ASX Announcement

15 August 2025

Cochlear Limited Financial Results

For the year ended June 2025

In FY25, we helped over 53,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net social benefit of more than $9 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.[1]

We reached a major milestone this year, launching the Cochlear™ Nucleus® Nexa™ System in June – the world's first and only smart cochlear implant system with upgradeable firmware. The new implant is the outcome of a 20-year investment in R&D and is currently rolling out across the world.

In FY25, sales revenue increased 4% (3% in constant currency*) to $2,356 million, with strong growth in cochlear and acoustic implants moderated by a decline in Services revenue.

- Cochlear implant revenue increased 9% in CC
- Acoustics revenue increased 6% in CC
- Services revenue declined 10% in CC
- Statutory net profit increased 9% to $389m
- Underlying net profit** increased 1% to $392m
- Underlying net profit margin was 17% (18% pre cloud investment)
- Full year dividends increased 5% to $4.30 per share, a payout of 72% of underlying net profit
- FY26 underlying net profit guidance range is $435-460 million, an 11-17% increase on FY25, up 5-11% on a comparative (cloud adjusted) basis. We expect strong revenue growth in developed markets from the launch of the new Nucleus Nexa implant, moderated by lower growth in emerging markets revenue, with overall revenue and earnings growth weighted to the second half.

	FY25	FY24	Change % (reported)		Change % (CC)*	
Sales revenue ($m)	2,355.8	2,258.2	↑	4%	↑	3%
Underlying net profit ($m)**	**391.6**	**386.6**	**↑**	**1%**	**↓**	**4%**
% Underlying net profit margin**	17%	17%				
% Underlying net profit margin (pre cloud investment)**	18%	18%				
One-off and non-recurring items after-tax ($m)	(2.7)	(29.8)				
Statutory net profit ($m)	**388.9**	**356.8**	**↑**	**9%**	**↑**	**3%**
Underlying earnings per share**	$5.98	$5.90	↑	1%	↓	3%
Final dividend per share	$2.15	$2.10	↑	2%		
Total dividends per share	$4.30	$4.10	↑	5%		

*Constant currency (CC) removes the impact of foreign exchange (FX) rate movements to facilitate comparability of operational performance (refer p11).
**Excluding one-off and non-recurring items (refer p11).

[1] Cochlear estimates based on the published economic model findings of Neve et al 2021. Dollar amount relates to all recipients implanted with a cochlear implant in FY25 across the developed markets.

Operational review

$m	FY25	FY24	Change % (reported)	Change % (CC)	Sales Mix
Cochlear implants (units)	53,968	48,040	↑ 12%		
Sales revenue					
Cochlear implants	1,470.2	1,329.6	↑ 11%	↑ 9%	62%
Services (sound processor upgrades and other)	609.2	672.3	↓ 9%	↓ 10%	26%
Acoustics	276.4	256.3	↑ 8%	↑ 6%	12%
Total sales revenue	**2,355.8**	**2,258.2**	**↑ 4%**	**↑ 3%**	**100%**

Cochlear implants

Cochlear implant revenue rose 11% (9% in constant currency) to $1,470.2 million, driven by a 12% increase in implant units to 53,968. A key highlight was the launch of the Cochlear™ Nucleus® Nexa™ System in Europe and Asia Pacific in mid-June, with FDA approval achieved in the US in early July 2025. Early-access markets including Germany and Australia saw strong initial demand, with broader availability expected to expand through the first half of FY26.

In FY25, **developed market** units grew 6%, slightly below expectations due to slower market growth. Global market share has been maintained above 60%, albeit with a modest loss of share in a few countries ahead of the new product launch. It also reflects a three-month delay to the launch of the new implant, the result of new mandatory testing requirements introduced during the regulatory approval process.

The adults and seniors segment, which accounts for around 75% of developed market implants, continued to grow strongly, up around 10%. Investments in referral pathway initiatives supported this growth. In the US, direct-to-consumer (DTC) marketing now drives around 30% of surgeries, with rising lead generation and conversion rates. Increasing professional referrals are helping shorten the journey from awareness to surgery, as candidates arrive better informed.

