

Hear now. And always



FY25 Result Analyst and Media Presentation

15 August 2025

Dig Howitt

CEO & President

Sarah Thom

CFO

Our mission

We help people hear and be heard.

We **empower** people to connect with others and live a full life.

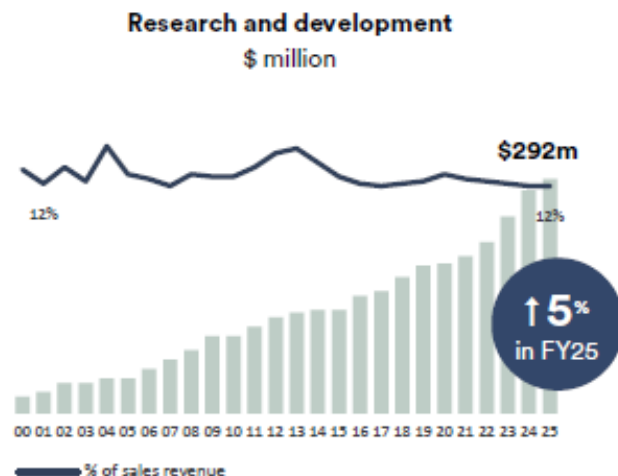
We **transform** the way people understand and treat hearing loss.

We **innovate** and bring to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.

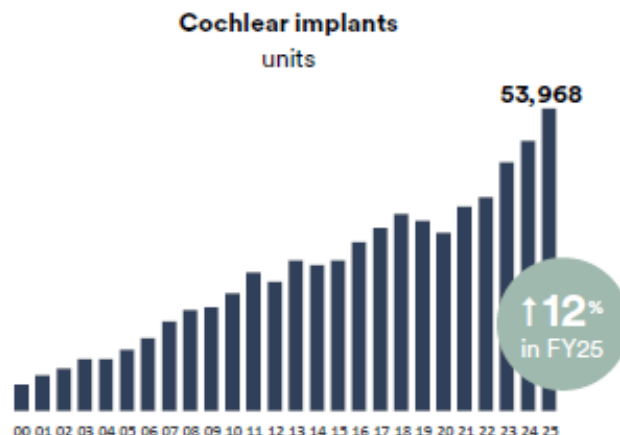
Financial history

Cochlear has a long track record of investing to grow, delivering growing sales revenue, profits* and dividends.

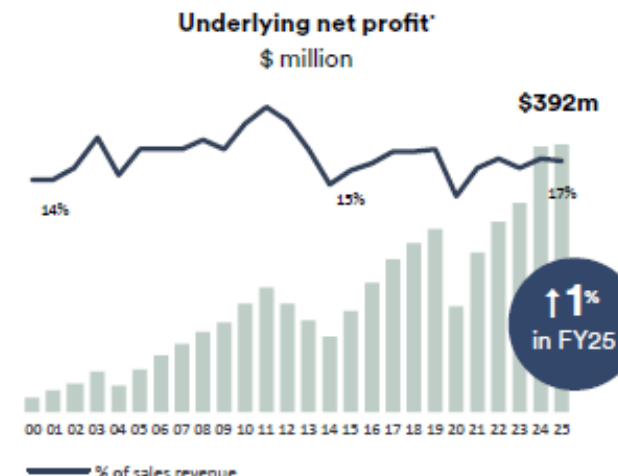
Consistent investment in R&D and market growth activities



