Interim Report 9 Months 2024/25

Interim Report of the Carl Zeiss Meditec Group - 9 months 2024/25

- **Further growth in revenue and earnings after 9M 2024/25**
- **Significant recovery in order intake and order backlog**
- **EBITA[1] slightly above prior year at €175.4m; EBITA margin at 11.0%**
- **Forecast for fiscal year 2024/25 unchanged**

Business development within the Group

- In the first nine months of fiscal year 2024/25, the Carl Zeiss Meditec Group generated revenue of €1,600.1m. This corresponds to an increase of +7.6% compared with the year-ago period (prior year: €1,486.5m). After adjustment for currency effects, growth amounted to +8.0%. The increase in revenue is mainly due to the DORC acquisition. Adjusted for acquisitions and currency effects, revenue was up +1.1% on the prior year.

- The underlying revenue performance is due in part to strong deliveries of the VISUMAX® 800 in China and to the accelerating rate of KINEVO® 900 S deliveries. After a strong winter season, demand for consumables for refractive procedures in China slowed in the third quarter of 2024/25.

- Order intake and order backlog recovered significantly compared to the prior year. Order intake increased by +23.3% (adjusted for currency and acquisition effects: +16.2%), while order backlog rose to €431.1m (30.9.2024: €327.0m).

[1] Earnings before interest, taxes and amortization of intangible assets from purchase price allocation

Table 1: Summary of key ratios in the consolidated income statement

Unless otherwise stated	9 months 2024/25 €m	9 months 2023/24 €m	Change
Revenue	**1,600.1**	**1,486.5**	**+7.6%**
Gross margin	52.7%	53.7%	-1.0% pts
EBITA	**175.4**	**170.2**	**+3.1%**
EBITA margin	11.0%	11.4%	-0.5% pts
Adjusted EBITA[2]	**177.0**	**152.0**	**+16.4%**
Adjusted EBITA margin	11.1%	10.2%	+0.8% pts
EPS (in €)	1.02	1.32	-22.8%
Adjusted EPS (in €)	1.23	1.35	-9.0%

Business development by strategic business unit (SBU)

- After nine months, revenue in the Ophthalmology SBU increased by +9.5% (adjusted for currency effects: +9.8%) to €1,251.1m, compared with €1,143.0m in the same period of the prior year. This growth is largely attributable to the acquisition of DORC. Adjusted for acquisitions and currency effects, revenue increased by +0.9% compared with the prior year. Overall, an increase in the volume of intraocular lenses in China and slight growth in consumables for refractive surgery in China in the first nine months of fiscal year 2024/25 made a positive contribution, despite a recent slowdown in demand in the third quarter of 2024/25; growth was also achieved in surgical microscopes compared to the prior year. The EBITA margin was slightly up on the prior year's weak figure, partly due to lower research & development expenses.

- The revenue of the Microsurgery SBU grew slightly by +1.6% (adjusted for currency effects: +1.8%) to €349.0m (prior year: €343.5m). Deliveries of neurosurgical microscopes, in particular the KINEVO® 900 S surgical microscope, increased in the third quarter of 2024/25 after a weak start to the fiscal year, with further increases expected by the end of the fiscal year. The EBITA margin fell significantly as a result of a weaker product mix in the first nine months of 2024/25, involving a lower proportion of neurosurgical surgical microscopes.

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[2] The reconciliation to the adjusted EBITA can be found in Table 4. The term "adjusted EBITA" is not defined in the International Financial Reporting Standards (IFRSs). There is no comparability with similarly designated key figures of other companies. Adjusted figures do not serve as a substitute for IFRS figures and are not more meaningful than IFRS figures.

- Recurring revenue was at a new all-time high of 51.4% (prior year: 46.7%). The increase was mainly due to the DORC acquisition.

Table 2: Business development by SBU

	Ophthalmology				Microsurgery			
	9 months 2024/25	9 months 2023/24		Change	**9 months 2024/25**	9 months 2023/24		Change
Unless otherwise stated	€m	€m		(const. Fx)	€m	€m		(const. Fx)
Revenue	**1,251.1**	**1,143.0**	**+9.5%**	**+9.8%**	**349.0**	**343.5**	**+1.6%**	**+1.8%**
Share of consolidated revenue	78.2%	76.9%	+1.3% pts		21.8%	23.1%	-1.3% pts	
EBITA	**132.4**	**103.0**	**+28.6%**		**42.9**	**67.2**	**-36.1%**	
EBITA margin	10.6%	9.0%	+1.6% pts		12.3%	19.6%	-7.3% pts	

Business development by region

- Revenue in the EMEA[3] region increased to €482.8m after the first nine months of the current fiscal year (prior year: €432.2m), and therefore rose by +11.7% (adjusted for currency effects: +12.5%). The German, UK and Scandinavian markets delivered strong revenue figures.