The children segment, which is around 25% of developed market implants, typically generates low single digit growth given the high penetration rates. In FY25, volumes declined modestly, following two years of above-average growth.

In **emerging markets**, unit growth exceeded 20%. The first half saw low volumes and a high premium-tier mix, especially in China and India. Volumes surged in the second half, largely driven by lower-tier and tender activity in regions including the Middle East, China, and Asia Pacific.

Services

Services revenue declined 9% (10% in constant currency) to $609.2 million, with a tapering in sales following the strong initial uptake of the Cochlear™ Nucleus® 8 sound processor launched in FY23. Growth in the eligible base slowed due to lower growth five years ago and COVID delays to the last sound processor replacement cycle. In addition, recipients continue to experience high satisfaction with the Cochlear™ Nucleus® 7 Sound Processor, which remains widely used. In the US, cost-of-living pressures have also played a role, with many recipients facing out-of-pocket expenses for replacements, delaying adoption of newer technology.

To address this, we enhanced our marketing and support programs in the second half to raise awareness of eligibility and highlight the clinical benefits of the Nucleus 8 Sound Processor, which delivers superior hearing outcomes and functionality compared to the Nucleus 7 Sound Processor.

Acoustics

Acoustics revenue increased 8% (6% in constant currency) to $276.4 million. Growth was driven by the strong uptake of the Cochlear™ Osia® Implant across existing markets and expansion into new countries including France, Italy and a number of emerging market countries, with Osia implant units growing 30%. Acoustic sound processor upgrade revenue declined in the second half, ahead of the next generation Cochlear™ Baha® 7 Sound Processor which was launched in June.

FY25 highlights

In FY25 we continued to lift our investment in research and development (R&D) and awareness and access activities with good progress made across our key value drivers.

A healthier and more productive society

Strategic priority: Grow the hearing implant market

We are focused on building a healthier and more productive society, delivering social benefit through improved health outcomes, educational cost savings and productivity gains. We do this by transforming the way people understand and treat hearing loss through awareness and access activities.

Helping more people to hear

Our mission is to help more people to hear and in FY25 we helped over 53,000 people hear with one – or two – of our cochlear or acoustic implants, an increase of 10% on last year. In doing so, we provide an estimated net social benefit of more than $9 billion over the lifetime of this year's new recipients from improved health outcomes, educational cost savings and productivity gains.[2]

Strengthening the referral pathway for adults

An important long-term goal for us is to support the development of a consistent process by which all healthcare professionals diagnose, refer and treat adults eligible for hearing implants. This goal is supported by growing evidence that hearing is an essential part of healthy ageing and treating age-related hearing loss is cost-effective.

In recent years we have invested in awareness and access activities alongside industry professionals and advocacy groups, with a focus on increasing professional education to strengthen the referral pathway. We invest to build our capability, strengthening our understanding of the patient journey so that we can deploy initiatives aimed at reducing barriers to progressing to cochlear implantation. We have also worked towards establishing a consistent care model with key professionals to increase audiological capacity to service growing demand.

Growing links between hearing loss and cognition in older adults

Over the past few years, we have seen a growing body of research establishing links between hearing loss and cognition.

In April, an observational study[3] using nationwide population data from South Korea revealed a significant link between hearing interventions and a reduced risk of dementia in adults aged 40 to 79 with severe to profound hearing loss. Over more than a decade, researchers tracked dementia incidence across this population and found that individuals over 50 who had not used a hearing aid or cochlear implant for their severe to profound hearing loss were more likely to develop dementia compared to those with a hearing intervention. Importantly, the incidence of dementia among cochlear implant recipients was comparable to that of individuals with no hearing loss. Furthermore, cochlear implant users demonstrated a significantly lower risk of dementia than those using hearing aids, underscoring the potential added cognitive benefits of cochlear implants for those with severe to profound hearing loss.

In December, an Australian study was published demonstrating the potential role of cochlear implants in stabilising or improving cognition in older adults with severe to profound hearing loss. The 'Cochlear implant outcomes and cognitive health longitudinal evaluation of adults' (COCHLEA) study[4], found that cochlear implant users demonstrated significantly improved performance in executive function and working memory, as well as stability across other cognitive domains.