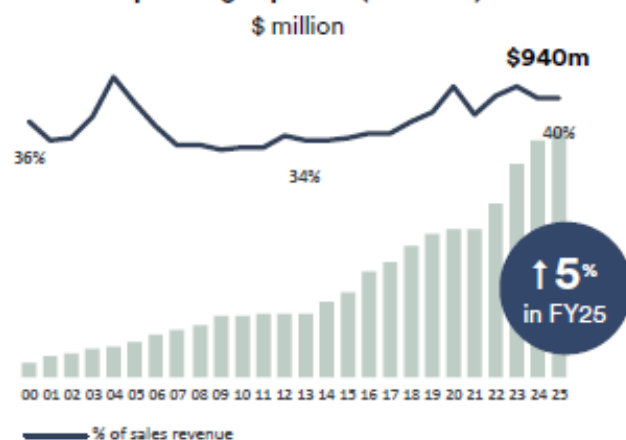
Long-term growth in sales revenue



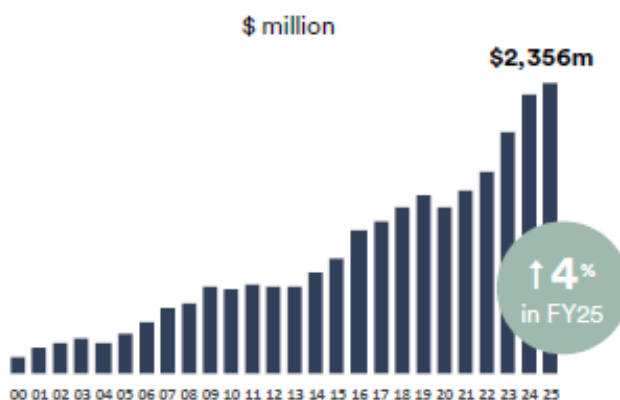
Growing profits and dividends



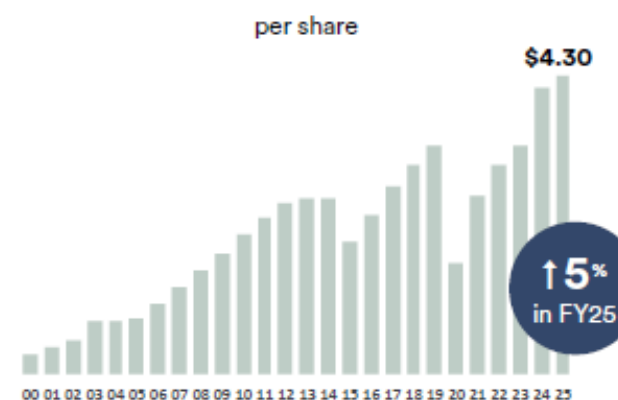
Operating expenses (excl R&D)



Sales revenue



Dividends

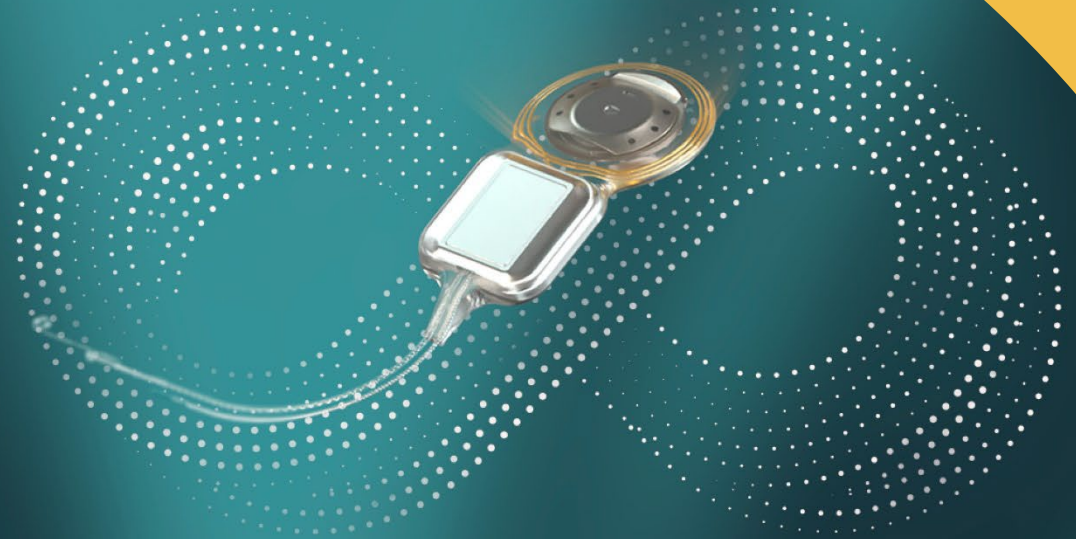


* Excluding one-off and non-recurring items.

Cochlear™ Nucleus® Nexa™ System

The **future** of hearing. Delivered **today**

The **world's first and only smart** cochlear implant system



Nucleus Nexa
Implant

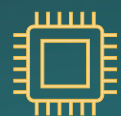
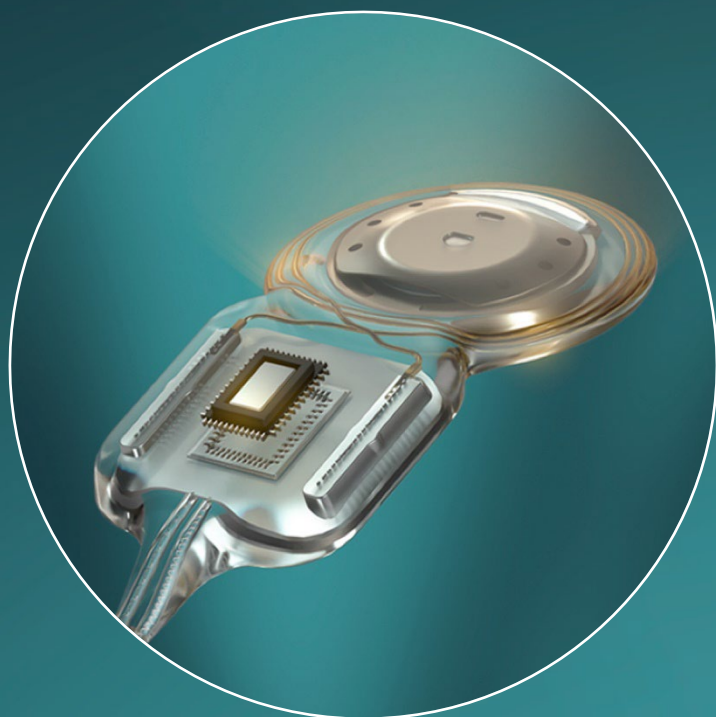