- Revenue in the Americas region increased by +14.2% after the first nine months of fiscal year 2024/25, to €407.5m (prior year: €356.9m; adjusted for currency effects: +14.6%). North America contributed to the increase in revenue, with double-digit percentage growth. The US has recovered from a weak prior-year period.

- The APAC[4] region developed positively, reporting revenue of €709.9m compared with €697.5m in the prior year (+1.8%; adjusted for currency effects: +1.8%). Positive contributions were also made by the Southeast Asia and India markets. The Chinese and South Korean markets remained stable, while Japan recorded a decline in revenue.

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[3] Europe/Middle East/Africa
[4] Asia/Pacific

Table 3: Business development by region

	EMEA				Americas			
	9 months 2024/25	9 months 2023/24	Change		**9 months 2024/25**	9 months 2023/24	Change	
Unless otherwise stated	€m	€m		(const. Fx)	€m	€m	in %	(const. Fx)
Revenue	**482.8**	**432.2**	**+11.7%**	**+12.5%**	**407.5**	**356.9**	**+14.2%**	**+14.6%**
Share of consolidated revenue	30.2%	29.1%	+1.1% pts		25.4%	24.0%	+1.4% pts	

	APAC			
	9 months 2024/25	9 months 2023/24	Change	
Unless otherwise stated	€m	€m		(const. Fx)
Revenue	**709.9**	**697.5**	**+1.8%**	**+1.8%**
Share of consolidated revenue	44.4%	46.9%	-2.5% pts	

Development of earnings

- The gross margin declined slightly to 52.7% (prior year: 53.7%) due to negative product mix effects – resulting from price declines for intraocular lenses in China, the absence of KINEVO revenue during the phase of new product launches, and higher depreciation and amortization.
- Earnings before interest, taxes and amortization of intangible assets from purchase price allocation (EBITA) increased to €175.4m after the first nine months of fiscal year 2024/25 (prior year: €170.2m). The EBITA margin decreased to 11.0% (prior year: 11.4%). The decline is mainly due to the lower gross margin. On the other hand, there was a slight decline in operating costs on a comparable basis (excluding DORC consolidation): Savings in research and development were partially offset by higher sales and marketing costs and general administrative expenses. The measures introduced to curb operating costs remain in force. Adjusted for special effects, the EBITA margin was 11.1% (prior year: 10.2%). The prior year was characterized by one-time extraordinary income from a settlement payment in the US with the competitor Topcon Ltd. in the amount of €18.0m. In the current period, further reorganization costs of €3.7m were incurred (mainly for severance payments), while the receipt of €2.1m in public funding for the construction of the production facilities in China had a positive effect.

- The financial result amounted to €-26.4m (prior year: €+8.7m) due to lower interest income and to currency losses from currency hedging transactions. Earnings per share (EPS) were €1.02 (prior year: €1.32).

Table 4: Reconciliation of the non-IFRS key ratio adjusted result

	9 months 2024/25	9 months 2023/24	Change
Unless otherwise stated	€m	€m	
EBITA[5]	**175.4**	**170.2**	**+3.1%**
./. Other operating result	+2.1	-	-
./. Settlement payment in legal dispute	-	+18.2	-
./. Other operating income	-3.7	-	-
Adjusted EBITA	**177.0**	**152.0**	**+16.4%**
Adjusted EBITA margin	11.1%	10.2%	+0.8% pts

Financial position

Table 5: Summary of key ratios in the statement of cash flows

	9 months 2024/25	9 months 2023/24
	€m	€m
Cash flows from operating activities	65.7	57.4
Cash flow from investing activities	7.9	-356.1
Cash flow from financing activities	-58.0	324.1

- Cash flows from operating activities increased to €65.7m in the reporting period (prior year: €57.4m). The increase is mainly due to lower tax payments and an increase in depreciation and amortization compared to the same period of the prior year.

