.A.		100.0	100.0
Belgium	Zaventem	Carl Zeiss Vision Belgium NV		100.0	100.0
Brazil	São Paulo	Carl Zeiss do Brasil Ltda.		100.0	100.0
Brazil	Petrópolis	Carl Zeiss Vision Brasil Industria Optica Ltda.		100.0	100.0
British Virgin Islands	Road Town, Tortola	Carl Zeiss Vision China (BVI) Ltd.		100.0	100.0
China	Shanghai	Carl Zeiss (Shanghai) Co., Ltd.		100.0	100.0
China	Hong Kong	Carl Zeiss Far East Co., Ltd.		100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
China	Shanghai	Carl Zeiss Holding Co., Ltd., China	100.0	100.0
China	Shanghai	Carl Zeiss IMT (Shanghai) Co., Ltd.	100.0	100.0
China	Guangzhou	Carl Zeiss Meditec (Guangzhou) Ltd.	100.0	60.4
China	Suzhou	Carl Zeiss Meditec (Suzhou) Co., Ltd.	100.0	60.4
China	Shanghai	Carl Zeiss Meditec Holding (Shanghai) Co., Ltd.	100.0	60.4
China	Suzhou	Carl Zeiss Suzhou Co., Ltd.	100.0	100.0
China	Guangzhou	Carl Zeiss Vision (China) Ltd.	100.0	100.0
China	Guangzhou	Carl Zeiss Vision (Guangzhou) Ltd.	100.0	100.0
China	Hong Kong	Carl Zeiss Vision Sunlens Asia Pacific Ltd.	100.0	100.0
China	Guangzhou	Carl Zeiss Vision Sunlens China Ltd.	100.0	100.0
China	Guangzhou	Carl Zeiss Vision Technical Services (Guangzhou) Ltd.	100.0	100.0
China	Guangzhou	Carl Zeiss Vision Technologies (Guangzhou) Ltd.	100.0	100.0
Denmark	Birkerød	Carl Zeiss A/S	100.0	100.0
Denmark	Birkerød	Carl Zeiss Vision Danmark A/S	100.0	100.0
Finland	Vantaa	Carl Zeiss Oy	100.0	100.0
France	La Rochelle, Périgny	Atlantic SAS	100.0	60.4
France	Rueil-Malmaison	Carl Zeiss Meditec France SAS	100.0	60.4
France	La Rochelle, Périgny	Carl Zeiss Meditec SAS	100.0	60.4
France	Rueil-Malmaison	Carl Zeiss SAS	100.0	100.0
France	Fougères	Carl Zeiss Vision France Holding SAS	100.0	100.0
France	Fougères	Carl Zeiss Vision France SAS	100.0	100.0
France	Issy-les-Moulineaux	D.O.R.C. France S.A.R.L.	100.0	60.4
France	Paris	France Chirurgie Instrumentation SAS	100.0	60.4
UK	Cambourne	Carl Zeiss Limited	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
UK	Cambourne	Carl Zeiss Microscopy Limited	100.0	100.0
UK	Birmingham	Carl Zeiss Vision UK Limited	100.0	100.0
UK	Livingston	HYALTECH Ltd.	100.0	60.4
UK	Birmingham	SILS Limited	100.0	100.0
India	Bangalore	Carl Zeiss India (Bangalore) Private Limited	100.0	100.0
Indonesia	Jakarta	PT Carl Zeiss Indonesia	100.0	100.0
Ireland	Dublin	Carl Zeiss Ireland Limited	100.0	100.0
Ireland	Wexford	Carl Zeiss Vision Ireland Ltd.	100.0	100.0
Israel	Misgav	Carl Zeiss SMS Ltd.	100.0	75.1
Italy	Milan	Carl Zeiss S.p.A.	100.0	100.0
Italy	Castiglione Olana	Carl Zeiss Vision Italia S.p.A.	100.0	100.0
Italy	Cassano Magnago	Carl Zeiss X-ray Technologies S.r.l.	100.0	100.0
Japan	Tokyo	Carl Zeiss Co., Ltd.	100.0	100.0
Japan	Tokyo	Carl Zeiss Meditec Co., Ltd.	100.0	79.8
Japan	Tokyo	Carl Zeiss Vision Japan Co., Ltd.	100.0	100.0
Canada	Halifax	Audioptics Medical Inc.	100.0	60.4
Canada	Toronto	Carl Zeiss Canada Ltd.	100.0	100.0
Canada	Toronto	Carl Zeiss Vision Canada Inc.	100.0	100.0
Kazakhstan	Almaty District	Carl Zeiss LLC	100.0	100.0
Colombia	Bogotá D.C.	Carl Zeiss Vision Colombia S.A.S.	100.0	100.0
Korea, South	Seoul	Carl Zeiss Co., Ltd.	100.0	100.0
Korea, South	Seoul	Carl Zeiss Vision Korea Co., Ltd.	100.0	100.0
Croatia	Zagreb	Carl Zeiss d.o.o.	100.0	100.0
Malaysia	Petaling Jaya	Carl Zeiss Sdn. Bhd.	100.0	100.0
Malaysia	Petaling Jaya	Carl Zeiss Vision (Malaysia) Sdn. Bhd.	100.0	100.0
Mauritius	Quatre Bornes	FCI SUD Ltd.	100.0	60.4