Off-the-ear
Kanso 3 Nexa
Sound Processor



Behind-the-ear
Nucleus 8 Nexa
Sound Processor

Benefits today and into the future



NEXOS
Chipset



Enhanced
RF Link



Internal
Memory



Ready for the future
Upgradeable Firmware



**The world's smallest sound
processors with all day battery^{1-3*^}**
Dynamic Power Management



Get back on air quickly
MAPs on the implant & Smart Sync

1. Cochlear Limited. D2127964 Nucleus 8 Sound Processor Battery Estimations with CI1000 Implants. 2024, Aug. 2. Cochlear Limited. D2143268. Kanso 3 Sound Processor Battery Estimations. 2024, Feb 3. Cochlear Limited. D1190805 Processor Size Comparison. 2023, Sept.
*The described feature and benefit are available for recipients with a Nucleus Nexa Implant only. Battery life varies for every user, according to the age of the battery, the programs used each day, your implant type, the thickness of skin covering your 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. ^All day battery life is defined as ≥ 16 hrs.

Customer needs and future possibilities



-  Increased power efficiency
-  Earlier activation
-  Future objective measures & diagnostics
-  Precision diagnostics of neural health
-  New stimulation modes and sound coding strategies

Building clinical and economic evidence to support early referral and secure funding coverage



In developed markets, the greatest unmet need lies within the adult and senior population. Fewer than 5% of those who could benefit from a cochlear implant have received one.¹ We are intensifying our efforts to improve uptake—focusing on raising awareness, expanding access, and strengthening the clinical evidence that supports the effectiveness of our solutions.

Growing link between hearing loss and cognitive decline

Studies over the last decade have strengthened the understanding of the link between hearing loss and cognitive decline:

- Dementia risk is higher for those with hearing loss compared to normal hearing²
- Hearing loss has been identified as one of the largest potentially modifiable risk factors for dementia in midlife³
- Treatment of severe to profound hearing loss with cochlear implants (CI) is associated with reduced dementia risk⁴
- Executive function and working memory in older adults improved with a cochlear implant over 4.5 years⁵

What's coming in the next 5 years:

Further research underway:

- Social, cognitive, physical outcomes and economics of CI and hearing aid (HA) recipients⁶
- Comparing hearing outcomes for severe hearing loss patients with CI versus HAs⁷
- Effect of hearing intervention on decreasing dementia risk in Chinese elders⁸
- Impact of hearing intervention on cognition in adults with memory impairment⁹
- Long-term effects of hearing intervention on cognitive and brain health¹⁰

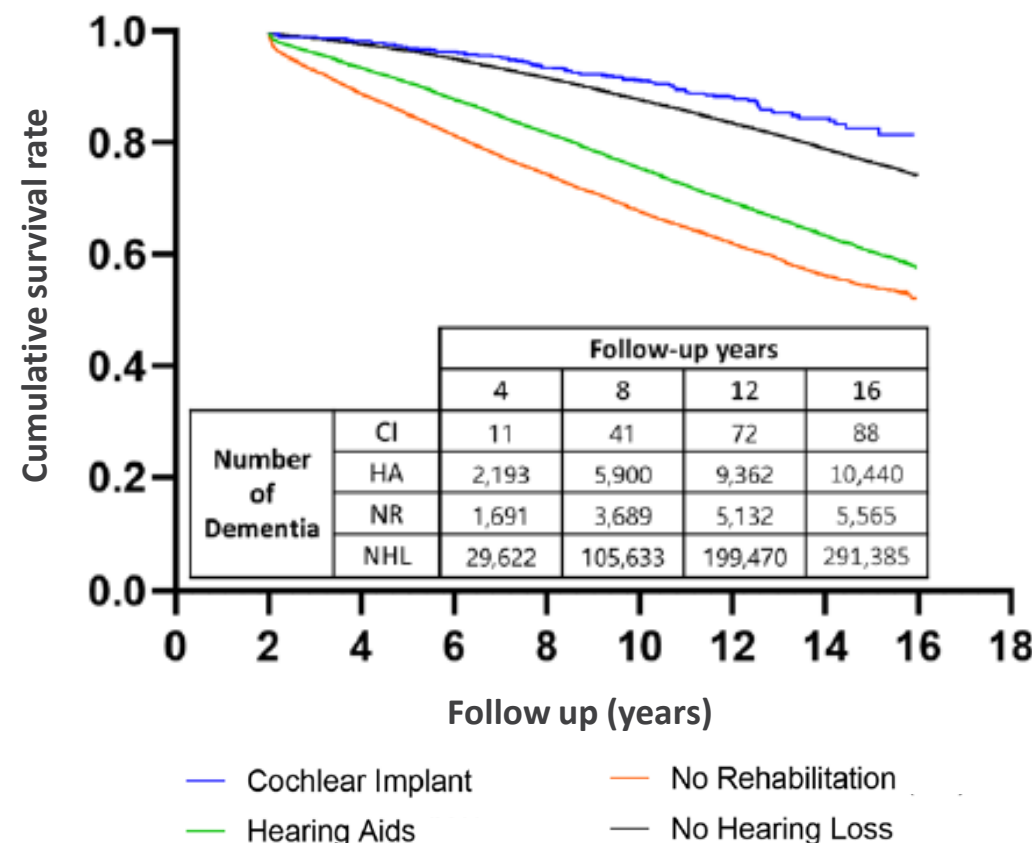
Growing evidence linking hearing loss and cognitive decline