These findings are major advancements in understanding of the broader impact of hearing loss and build on a foundation of clinical evidence linking hearing loss to cognitive decline. It reinforces the need for policy makers and health professionals to prioritise the treatment of hearing loss. It not only helps people to hear but has the potential to slow cognitive decline for adults.

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[2] Cochlear estimates based on the published economic model findings of Neve et al 2021. Dollar amount relates to all recipients implanted with a cochlear implant in FY25 across the developed markets.

[3] Seo HW, Ryu S, Han SY, Lee SH, Chung JH. Cochlear Implantation Is Associated With Reduced Incidence of Dementia in Severe Hearing Loss. Ear Hear. 2025 Apr 9

[4] Sarant, J.Z.; Busby, P.A.; Schembri, A.J.; Briggs, R.J.S.; Masters, C.L.; Harris, D.C. COCHLEA: Longitudinal Cognitive Performance of Older Adults with Hearing Loss and Cochlear Implants at 4.5-Year Follow-Up. Brain Sci. 2024, 14, 1279. https://doi.org/10.3390/brainsci 14121279

A lifetime of hearing solutions

Strategic priority: Retain market leadership

We innovate to build a market-leading portfolio of high-quality products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients. And we invest in education and clinical support tools so our professional customers have convenience and confidence in caring for implant candidates and recipients.

Growing investment in research and development

Our market-leading technology underpins our global market share of over 60%[5], and in FY25 we invested $292 million in R&D, representing 12% of sales revenue. We made good progress across our key projects, with key implant innovation focused on implants designed to improve the quality of stimulation of the auditory nerve, drug eluting electrodes and totally implantable cochlear implants.

Launch of the Cochlear™ Nucleus® Nexa® Implant

In June we launched the Cochlear™ Nucleus® Nexa™ System, the world's first and only smart cochlear implant system, and the outcome of a 20-year investment in R&D. The Nucleus Nexa System introduces upgradeable implant firmware, enabling recipients to access future innovations through both their implant and sound processor. Future innovation could include new algorithms for stimulating the auditory nerve with the potential to improve hearing outcomes such as music appreciation and hearing in noise. The Nucleus Nexa System features the Power Compact rechargeable battery, the smallest and lightest available, with all-day battery life.[i] Dynamic Power Management adapts power usage to maximise battery life, resulting in the sound processor being 9% smaller and 12% lighter than its predecessor.[ii]

The new Nexa implant features a state-of-the-art chipset with onboard diagnostics, which has the capability to reduce the burden on carers and recipients by enabling the system to self-monitor. As the first implant with internal memory, recipients' unique settings can be stored on the implant and easily transferred to any Nucleus Nexa Sound Processor. The implant has been designed to further Cochlear's record of outstanding implant reliability.[iii]

Launch of the Nucleus Kanso® 3 Nexa and Kanso® 3 Sound Processors

In June we launched the Nucleus Kanso® 3 Nexa Sound Processor, compatible with the Nucleus Nexa System and the Kanso 3 Sound Processor, compatible with legacy Nucleus Systems. Both the Kanso 3 Nexa and Kanso 3 Sound Processors will deliver all the innovative features introduced with the Nucleus 8 Sound Processor, including SmartSound IQ 2 with SCAN2[iv] and automated ForwardFocus[v].

Launch of the Baha® 7 Sound Processor and Baha SoundBand™

In June we launched the Cochlear™ Baha® 7 Sound Processor and the new non-surgical Baha SoundBand™. The Baha 7 Sound Processor has a 55-decibel hearing loss fitting range in a small form factor, offering powerful hearing without compromising on discretion. It leads the hearing implant industry in streaming technology with new Bluetooth® LE Audio and Auracast™ broadcast audio compatibility.[vi]

Commencement of drug eluting electrode pivotal studies

A core innovation focus is to improve hearing outcomes for recipients, to reduce listening effort and improve sound quality. Together with our research partners, we are investigating ways to better protect the structures of the inner ear and improve the electrode-neural interface, exploring drug-device combinations as well as new surgical strategies.