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
Mexico	México D.F.	Carl Zeiss de México S.A. de C.V.	100.0	100.0
Mexico	Tijuana	Carl Zeiss Vision Manufactura de Mexico S. de R.L. de C.V.	100.0	100.0
Mexico	Naucalpan	Carl Zeiss Vision Mexico S. de R.L. de C.V.	100.0	100.0
New Zealand	Auckland	Carl Zeiss (N.Z.) Ltd.	100.0	100.0
Netherlands	Breda	Carl Zeiss B.V.	100.0	100.0
Netherlands	Breda	Carl Zeiss Vision Nederland B.V.	100.0	100.0
Netherlands	Zuidland	D.O.R.C. Dutch Ophthalmic Research Center (International) B.V.	100.0	60.4
Netherlands	Zuidland	DORC Bidco B.V.	100.0	60.4
Netherlands	Zuidland	DORC Topco B.V.	100.0	60.4
Netherlands	Eindhoven	Preceyes B.V.	100.0	60.4
Norway	Oslo	Carl Zeiss AS	100.0	100.0
Austria	Vienna	Carl Zeiss GmbH	100.0	100.0
Austria	Graz	Carl Zeiss Industrielle Messtechnik Austria GmbH	100.0	100.0
Philippines	Taguig	Carl Zeiss Philippines Pte. Ltd.	100.0	100.0
Poland	Poznan	Carl Zeiss Shared Services Sp. z o.o.	100.0	100.0
Poland	Poznan	Carl Zeiss Sp. z o.o.	100.0	100.0
Portugal	Lisbon	Carl Zeiss Meditec Portugal Unipessoal Lda.	100.0	60.4
Portugal	Setúbal	Carl Zeiss Vision Portugal, S.A.	100.0	100.0
Romania	Bucharest	Carl Zeiss Instruments S.R.L.	100.0	100.0
Russia	Moscow	Carl Zeiss LLC	100.0	100.0
Sweden	Stockholm	Carl Zeiss AB	100.0	100.0
Sweden	Malmö	Carl Zeiss Vision AB	100.0	100.0
Switzerland	Feldbach	Carl Zeiss AG	100.0	100.0
Switzerland	Feldbach	Carl Zeiss Vision Swiss AG	100.0	100.0
Singapore	Singapore	Carl Zeiss Pte. Ltd.	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
Singapore	Singapore	Carl Zeiss Vision Singapore Pte. Ltd.	100.0	100.0
Slovakia	Bratislava	Carl Zeiss Slovakia, s.r.o.	100.0	100.0
Slovenia	Ljubljana	Carl Zeiss d.o.o.	100.0	100.0
Spain	Tres Cantos - Madrid	Carl Zeiss Iberia, S.L.	100.0	100.0
Spain	Tres Cantos - Madrid	Carl Zeiss Meditec Iberia SA	100.0	60.4
Spain	Tres Cantos - Madrid	Carl Zeiss Vision España, S.L.	100.0	100.0
South Africa	Randburg	Carl Zeiss (Pty.) Ltd.	100.0	100.0
South Africa	Randburg	Carl Zeiss Vision South Africa (Pty) Ltd.	100.0	100.0
Taiwan	Hsinchu	Carl Zeiss Co., Ltd.	100.0	100.0
Thailand	Bangkok	Carl Zeiss Co., Ltd.	49,0[2]	49,0[2]
Czech Republic	Prague	Carl Zeiss spol. s r.o.	100.0	100.0
Türkiye	Ankara	Carl Zeiss Meditec Medikal Cözümler Tic. ve San. A.S.	100.0	60.4
Ukraine	Kiev	Carl Zeiss LLC	100.0	100.0
Hungary	Mátészalka	Carl Zeiss Sport Optikai Hungaria Kft.	100.0	100.0
Hungary	Budapest	Carl Zeiss Technika Kft.	100.0	100.0
Hungary	Mátészalka	Carl Zeiss Vision Hungary Optikai Kft.	100.0	100.0
USA	Santa Ana	Capture 3D, LLC	100.0	100.0
USA	White Plains	Carl Zeiss, Inc.	100.0	100.0
USA	Minneapolis	Carl Zeiss Industrial Metrology, LLC	100.0	100.0
USA	Minneapolis	Carl Zeiss Industrial Quality Solutions, LLC	100.0	100.0
USA	Reno	Carl Zeiss Meditec Cataract Technology, Inc.	100.0	60.4
USA	Temple	Carl Zeiss Meditec Digital Innovations, LLC	100.0	60.4
USA	Ontario	Carl Zeiss Meditec Production, LLC	100.0	60.4
USA	Dublin	Carl Zeiss Meditec USA, Inc.	100.0	60.4
USA	Dublin	Carl Zeiss Meditec, Inc.	100.0	60.4