Growing evidence continues to highlight the link between hearing loss and cognitive decline, underscoring the importance of hearing health in ageing populations

A recent observational study⁴ found that:

- Cochlear implantation is associated with reduced incidence of dementia in severe to profound hearing loss
- In individuals with severe to profound hearing loss, rates of dementia were:
 - Lower in cochlear implant users than in hearing aid users; and
 - Comparable to that of individuals with normal hearing

Overall dementia



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FY25 Financial summary

Sales revenue up 4% (3% in CC*) to \$2,356m

- Cochlear implant revenue increased 9% in CC
- Acoustics revenue increased 6% in CC
- Services revenue declined 10% in CC

Underlying net profit** up 1% to \$392m

- Statutory net profit increased 9% to \$389m
- Gross margin of 74%, one ppt below the long-term target
- Underlying net profit margin of 17% (18% pre cloud investment)

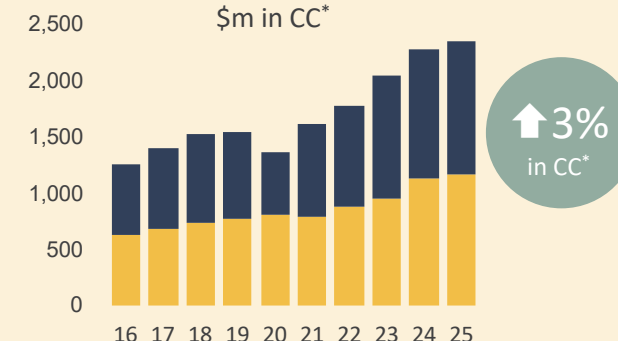
Strong financial position

- Strong balance sheet with net cash of \$276m
- Final dividend up 2% to \$2.15 per share, taking full year dividends to \$4.30 per share, up 5%
- 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