This year we commenced two pivotal studies for our drug eluting electrodes (DEE). The DEE is an electrode incorporating the drug dexamethasone, aimed at improving hearing outcomes for patients. We have long-term data supporting a sustained reduction in impedances from a small DEE feasibility study from 2014[6]. The latest data from a multi-centre randomised control trial[7] has demonstrated substantial impedance reduction, suggesting a drug-device combination

[5] Cochlear estimate for cochlear and acoustic implants.

[6] Briggs, R., O 'Leary, S., Birman, C., Plant, K., English, R., Dawson, P., Risi, F., Gavrilis, J., Needham, K., & Cowan, R. (2020). Comparison of electrode impedance measures between a dexamethasone-eluting and standard Cochlear™ Contour Advance® electrode in adult cochlear implant recipients. Hearing Research, 390. https://doi.org/10.1016/j.heares.2020.107924.

[7] Kelsall, D. A 12-Month Evaluation of the First Randomized Controlled Trial of the Novel Dexamethasone Eluting Slim Modiolar Electrode (CI632D): Efficacy and Safety Outcomes in a Newly Implanted Adult Population with Bilateral Moderate to Profound Sensorineural Hearing Loss, Conference Presentation, American Cochlear Implant Alliance, Vancouver, July 10-13, 2024.

has the potential to protect the cochlea, reducing inflammation and resultant fibrosis. We are examining whether reducing fibrosis will improve hearing preservation post-implantation.

Helping our recipients hear better

By delivering our latest sound processor upgrade technology to our recipient base, we helped over 46,000 of our prior generation cochlear implant recipients to hear better, improving their hearing and quality of life.

Thriving people

Strategic priority: A stronger organisation

Our people are our most valuable asset and are an engaged, capable and high-performing team that delivers on our strategy and supports the creation of sustained value. We have a diverse workforce with over 5,500 people across the globe. Their knowledge, expertise, passion and focus on delivering excellence is key to achieving future success.

Shaping our culture

Our overall employee engagement has remained strong at 80%. This year's survey results highlight that our people feel proud to work at Cochlear, understand how their work contributes to our strategy, and feel a strong connection between what they do and the needs of our customers.

We continued to shape our desired culture by focusing on achievement, global collaboration, and experimentation. We drove this through a blend of leadership development, individual and team growth initiatives, recognition programs, and the sharing of success stories in global forums. These efforts help us highlight and learn from impactful behaviours, while encouraging our people to role model the culture we aspire to.

Leadership development

We made good progress this year in delivering on our talent strategy, with a clear focus on leadership development to build the skills and capabilities needed for long-term growth. Central to this effort is strengthening our pipeline of future leaders. A key highlight was the participation of 78 senior leaders in our nine-month Enterprise Leadership program—a global initiative designed to cultivate an enterprise-wide mindset and leadership capability through a mix of virtual and in-person coaching.

Empowering our people through transformation

To help our people be more productive as we grow, we need consistent processes, reliable data, and robust platforms. Over the past five years, we have invested in digital platforms that foster effective cross-functional collaboration and support scalability.

We continue to expect our overall transformation investment to be around $250 million. The final phase of the program will be focused on our core ERP, underlying data and manufacturing systems. The balance of approximately $130 million will be incurred in FY26 and FY27. Given the materiality of the investment, we will report it as a significant item from FY26.

Environmental responsibility

Strategic priority: Minimise environmental impact

We are implementing initiatives to promote the sustainable use of natural resources, reduce our environmental footprint and help tackle climate change.

Pathway to net-zero emissions

We continue to make good progress towards our net-zero targets. We have reduced Scope 1 and 2 emissions by 71% from our FY19 baseline by increasing renewable energy use at our manufacturing sites. We reached 99% renewable energy at our manufacturing facilities, using 100% renewable energy in five of our six facilities. And we reduced the number of flights taken per full time employee by 40% from our FY19 baseline.

We disclosed our Scope 3 emissions inventory for the first time, enabling us to better understand the key sources of emissions so that we can focus our reduction initiatives. The distribution of products to customers and business travel contributes the vast majority of emissions, representing around 70% of all emissions.

We are strengthening our collaboration with freight partners to advance low-carbon logistics and improve coordination of freight movements. We are also optimising shipping routes and streamlining the direct sourcing of key components, significantly reducing travel distances and eliminating intermediate transit steps for certain products.