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
1. Fully consolidated subsidiaries				
USA	White Plains	Carl Zeiss Microscopy, LLC	100.0	100.0
USA	White Plains	Carl Zeiss SBE, LLC	100.0	100.0
USA	Danvers	Carl Zeiss SMT, Inc.	100.0	75.1
USA	Hebron	Carl Zeiss Vision Holdings Ltd.	100.0	100.0
USA	Hebron	Carl Zeiss Vision, Inc.	100.0	100.0
USA	Dublin	Carl Zeiss X-ray Microscopy, Inc.	100.0	100.0
USA	Exeter	Dutch Ophthalmic USA, Inc.	100.0	60.4
USA	Pembroke	FCI Ophthalmics Inc.	100.0	60.4
USA	Chesterfield	Katalyst Surgical LLC	100.0	60.4
USA	Chesterfield	Kogent Surgical LLC	100.0	60.4
USA	Seabrook	MicroVision, Inc.	100.0	60.4
USA	New Britain	Peregrine Surgical Ltd.	100.0	60.4
USA	White Plains	tooz technologies, Inc.	100.0	100.0
United Arab Emirates	Dubai	Carl Zeiss Vision MENA FZE	100.0	100.0
Vietnam	Ho Chi Minh City	Carl Zeiss Vietnam Company Limited	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB	Beneficial share in capital
			%	%
2. Non-consolidated subsidiaries				
Germany	Oberkochen	Carl Zeiss Elfte Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss EUV Metrology and Inspection GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Grundstücks-Verwaltungs GmbH	100.0	100.0
Germany	Ulm	Carl Zeiss MES Solutions GmbH	100.0	100.0
Germany	Rostock	Carl Zeiss Microscopy Software Center Rostock GmbH	100.0	100.0
Germany	Wangen	Carl Zeiss Optical Components GmbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Sechste Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Siebte Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Carl Zeiss Zwölfte Vorratsgesellschaft mbH	100.0	100.0
Germany	Oberkochen	Gusto Gourmet GmbH	100.0	100.0
Germany	Oberkochen	MuLight Technology GmbH	100.0	100.0
Germany	Cologne	VenTrade GmbH	100.0	100.0
Germany	Westerburg	Wefis GmbH	100.0	64.0
Germany	Hohenbrunn	XETOS AG	51.0	51.0
Brazil	São Paulo	D.O.R.C. do Brasil Productos e Servicos Oftalmologicos Ltda.	100.0	60.4
Brazil	Petrópolis	Lentrix Indústria e Comércio de Produtos Ópticos Ltda.	100.0	100.0
Bulgaria	Sofia	Carl Zeiss Bulgaria EOOD	100.0	100.0
China	Hong Kong	D.O.R.C. Hong Kong Ltd.	100.0	60.4
China	Shanghai	Daoenke Medical Technology Co., Ltd.	100.0	60.4
China	Shanghai	GOM Optical Measuring Techniques (Shanghai) Co., Ltd.	100.0	100.0
France	Strasbourg	InfiniteVision Optics SAS	100.0	60.4
UK	Rochford	D.O.R.C. Limited	100.0	60.4
UK	London	Ncam Technologies Limited	100.0	100.0
Italy	Agrate Brianza	D.O.R.C. Italy S.R.L.	100.0	60.4