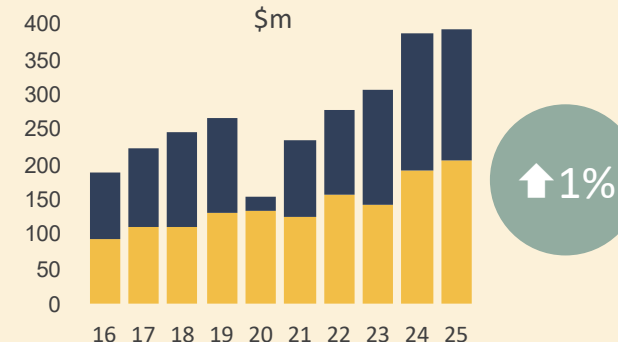
Sales revenue

\$m in CC*



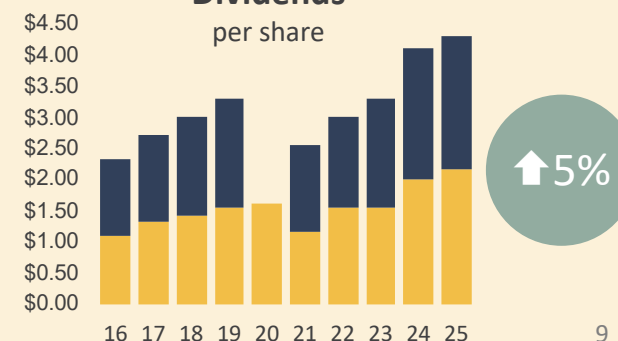
Underlying net profit**

\$m



Dividends

per share



FY25 Operational review



Cochlear implants

62% of sales revenue

Sales revenue up 9% in CC

- Cochlear implant units increased 12% to 53,968

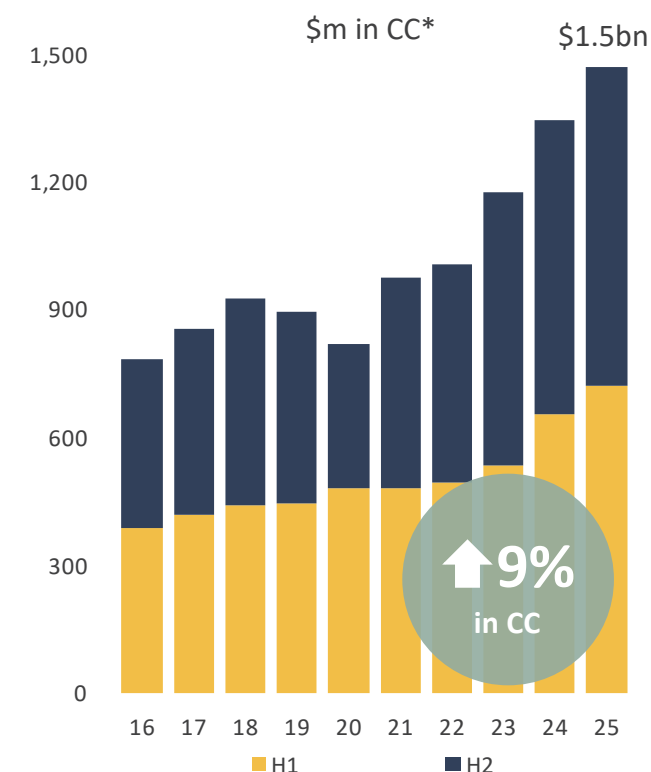
Developed markets

- Units grew 6%, slightly below expectations due to slower market growth. Global market share maintained >60%, albeit with a modest loss of share in a few countries ahead of the new product launch
- Strong demand for Nexa implant in early-access markets including Germany and Australia
- Adults and seniors grew ~10%, supported by investments in referral pathway initiatives. In the US, DTC marketing now drives ~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 typically generates low single digit growth given the high penetration rates. In FY25, volumes declined modestly, following two years of above-average growth

Emerging markets

- Volumes up >20%. H1 had low volume growth and high premium-tier mix, especially in China and India. H2 had high volume growth in lower-tier / tender markets in the Middle East, China, and Asia Pacific.

Cochlear implant sales revenue



FY25 Operational review



Services

26% of sales revenue

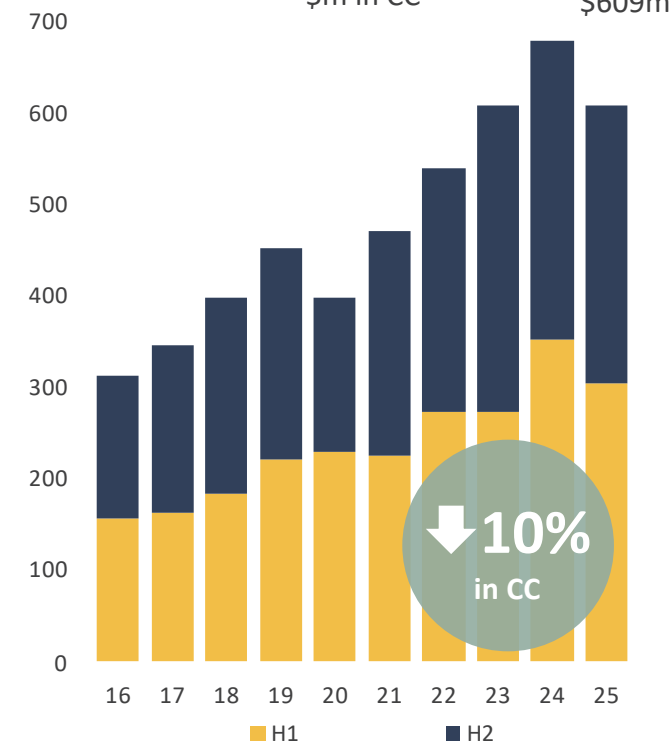
Services revenue down 10% in CC

- Strong uptake of the Cochlear™ Nucleus®8 sound processor when it was launched in FY23, with the rate of uptake tapering over the past 18 months
- Key impacts:
 - Growth in the eligible base slowed due to lower growth five years ago and COVID delays to the last sound processor replacement cycle
 - Cost-of-living pressures in the US, which has delayed the uptake of new sound processors
 - Continued high satisfaction with the Cochlear™ Nucleus® 7 sound processor, which remains widely used
- In H2 we enhanced our marketing and support programs 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