Sustainable packaging

The Nucleus Nexa System packaging features a sustainable paper-based design that reflects our commitment to reducing environmental impact. Fully recyclable and designed to minimise plastic use and waste, the new packaging delivers the high level of product protection required to safely and securely deliver our sound processor activation kits, while aligning with our broader sustainability goals.

Sustained value

Strategic priority: Consistent and sustainable growth

Financial discipline and commitment to high standards of corporate governance and transparency are central to the creation, maintenance and enhancement of long-term sustainable value.

Sales revenue increases 4% to $2,356 million

We delivered record sales revenue of $2,356 million, an increase of 4% (3% in CC), with strong growth in cochlear and acoustic implants moderated by a decline in Services revenue. The gross margin declined by one percentage point to 74%, driven by the mix shift in the second half to lower margin emerging market cochlear implants combined with lower overhead recoveries from the new Chengdu facility.

Operating expenses increased 5%. We continued to invest in activities to support long-term sustainable growth and R&D. We did however moderate the rate of growth in the second half, prioritising our investment on the highest-value activities. Total operating expenses also includes an approximate $50 million reduction in the employee short-term incentive provision, the result of below target revenue and profitability. Cloud computing-related investment was $33 million, which compares to $30 million in FY24.

Underlying net profit increased 1% to $392 million, within the updated guidance range provided in June. The underlying net profit margin, excluding the impact of cloud computing-related expenses, was 18%, and in line with our long-term target.

Net cash decreased $238 million to $276 million, reflecting continued investment in the business and a $202 million increase in working capital. Inventory levels increased $108 million ahead of major new product launches and the building of higher safety stock levels for critical components. The $90 million increase in trade receivables reflects the relatively stronger fourth quarter sales in the emerging markets.

Dividends increase 5% to $4.30 per share

A final dividend of $2.15 per share has been determined, a 2% increase on last year and franked at 85%. Full year dividends have been declared of $4.30 per share, an increase of 5% and representing a payout of 72% of underlying net profit.

FY26 outlook

As we look to the future, we remain confident of the opportunity to grow our markets. There remains a significant, unmet and addressable clinical need for cochlear and acoustic implants that is expected to continue to underpin the long-term sustainable growth of the business. Our clear growth opportunity and the rising awareness of the link between cognitive decline and hearing loss, combined with a strong balance sheet, mean we are well placed to create value for our stakeholders now, and over the long term.

For FY26, we aim to help over 60,000 people to hear with a cochlear or acoustic implant and expect to deliver underlying net profit of $435-460 million, an 11-17% increase on FY25, up 5-11% on a comparative (cloud adjusted) basis. We expect strong revenue growth in developed markets from the launch of the new Nucleus Nexa implant, moderated by lower growth in emerging markets revenue, with overall revenue and earnings growth weighted to the second half.

We launched the new Nucleus Nexa System in Europe and Asia Pacific in mid-June and will launch in the US at the end of the first quarter. The world's first and only smart cochlear implant system with upgradeable firmware has received an enthusiastic response from professionals globally, driving strong sales in early-access markets such as Germany and Australia. Availability is set to expand progressively throughout the first half. As a result, cochlear implant unit growth across developed markets is expected to exceed 10%, with growth weighted to the second half.

Emerging markets are expected to deliver strong growth in cochlear implant units, though revenue growth will be modest due to the expected high mix of lower-tier volume.

Services revenue is expected to deliver solid growth driven by an increase in the eligible base and contribution from the launch of the Kanso 3 Sound Processor, with sales weighted to the second half. Acoustics revenue is expected to deliver double digit growth with continuing geographic expansion of the Osia System and launch of the Baha 7 Sound Processor.

The gross margin is expected to be around 74%. We are continuing our investment in R&D and market growth activities to support long-term market growth, with an anticipated investment of around 13% of sales revenue in R&D. Net profit margin is expected to be a little below 18%.

Capital expenditure is expected to be $100-120 million, with capacity expansion across our Australian and Malaysian sites. Cloud computing-related investment is expected to be around $80 million after tax and will be reported as a significant item in FY26, with the balance to be invested in FY27. Guidance is based on a 66 cent AUD/USD (65 cent average in FY25) and a 56 cent AUD/EUR (60 cent average in FY25).

