

Carl Zeiss Meditec AG
Annual General Meeting
on 26 March 2025 [virtual]

Speech text
Dr. Markus Weber, President and CEO

- Speech: check against delivery -

**Ladies and Gentlemen,
Shareholders,
Members of the Supervisory Board,
Guests, Friends of the Company,**

A warm welcome to the Annual General Meeting of Carl Zeiss Meditec AG. I would like to look back with you now on the 2023/24 fiscal year, which was less than satisfactory for us.

I closed my speech at last year's Annual General Meeting by pointing out how uncertain the prospects for the global market were. Geopolitical and macroeconomic developments have indeed proved challenging in recent months, presenting us with numerous difficulties. Consumer confidence in China, for example, has cooled significantly. Unstable healthcare policy conditions in key markets such as Germany, France and South Korea have lowered customers' willingness to invest. In the US, too, willingness to invest in the healthcare sector has remained at a stubbornly low level, partly due to inflation and interest rate developments.

All of these developments forced us to significantly reduce our earnings targets in June 2024. There was a further slowdown in the summer in China, particularly in the laser eye surgery business. We experienced unusual declines in revenue in our markets, a trend which has continued in the first quarter of the new fiscal year. In the 2023/24 fiscal year, we generated revenue of more than €2bn with an EBIT margin of 12 percent.

You, our shareholders, have felt the effects of these developments, particularly after the forecast was lowered in June 2024. These effects included some significant falls in the share price, which had a corresponding negative impact on the value of your investment. We are working hard to increase the value of our Company and to return to growth. We are not satisfied with the share price, even though we are now seeing the first signs of stabilization. We consider the share to be very attractively valued compared to that of other listed medtech companies.

At a very early stage we launched a full response to the developments and intensified our resilience programs. The goal of these initiatives is to strengthen our organization and prepare us even better for meeting future challenges. We have put together packages of **short and medium-term measures** which allow us to react flexibly to the general changes and the ongoing volatility of the markets.

Allow me to turn first to the **measures that had an immediate impact**. We have been pursuing a restrictive recruitment policy for some time and have critically reviewed all expenditure for research and development, sales, marketing and administration – but without risking any loss of innovative strength. As a technology and innovation leader, we want to – indeed we must – continue to invest in innovation for our customers.

These measures are having a noticeable effect. Excluding acquisitions, we managed to hold our operating expenses at the same level as in the previous year, despite ongoing inflation and cost pressures.

To strengthen our resilience in the longer term, we have also implemented **various medium-term measures**, as already mentioned. Designed to improve our competitiveness on a lasting basis, these measures will increase our productivity and boost our efficiency and excellence. Internally, we are investing in modern technologies and digital solutions that will help us to optimize processes, reduce complexity and react more quickly to changes in the market. We have strengthened initiatives that increase productivity in research and development. We are also promoting continuous further training for our employees. This ensures that our team has the necessary skills to operate successfully in a dynamic environment. We are also focusing on strengthening our customer relationships, as closer communication with our customers allows us to respond more effectively to their needs.

These and many other measures are designed not only to overcome the current challenges, **but also to strengthen our Company's ability to respond to future developments**.

But there are further factors that are giving cause for optimism about the future. The **medical technology sector remains a growth market** with enormous opportunities. We are therefore aligning our long-term strategy with current trends in the healthcare sector, such as digitalization and efficiency. We are joining forces with physicians to develop innovative solutions in the fields of microsurgery and ophthalmology.

Demographic change is a megatrend which represents one of the biggest challenges for the healthcare sector. The demand for healthcare services increases as people get older. At the same time, we are witnessing a decline in the number of medical staff in many areas.

We firmly believe that the **digital transformation** will bring forth a whole range of solutions which can help clinics meet this challenge. Digital technologies enable more efficient clinical workflows and standardized processes. They help to reduce costs. They also open up new possibilities for diagnosis, treatment and patient communication. And they support cooperation among medical specialists.

Digitalization therefore also represents a basis for the further development of our workflow solutions in the future. In this way, we are paving the way for efficient clinical workflows at different stages of the patient journey for various pathologies. Many of the ZEISS workflows are aimed at diagnostics, treatment and aftercare. In the last few years, we have developed into an innovative and customer-oriented solution provider and succeeded in differentiating ourselves even more clearly from the competition.