Services sales revenue

\$m in CC*

\$609m



FY25 Operational review



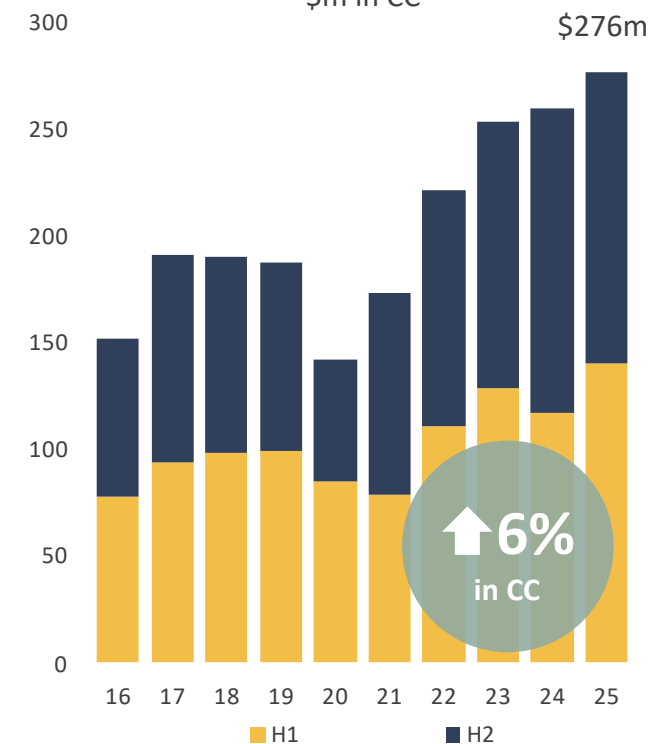
Acoustics

12% of sales revenue

Acoustics revenue up 6% in CC

- Cochlear™ Osia® Implant units grew 30%
- Growth across existing markets and expansion into new countries including France, Italy and a number of emerging market countries
- Sound processor upgrade revenue declined in H2, ahead of the next generation Cochlear™ Baha® 7 Sound Processor which was launched in June

Acoustics
sales revenue
\$m in CC*



Our corporate strategy guides our path forward...



Our strategy

Our goal is to help more people to hear, which contributes to building a healthier and more productive society.

We create value for our stakeholders by **empowering** people to connect with others and live a full life, **transforming** the way people understand and treat hearing loss and **innovating** and bringing to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.



We help people to hear, creating value across five pillars

A healthier and more productive society

Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.



A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients.



Thriving people

An engaged, capable, high-performing and diverse workforce that delivers on our strategy and supports the creation of sustained value.



Environmental responsibility

Minimising the impact of our operations on the environment.



Sustained value

Maximising spending to grow the market while maintaining our competitive position. Ensuring we operate fairly, honestly and legally.

Strategic priorities focus our time and resources

Grow the hearing implant market

Retain market leadership

Build a stronger organisation

Minimise environmental impact

Consistent and sustainable growth

Longer-term targets aim to provide clear stakeholder benefits

Society

Help at least 8% more people to hear each year with a cochlear or acoustic implant.

Customers

Develop market-leading technology and deliver a world-class customer experience to recipients and professional customers.

People

Retain employee engagement levels at or above 80%.

Planet

Net-zero carbon emissions in our operations by 2030 and across our value chain by 2050.

Shareholders

Sustainable and responsible business practices, targeting growth in sales revenue of around 10% per annum and an 18% net profit margin.

FY25 Key achievements



A healthier and more productive society

Strategic priority: Grow the hearing implant market

Helping more people hear

- We helped over 53,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net societal benefit of more than \$9 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains¹

Strengthening the referral pathway for adults

- Investing in awareness and access activities alongside industry professionals and advocacy groups
- Invest to build our capability and strengthen our understanding of the patient journey to deploy initiatives aimed at reducing barriers to cochlear implantation
- 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

- Growing body of research establishing a link between hearing loss and cognitive decline
- This year, a study² using nationwide population data from South Korea 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 2024, an Australian study³ demonstrated the potential role of cochlear implants in stabilising or improving cognition in older adults with severe-profound hearing loss, reporting a significant and sustained improvement in executive function and working memory in a group of older adults after four and a half years of cochlear implant use

FY25 Key achievements



A lifetime of hearing solutions

Strategic priority: Retain market leadership

Growing investment in research and development

- Market-leading technology underpins >60% global market share*
- Invested \$292m in R&D, 12% of sales revenue, with good progress made across our key projects
- Launched the Cochlear™ Nucleus® Nexa® Implant, Nucleus Kanso® 3 Nexa and Kanso® 3 Sound Processors and Baha® 7 Sound Processor and Baha SoundBand™

Commencement of drug eluting electrode pivotal studies

- Commenced two pivotal studies for our DEEs. The DEE is an electrode incorporating the drug dexamethasone, aimed at improving hearing outcomes for patients
- Trial data⁴ has demonstrated substantial impedance reduction, suggesting a drug-device combination has the potential to protect the cochlea, reducing inflammation and resultant fibrosis. We are examining whether reducing fibrosis will improve hearing preservation post-implantation



"I will use Remote Check again and again and again!"

FY25 Key achievements



Thriving people

Strategic priority: Build a stronger organisation

Shaping our culture

- Employee engagement maintained at 80%
- Continued focus on shaping our culture through training and leadership development programs with a focus on achievement, global collaboration, and experimentation

Leadership development

- Focus on leadership development to build the skills and capabilities needed for long-term growth

Empowering our people through transformation

- Investing in new technology platforms to enable cross functional collaboration and scalability
- Continue to expect overall investment of ~\$250m. Final phase to focus on core ERP, underlying data and manufacturing systems