The increase in working capital was the primary driver of reduced cash levels in FY25, the result of growing inventory and trade receivables. Working capital is expected to reduce in FY26, with net cash expected to increase.

The Board has approved the buyback of up to $75 million in shares over the next 12 months, and the dividend policy continues to target a payout of 70% of underlying net profit.

Detailed financial review

Profit and loss

$m	FY25	FY24	Change % (reported)	Change % (CC)
Sales revenue	**2,355.8**	**2,258.2**	**4%**	**3%**
Cost of sales	**615.2**	**562.1**	**9%**	**9%**
% Gross margin	*74%*	*75%*		
Selling, marketing and general expenses	732.0	685.0	7%	6%
Research and development expenses	291.5	277.0	5%	4%
% of sales revenue	*12%*	*12%*		
Administration expenses (excluding cloud investment)	175.2	182.3	(4)%	(5)%
Administration expenses (cloud investment)	32.7	30.3	8%	8%
Operating expenses	**1,231.4**	**1,174.6**	**5%**	**5%**
Other expenses / (income)	(24.8)	(5.9)		
FX contract losses	12.7	22.6		
EBIT (underlying)*	**521.3**	**504.8**	**3%**	**(2)%**
*% EBIT margin**	*22%*	*22%*		
Net finance expense / (income)	(0.7)	(9.8)		
Income tax expense*	130.4	128.0		
% Effective tax rate	*25%*	*25%*		
Underlying net profit*	**391.6**	**386.6**	**1%**	**(4)%**
*% Underlying net profit margin**	*17%*	*17%*		
*% Underlying net profit margin (pre cloud)**	*18%*	*18%*		
One-off and non-recurring items (after-tax):				
Innovation fund losses	2.7	1.9		
Oticon Medical integration expenses	-	27.9		
Statutory net profit	**388.9**	**356.8**	**9%**	**3%**

* Excluding one-off and non-recurring items (refer p11).

Sales revenue increased 4% (3% in CC) to $2,355.8 million and underlying net profit increased 1% (down 4% in CC) to $391.6 million. Statutory net profit increased 9% to $388.9 million.

Key points of note:

- The gross margin declined by one percentage point to 74%, driven by the mix shift in the second half to the lower margin emerging market cochlear implants combined with lower overhead recoveries from the new Chengdu facility;
- Selling, marketing and general expenses increased 7% (6% in CC) to $732.0 million, reflecting continued investment in activities to support long-term sustainable growth, moderated by a reduction in the short-term incentive provision, the result of below target revenue and underlying net profit;
- Investment in R&D increased 5% (4% in CC) to $291.5 million, with continued investment made in key R&D projects and development of the product and services pipeline; and
- The increase in other income primarily comprises collaboration income from innovation fund investments and revenue from various government grants.

Cash flow

$m	FY25	FY24	Change
EBIT (underlying)	521.3	504.8	16.5
Depreciation and amortisation	90.4	84.9	5.5
Increase in working capital and other	(218.8)	(79.2)	(139.6)
Net interest received	0.7	9.8	(9.1)
Income taxes paid	(156.0)	(131.5)	(24.5)
Operating cash flow	**237.6**	**388.8**	**(151.2)**
Capital expenditure	(102.6)	(89.8)	(12.8)
Other net investments	(12.6)	(15.9)	3.3
Free cash flow	**122.4**	**283.1**	**(160.7)**
Outlay from exercise of share options and performance rights	(24.3)	(2.8)	(21.5)
Payments for share buyback	(28.2)	(43.0)	14.8
Dividends paid	(278.2)	(245.7)	(32.5)
Payment of lease liability and other	(29.6)	(33.5)	3.9
Increase / (decrease) in net cash	**(237.9)**	**(41.9)**	**(196.0)**

Operating cash flow decreased $151.2 million to $237.6 million, with free cash flow decreasing $160.7 million to $122.4 million.