Here we are exploiting the **potential offered by artificial intelligence**, for example. We are also conducting research into new applications which hold potential for the future.

Let me give you an example of one such digital solution. Networked healthcare – or "connected care" – solutions are helping doctors around the world to break new ground by

allowing them to realize telemedicine, for example. This will give more patients access to modern medical care, including those in more remote areas.

Are you familiar with Dr. Alexander Skau? Probably not, unless you have already been to Lofoten and had an eye problem while you were there. He is an ophthalmologist who practices in Bodø, a small coastal town north of the Arctic Circle. With the support of ZEISS, Dr. Skau started a pilot project in the Lofoten archipelago. His goal was to conduct remote eye examinations on people with diabetes using ultra-wide-angle imaging and suitable software in order to diagnose diabetic retinopathy at the earliest possible stage. This is a retinal disorder that occurs in advanced diabetes and leads to vision loss.

Dr. Skau has developed a care model in collaboration with local optician stores. High-resolution images of the retina are taken with fundus cameras set up in the stores. Special software then sends the patient data to the clinics in real time via the cloud. The transmitted images allow medical teams to examine patients' retinas, without the patients having to travel.

The challenges associated with offering medical care in remote regions are not limited to Norway; they are encountered all over the world and in many different medical fields. Dr. Skau is convinced that digitally networked care could be key to solving this problem.

It is the visions of physicians like Dr. Skau that inspire us to keep pushing ahead with the development of digital solutions.

Ladies and Gentlemen, we continued to invest significant amounts in research and development in the past fiscal year. At 16.6 percent, our share of expenditure on research and development remains one of the highest in the industry. This is because we know all too well that our innovative strength is the driving force behind our success and that this makes a valuable contribution to stabilizing business development in these challenging times.

The market launch of the ZEISS KINEVO 900 S provided a further demonstration of the innovative strength of our teams. It is the latest robotic visualization system in our portfolio and a further development of the successful ZEISS KINEVO 900 platform.

In cooperation with customers, our development team has succeeded in developing the robotics used in the ZEISS KINEVO 900 into collaborative robotics, or 'cobotics'. The new functions are facilitated, among other things, by AI-trained algorithms. These functions enable interaction with the ZEISS KINEVO 900 S and help surgeons keep their hands in the operating area.

But surgeons have an interest not only in having uninterrupted workflows, but also in obtaining superior-quality images. The new imaging system of the ZEISS KINEVO 900 S represents an innovative leap forward: in tests, users gave the digital image quality the best rating of any device on the market.

As part of the ZEISS Tumor Workflow, the KINEVO 900 S also provides access to ZEISS digital solutions that simplify data management and facilitate team and teaching collaboration.

In fiscal year 2023/24, we successfully launched further cutting-edge technology for ophthalmology – including the ZEISS ARTEVO 750 and 850.

We also received important market approvals that are crucial for giving customers access to our **ophthalmology workflow solutions** worldwide.

Ladies and Gentlemen, we are working hard to expand and round off our workflow solutions. This also requires strategic investment in inorganic growth. In fiscal year 2023/24, Carl Zeiss Meditec Group announced its acquisition of the Dutch Ophthalmic Research Center (DORC).

At the heart of the DORC product portfolio is EVA NEXUS™ – an innovation that complements our ZEISS Retina Workflow and that would have taken us years to develop on our own. The surgical system represents a first-class platform for vitreoretinal surgery which enjoys a high degree of market recognition. This is a procedure in which the vitreous body is removed in order to perform surgery on the retina.

DORC's extensive product portfolio yields further synergies. Among other things, it boosts our recurring revenue. The share of this increased from 43% to 47% in FY 2023/24, in particular due to consumables for surgical instruments, fluids and tamponades.

Ladies and Gentlemen, the story of DORC began at the Rotterdam Eye Clinic in the early 1980s. Today, over 800 employees worldwide work for the company, which does business in more than 100 countries. This global presence gives rise to numerous synergies and offers us access to various strategically important markets. Together, we can offer our portfolio of market-leading technologies to customers worldwide.

The acquisition of DORC represents the Company's largest investment to date. Based on the assumption that there will be no further upheavals on the global markets, we decided to finance this largely from existing liquidity. In addition, we also took out a shareholder loan from our parent company ZEISS for the first time, with a term of three years. We plan to repay this from cash flows in the coming fiscal years.