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB %	Beneficial share in capital %
2. Non-consolidated subsidiaries				
Netherlands	Zuidland	Medical Instrument Design (M.I.D.) International B.V.	100.0	60.4
Austria	Vienna	D.O.R.C. GmbH	100.0	60.4
Poland	Slupsk	Carl Zeiss IQS Software R&D Center Sp. z o.o.	100.0	100.0
Romania	Timisoara	Carl Zeiss MES Solutions S.R.L.	99.9	99.9
Sweden	Nacka	D.O.R.C. Scandinavia AB	100.0	60.4
Switzerland	Zurich	Carl Zeiss SMT Switzerland AG	100.0	75.1
Serbia	Ruma	Carl Zeiss d.o.o. Ruma	100.0	100.0
Zimbabwe	Harare	Carl Zeiss (Pvt.) Ltd. (Zimbabwe)	100.0	100.0
Spain	Barcelona	D.O.R.C. España, S.L.	100.0	60.4
Türkiye	Istanbul	Carl Zeiss Teknoloji Cözümleri Ticaret Limited Sirketi	100.0	100.0
Hungary	Miskolc	Carl Zeiss Digital Innovation Hungary Kft.	100.0	100.0
USA	Hebron	American Optical IP Corporation	100.0	100.0
USA	Boston	arivis Imaging, Inc.	100.0	100.0
USA	Hebron	Carl Zeiss Vision Business Services, Inc.	100.0	100.0
USA	Princeton	EMMETROPIA, INC	100.0	60.4
USA	Charlotte	GOM Americas, Inc.	100.0	100.0
USA	New York	Preceyes, Inc.	100.0	60.4
Venezuela	San Diego	Carl Zeiss Vision Venezuela Industria Optica C.A.	100.0	100.0

Country	City	Name of entity	Share in capital acc. to Sec. 285 No. 11 HGB %	Beneficial share in capital %
3. Associates and joint ventures accounted for using the equity method				
Germany	Mannheim	Vibrosonic GmbH	28.1	19.4
China	Wuxi	Wuxi Carl Zeiss Vision Pro Medical Technology Co., Ltd	50.0	30.2
Finland	Helsinki	Photono Oy	25.0	15.1
4. Associates and joint ventures carried at cost				
Germany	Braunschweig	A3DS GmbH	30.0	30.0
Germany	Jena	JENAER BILDUNGSZENTRUM gGmbH SCHOTT CARL ZEISS JENOPTIK	33.3	33.3
Germany	Berlin	MakerVerse GmbH	29.5	29.5
Germany	Ulm	Scantinel Photonics GmbH	37.5	37.5
Germany	Lalling	Umami Ware GmbH	31.4	31.4
Germany	Holm-Seppensen	X-Ray Solutions GmbH	49.0	49.0
Italy	Samarate, Varese	S.E.A.I. S.r.l.	25.0	25.0
Norway	Drammen	Visitech AS	25.0	25.0
Switzerland	Zug	KXO AG	38.3	19.6
Switzerland	Lausanne	Pi Imaging Technology SA	34.0	34.0
USA	Lafayette	Ophthalmic Laser Engines, LLC	52.0	31.4
USA	Fort Worth	TEC Evolution, LLC	30.0	30.0
United Arab Emirates	Dubai	Carl Zeiss Vision MENA Spectacles Trading LLC	49.0	49.0

[1] In accordance with Sec. 264 (3) HGB or Sec. 264b HGB, these entities are exempted from the duty to publish their financial statements
[2] Majority of the voting rights

Independent Auditor's Report

"Independent Auditor's Report

To Carl Zeiss AG, Oberkochen

Audit Opinions

We have audited the consolidated financial statements of Carl Zeiss AG, Oberkochen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2023 to 30 September 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Carl Zeiss AG for the financial year from 1 October 2023 to 30 September 2024.

In our opinion, on the basis of the knowledge obtained in the audit,

» the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2024, and of its financial performance for the financial year from 1 October 2023 to 30 September 2024, and

» the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information.

The other information comprises the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

» is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 audit 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 controls.

» Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

» Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

» Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

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

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

» Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

» Perform audit procedures on the prospective information presented by the executive directors in the group management report. 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 audit 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."

Stuttgart, 4 December 2024

Marcus Nickel Wirtschaftsprüfer	Kai Mauden Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Other notes

Legal Information/Disclaimer ____________ **106**

Legal Information/Disclaimer

Legal Information
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Disclaimer
This report contains certain forward-looking statements concerning the development of the ZEISS Group. At the present time, ZEISS 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. ZEISS therefore assumes 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 additional discrepancies may arise throughout this annual report due to mathematical rounding.

This is a translation of the original German-language Annual Report of the ZEISS Group. The ZEISS Group 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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