Key points of note:

- EBIT (underlying) increased $16.5 million reflecting business performance;
- The $218.8 million increase in working capital and other was driven by an increase in inventory and trade receivables. Inventory levels increased ahead of major new product launches and the building of higher safety stock levels for critical components. The increase in trade receivables reflects the relatively stronger fourth quarter sales in the emerging markets;
- Income taxes paid of $156.0 million exceeds the income tax expense in the Profit and loss by $25.6 million reflecting the timing of tax instalment payments;
- Capital expenditure (capex) of $102.6 million includes investment in the capacity expansion of the Lane Cove and Kuala Lumpur facilities and stay-in-business capex; and
- Payments for share buyback reflects the $28.2 million outlay for the repurchase of ordinary shares as part of the on-market share buyback.

Capital employed

$m	Jun25	Jun24	Change
Trade receivables	514.7	425.3	89.4
Inventories	499.4	391.6	107.8
Less: Trade and other payables	(298.4)	(303.2)	4.8
Working capital	**715.7**	**513.7**	**202.0**
Working capital / sales revenue	*30%*	*23%*	
Property, plant and equipment	332.7	304.8	27.9
Intangible assets	500.8	451.0	49.8
Investments and other financial assets	189.4	181.3	8.1
Other net liabilities	(64.0)	(123.9)	59.9
Capital employed	**1,674.6**	**1,326.9**	**347.7**
Funding sources:			
Equity	1,950.3	1,840.5	109.8
Less: Net cash	(275.7)	(513.6)	237.9
Capital employed	**1,674.6**	**1,326.9**	**347.7**

Capital employed increased $347.7 million to $1,674.6 million since June 2024.

Key points of note:

- Working capital increased $202.0 million, increasing from 23% to 30% of sales revenue, primarily driven by the building of inventory and trade receivables. Inventory levels increased ahead of major new product launches and the building of higher safety stock levels for critical components. The increase in trade receivables reflects the relatively stronger fourth quarter sales in the emerging markets;
- Property, plant and equipment increased $27.9 million primarily reflecting investment in capacity expansion at the Lane Cove and Kuala Lumpur manufacturing facilities;
- Intangible assets increased $49.8 million reflecting IT system costs, acquired technology, software development and the impact of foreign exchange;
- The increase in other net liabilities reflects approximate $50 million reduction in the employee short-term incentive provision, the result of below target revenue and profitability; and
- Net cash decreased $237.9 million to $275.7 million, primarily reflecting the increase in working capital.

Dividends

	FY25	FY24	Change %
Interim ordinary dividend (per share)	$2.15	$2.00	8%
Final ordinary dividend (per share)	$2.15	$2.10	2%
Total ordinary dividends (per share)	**$4.30**	**$4.10**	**5%**
% Payout ratio (based on underlying net profit)	72%	69%	
% Franking (final dividend)	85%	80%	

A final dividend of $2.15 per share has been determined, taking full year dividends to $4.30, an increase of 5% and representing a payout of 72% of underlying net profit. The interim dividend was 80% franked and the final dividend is 85% franked. The ex-dividend date is 18 September 2025. The record date for calculating dividend entitlements is 19 September 2025 with the final dividend expected to be paid on 13 October 2025.

Notes

Forward-looking statements

Cochlear advises that this document contains forward-looking statements which may be subject to significant uncertainties outside of Cochlear's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance is not placed on any forward-looking statement.

Non-International Financial Reporting Standards (IFRS) financial measures

Cochlear uses non-IFRS financial measures to assist readers in better understanding Cochlear's financial performance. Cochlear uses three non-IFRS measures in this document: Sales revenue, Underlying net profit and Constant currency. The directors believe the presentation of these non-IFRS financial measures are useful for the users of this document as it reflects the underlying financial performance of the business. Each of these measures is described below in further detail including reasons why Cochlear believes these measures are of benefit to the reader.

These non-IFRS financial measures have not been subject to review or audit. However, Cochlear's external auditor has separately undertaken a set of procedures to agree the non-IFRS financial measures disclosed to the books and records of the group.

Sales revenue

Sales revenue is the primary revenue reporting measure used by Cochlear for the purpose of assessing revenue performance of the Consolidated Entity. It represents total revenue excluding foreign exchange contract gains/losses on hedged sales.