Stephen meets the team that made his Nucleus Nexa cochlear implant

FY25 Key achievements



Environmental responsibility

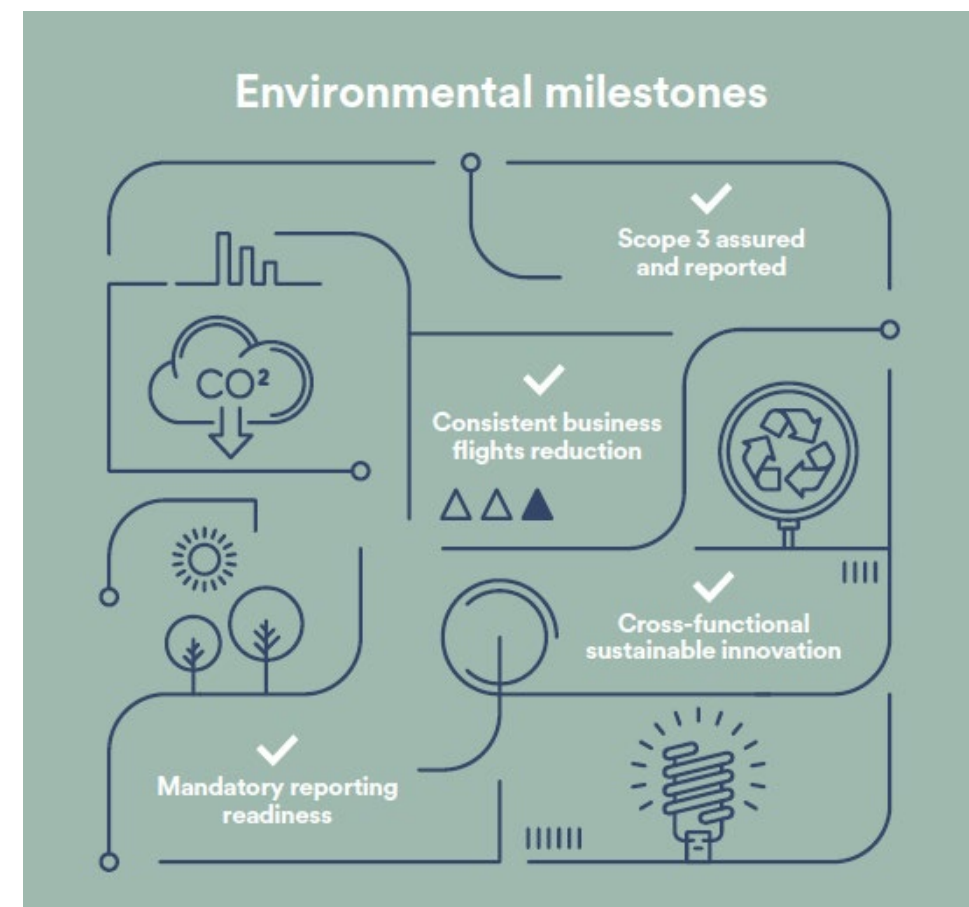
Strategic priority: Minimise environmental impact

Pathway to net-zero emissions

- Using 97% renewable energy at our manufacturing facilities, using 100% renewable energy in five of our six facilities
- Reduced Scope 1 and 2 emissions by 71% from our FY19 baseline
- Reached 99% renewable energy at our manufacturing facilities, using 100% renewable energy in 5 of our 6 facilities
- Reduced the number of flights taken per full time employee by 40%, from our FY19 baseline
- 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

Sustainable packaging

- The Nucleus Nexa System packaging is fully recyclable and designed to minimise plastic use and waste



FY25 Key achievements



Sustained value

Strategic priority: Consistent and sustainable growth

- Delivered record sales revenue with underlying net profit up 1%
- Gross margin declined 1ppt to 74%, driven by the mix shift in H2 to the 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 H2, prioritising our investment on the highest-value activities. Total operating expenses also includes an approximate \$50m reduction in the employee short-term incentive provision, the result of below target revenue and profitability
- Cloud computing-related investment was \$33m, which compares to \$30m in FY24



Renata,
Nucleus System recipient

Profit and loss



\$m	FY25	FY24	Change (reported)	Change (CC)
Sales revenue	2,355.8	2,258.2	4%	3%
Gross margin %	74%	75%	(1) pt	(1) pt
Selling, marketing and general expenses	732.0	685.0	7%	6%
R&D expenses	291.5	277.0	5%	4%
<i>% of sales revenue</i>	<i>12%</i>	<i>12%</i>		
Administration expenses (excl 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 / (gains)	12.7	22.6		
EBIT (underlying)*	521.3	504.8	3%	(2)%
<i>% EBIT margin*</i>	<i>22%</i>	<i>22%</i>		
Net finance expense / (income)	(0.7)	(9.8)		
Effective tax rate %*	25%	25%		
Underlying net profit*	391.6	386.6	1%	(4)%
<i>% Underlying net profit margin*</i>	<i>17%</i>	<i>17%</i>		
<i>% Underlying net profit margin (excl cloud inv.)*</i>	<i>18%</i>	<i>18%</i>		
One-off and non-recurring items (after-tax)	2.7	29.8		
Statutory net profit	388.9	356.8	9%	3%

Key points:

- ▶ Strong growth in cochlear and acoustic implants moderated by a decline in Services revenue
- ▶ Investment in market growth, standard of care and market access initiatives, moderated by reduction in short-term incentive provision
- ▶ Investment in key R&D projects and development of the product and services pipeline
- ▶ >\$120m invested since FY21 on cloud transformation
- ▶ Increase in collaboration income from innovation fund investments and revenue from various government grants
- ▶ Underlying net profit margin aligned to the 18% long-term target

* Excluding one-off and non-recurring items.