At this point I would like to draw your attention to another aspect. The acquisition of DORC is not only decisive for our long-term strategy in terms of the product portfolio: by joining forces we can pool our expertise and drive forward the development of future technologies for ophthalmology. This will ultimately help to improve patients' quality of life. And this motivates us to give our best every day.

Ladies and Gentlemen, I would like to turn now to an important aspect of the Annual General Meeting – **the dividend**. The dividend policy we pursue is results-oriented and consistent. The Management Board and Supervisory Board strive for a distribution ratio of approximately one third of consolidated profit after non-controlling interests. The distribution proposal to be decided today is very much in line with this policy. Specifically, the Management Board and Supervisory Board propose the distribution of a **dividend of 60 cents per share**.

Our long-term dividend policy ensures that the Company will continue to be **solidly financed in the future and that we can invest in growth** to increase the value of the Company on a sustained basis. We intend to hold to this policy in the future, too.

Finally, I would like to turn our attention to the **first quarter of the 2024/25** fiscal year.

The geopolitical and macroeconomic outlook remains tense and there is growing uncertainty. A glance at the newspapers is enough to confirm that protective tariffs and possible trade wars are the opposite of stabilizing factors.

We therefore got off to a subdued start in the first quarter. We achieved slight revenue growth due to the acquisition of DORC, and we also recorded a significant increase in incoming orders

and orders on hand. The quarter was influenced by a high comparative basis from the prior year and the transition to new product models.

The positive response to our new products such as the KINEVO 900 S or the VISUMAX 800 and the approval of our refractive laser system in Japan and China show that we are on the right track. We also received approval for our MEL 90 excimer laser for the US market. These and other approvals will strengthen our refractive business in these key markets.

Passing these important milestones makes us confident that we will return to solid organic growth in the coming months.

Ladies and Gentlemen, a further item on today's agenda is the election of new Supervisory Board members. I would like to take this opportunity to say a big thank you to the members of the Supervisory Board for their hard work. The term of office of our Supervisory Board Chairman Dr. Karl Lamprecht concludes at the end of today's Annual General Meeting.

Adopting a consistently objective viewpoint while contributing critical thinking and clear foresight, **Mr. Lamprecht** has supported us through some challenging times, especially during the coronavirus pandemic. We have greatly appreciated his expertise and support. The entire management team and I would like to extend our sincere gratitude to him for this.

The term of office of Tania von der Goltz also draws to a close at the end of today's Annual General Meeting.

Ms. von der Goltz has been a member of our Supervisory Board since 2018. During these seven years, she has provided us with valuable impetus, and her expertise has been instrumental in driving forward the development of our Company. I would like to take this opportunity to thank her most sincerely for her commitment. On behalf of our entire management team, I wish her all the very best.

Another item on the agenda of today's Annual General Meeting is the election of new shareholder representatives to the Supervisory Board. Prof. Dr. Angelika Bullinger-Hoffmann from Chemnitz University of Technology and Andreas Pecher, the designated CEO of ZEISS AG, are standing for election. Both will introduce themselves to you in person shortly.

Before I conclude, however, I would like to say a further very special thank you. It is addressed to my Management Board colleague Justus Felix Wehmer, to the extended management of the Carl Zeiss Meditec Group and to our global team. I would particularly like to thank them for their tireless commitment and exceptional performance in these challenging times. Their constant passion, dedication and unwavering team spirit strengthen our cohesion and make us all the more successful.

Diversity, respect and open-mindedness are key cornerstones of our corporate culture and the basis of our innovative strength. They help foster a working environment that encourages and inspires our international team to reach even greater creative heights. We collaborate on new ideas, developing innovations that offer genuine added value for our customers and partners, for physicians and medical professionals.

Our cutting-edge medical products and integrated workflow solutions are setting new standards and driving progress in the fields of ophthalmology and microsurgery – both now and in the future. Our goal is to demonstrate our excellence and make us the partner of choice for our

customers worldwide – working with them to improve the quality of life of patients all over the world.

Ladies and Gentlemen, your trust is the driving force that enables us to think beyond the short-term and to turn our long-term visions into reality.

Thank you very much for your support!