Underlying net profit

Underlying net profit allows for comparability of the underlying financial performance by removing one-off and non-recurring items. The determination of items that are considered one-off or non-recurring are made after consideration of their nature and materiality and is applied consistently from period to period. Underlying net profit is used as the basis on which the dividend payout policy is applied. The Financial Review section includes a reconciliation of Underlying net profit (non-IFRS) to Statutory net profit (IFRS) which details each item excluded from Underlying net profit.

Constant currency

Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance for Cochlear. This is done by converting the prior comparable period net profit of entities in the group that use currencies other than Australian dollars at the rates that were applicable to the current period (translation currency effect) and by adjusting for current year foreign currency gains and losses (foreign currency effect). The sum of the translation currency effect and foreign currency effect is the amount by which EBIT and net profit is adjusted to calculate the result at constant currency.

Reconciliation of constant currency net profit

$m	FY25	FY24	Change %
Underlying net profit	**391.6**	**386.6**	**1%**
FX contract movement		9.9	
Spot exchange rate effect to sales revenue and expenses*		6.4	
Balance sheet revaluation*		3.2	
Underlying net profit (CC)	**391.6**	**406.1**	**(4)%**
One-off net gains / (losses)	(2.7)	(29.8)	
Statutory net profit (CC)	**388.9**	**376.3**	**3%**

* FY25 actual v FY24 at FY25 rates.

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Authorised for lodgement by the Cochlear Board of Directors.

[i] Cochlear Limited. D1190805. Processor Size Comparison. 2023; and Cochlear Limited. D2127964. Nucleus 8 Sound Processor Battery Estimations with CI1000 Implant. 2023.

[ii] Cochlear Limited. D1190805. Processor Size Comparison. 2023; Cochlear Limited. D2127964. Nucleus 8 Sound Processor Battery Estimations with CI1000 Implant. 2023; Cochlear Limited. D1864200 SCAN-2 Design Description. 2022, Apr; Mauger SJ, Warren C, Knight M, Goorevich M, Nel E. Clinical evaluation of the Nucleus 6 cochlear implant system: performance improvements with SmartSound iQ. International Journal Of Audiology. 2014, Aug; 53(8): 564-576. [Sponsored by Cochlear]; Mauger S, Jones M, Nel E, Del Dot J. Clinical outcomes with the Kanso™ off-the-ear cochlear implant sound processor. International Journal of Audiology. 2017, Jan 9; 1-10. [Sponsored by Cochlear]; Wolfe J, Neumann S, Marsh M, Schafer E, Lianos L, Gilden J, O'Neill L, Arkis P, Menapace C, Nel E, Jones M. Benefits of Adaptive Signal Processing in a Commercially Available Cochlear Implant Sound Processor. Otol Neurotol. 2015 Aug; 36(7):1181-90. [Sponsored by Cochlear]; Cochlear Limited. D1913968 Nucleus 8 Whitepaper. 2024, Jan; Cochlear Limited. D1190805 Processor Size Comparison. 2024, May. # Battery life varies for every user, according to the age of the battery, the programs used each day, implant type, the thickness of skin covering the implant, and the size and type of battery used. Streaming from compatible devices, True Wireless Devices or FM may decrease sound processor battery life depending on how often and for how long streaming is engaged. * The Nucleus Kanso 3 Nexa Sound Processor is the world's smallest and lightest rechargeable off-the-ear sound processor.

[iii] Cochlear Limited. D2182827 V1 2024-03. Cochlear Nucleus Reliability Report (Simplified) Volume 22, December 2023.

[iv] It is recommended that SNR-NR, WNR and SCAN be made available to any recipient, ages 6 and older, who is able to 1) complete objective speech perception testing in quiet and noise in order to demonstrate and document performance and 2) report a preference for different program settings.

[v] ForwardFocus can only be enabled by a hearing implant specialist. It should only be activated for users 12 years and older who are able to reliably provide feedback on sound quality and understand how to use the feature when moving to different or changing environments. It may be possible to have decreased speech understanding when using ForwardFocus in a quiet environment.

[vi] Auracast™ broadcast audio capability is subject to third-party adoption of the Auracast protocol.