5 After nine months there were write-downs on intangible assets arising from the purchase price allocations (PPA) of around €22.3m (prior year: €7.5m), mainly in connection with the acquisitions of DORC in fiscal year 2023/24, CZM Production LLC (formerly: Aaren Scientific, Inc.) in fiscal year 2013/24, CZM Cataract Technology Inc. (formerly IanTECH, Inc.) in fiscal year 2018/19 and Katalyst Surgical LLC and Kogent Surgical LLC in fiscal year 2022/23.

- Cash flows from investing activities amounted to €7.9m (prior year: €-356.1m), mainly due to a reduction in the amount receivable from Group treasury. Lower investments in property, plant and equipment (capex) and in intangible assets compared to the same period of the prior year had an offsetting effect.

- Cash flows from financing activities amounted to €-58.0m in the period under review (prior year: €324.1m). The change was mainly due to a reduction in Group treasury payables and lower dividend payments compared to the same period of the prior year.

- As of 30 June 2025, Carl Zeiss Meditec's net financial debt amounted to €-384.1m (30 September 2024: €-327.4m). The equity ratio was 61.4% (prior year: 60.8%) and thus remained high.

Report on forecast changes

- The Company expects the global macroeconomic situation to remain volatile and anticipates no rapid recovery in the investment climate for equipment or any reduction in the pressure on consumer spending for elective procedures.

- The Company expects moderate revenue growth and a stable or slightly higher EBITA and EBITA margin (FY 2023/24 EBITA: €248.9m, EBITA margin: 12.0%) in the the fiscal year.

- The introduction of 15% trade tariffs by the US on imports from Europe will have a negative impact on earnings in the current fiscal year. The effects will, to a large extent, be passed on to the market through a targeted pricing policy. Further devaluation of the US and Asian (CNY, KRW, JPY) currencies, in particular, has not been included in the forecast and represents an additional risk.

- The cost containment measures remain in place to keep the cost trend roughly stable (before full-year consolidation of DORC).

- A gradual increase in the EBITA margin is targeted in the coming years, supported by increasing recurring revenue. The long-term, sustainable potential for the EBITA margin is put at 16-20%.

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Brief profile
Carl Zeiss Meditec AG (ISIN: DE0005313704), which is listed on the MDAX and TecDAX of the German stock exchange, is one of the world's leading medical technology companies. The Company supplies innovative technologies and application-oriented solutions designed to help doctors improve the quality of life of their patients. It provides complete packages of solutions for the diagnosis and treatment of eye diseases, including implants and consumables. The Company creates innovative visualization solutions in the field of microsurgery. With 5,730 employees worldwide, the Group generated revenue of €2,066.1m in fiscal year 2023/24 (to 30 September).

The Group's head office is located in Jena, Germany, and it has subsidiaries in Germany and abroad; more than 50 percent of its employees are based in the USA, Japan, Spain and France. The Center for Application and Research (CARIn) in Bangalore, India and the Carl Zeiss Innovations Center for Research and Development in Shanghai, China, strengthen the Company's presence in these rapidly developing economies. Around 41 percent of Carl Zeiss Meditec AG's shares are in free float. The remaining approx. 59 percent are held by Carl Zeiss AG, one of the world's leading groups in the optical and optoelectronic industries.

For further information visit: www.zeiss.com/med

Income statement

Unless otherwise stated	9 months 2024/25 €m	9 months 2023/24 €m
Revenue	**1,600.1**	**1,486.5**
Cost of sales	-756.7	-688.0
Gross profit	**843.5**	**798.5**
Selling and marketing expenses	-362.3	-318.6
General and administrative expenses	-94.6	-77.1
Research and development expenses	-234.5	-258.4
Other operating result	0.9	18.2
Earnings before interest and taxes (EBIT)	**153.1**	**162.7**
Earnings of investments carried at equity	-1.5	-2.4
Interest income	6.0	18.3
Interest expenses	-20.3	-20.0
Net interest from defined benefit pension plans	0.0	0.8
Foreign currency gains/(losses), net	-10.9	10.1
Other financial result	0.2	2.0
Earnings before income taxes (EBT)	**126.7**	**171.4**
Income taxes	-38.5	-54.1
Consolidated profit	**88.1**	**117.3**
of which		
profit/loss attributable to shareholders of the parent company	89.4	118.0
profit/loss attributable to non-controlling interests	-1.3	-0.8
Earnings per share attributable to the shareholders of the parent company in the fiscal year (EPS) (in €)		
Basic/diluted	1.02	1.32