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
<i>Working capital / sales revenue*</i>	<i>30%</i>	<i>23%</i>	
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

Key points:

- ▶ Higher trade receivables reflects the relatively stronger Q4 sales in the emerging markets
- ▶ Inventory levels increased ahead of major new product launches and the building of higher safety stock levels for critical components
- ▶ Investment in capacity expansion at the Lane Cove and Kuala Lumpur manufacturing facilities
- ▶ Increased IT system costs, acquired technology, software development and the impact of foreign exchange
- ▶ The increase in other net liabilities reflects ~\$50m reduction in the employee short-term incentive provision, the result of below target revenue and profitability
- ▶ Net cash decrease primarily reflects the increase in working capital

Cash flow



\$m	FY25	FY24	Change
EBIT (underlying)*	521.3	504.8	16.5
Depreciation and amortisation	90.4	84.9	5.5
Changes 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)

Key points:

Building of inventory ahead of new product launches and higher safety stock levels for critical components. Higher trade receivables reflects the relatively stronger Q4 sales in emerging markets

Timing of tax instalment payments

Includes investment in the upgrade of the Lane Cove and Kuala Lumpur manufacturing facilities and stay-in-business capex

* Excluding one-off and non-recurring items.

FY26 Outlook



For FY26, we expect to deliver underlying net profit of \$435-460m, 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 H2

- **Developed market CI:** Nucleus Nexa System availability to expand through H1. 10%+ unit growth expected, weighted to H2
- **Emerging market CI:** strong unit growth and modest revenue growth, with high mix of lower-tier volume
- **Services:** solid growth with higher eligible base and contribution from the new Kanso 3 Sound Processor. Growth weighted to H2
- **Acoustics:** expect double digit growth with continuing geographic expansion of the Osia System and launch of the Baha 7 Sound Processor
- **Gross margin:** expect ~74%
- **Growth investment:** We are continuing our investment in R&D and market growth activities to support long-term market growth, with R&D expected to be ~13% of sales revenue
- **Net profit margin:** expect a little below 18%
- **Cloud investment:** ~\$80m after tax in core ERP, underlying data and manufacturing systems investment to be reported as a significant item, with the balance to be invested in FY27

Hear now. And always



Supplementary information

Our
company

For further details please refer to the 2025 Annual Report

<https://www.cochlear.com/au/en/corporate/investors/annual-reports>

About Cochlear

Cochlear has been the global leader in implantable hearing solutions for over 40 years, providing a range of implants and sound processor upgrades that deliver a lifetime of hearing outcomes.

Our story

Graeme Clark, an Australian ear surgeon, saw first-hand the isolation and frustration that comes from living in a world of silence as his father struggled with hearing difficulties.

On holiday in 1977, fiddling with a shell and a blade of grass, Graeme realised there was a safe way to insert electrodes into the inner ear. It was Graeme's determination to help others that realised our first implantable solution, reconnecting Rod Saunders to hearing and bringing music into his life.

Professor Clark partnered with Australian entrepreneur Paul Trainor – and his Nucleus Group – and the University of Melbourne to commercialise the cochlear implant. With funding from the Australian government, they developed the Cochlear™ Nucleus® 22 Implant, the first multi-channel cochlear implant, and Cochlear, the company, was formed.

Today, Cochlear is the leader in implantable hearing solutions, connecting hundreds of thousands of people globally to a life full of hearing. The pioneering spirit that started Cochlear all those years ago continues to drive us forward and our commitment is stronger than ever. We're transforming the way people understand and treat hearing loss, and we're committed to reaching more people to provide support for a lifetime of hearing.

Our company

Cochlear commenced operations in 1981 as part of the Nucleus group and in 1995 listed on the Australian Securities Exchange.

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society. Our strategy is focused on improving awareness of and access to implantable hearing solutions for people indicated for our products.

We are pioneers and global leaders in the development, manufacture and commercialisation of implantable hearing solutions, collaborating in over 100 research programs worldwide to further research into hearing loss.

We invest around 12% of sales revenue each year in research and development, with over \$3 billion invested since listing, and we have a portfolio of more than 2,300 patents and patent applications worldwide.

Over the past 40 years we have helped over 750,000 people to hear with one – or two – of our implantable solutions. And we deliver a lifetime of hearing solutions for recipients, with sound processor upgrades and services to support prior generation products.

Our global headquarters are on the campus of Macquarie University in Sydney, with regional offices in Asia Pacific, Europe and the Americas. We have a global workforce of over 5,500 employees and a wide geographical reach, selling in over 180 countries, with employees based in over 50 countries.



Cochlear at a glance



Business segments

Cochlear Implants*

62% Cochlear implant systems



Services*

26% Sound processor upgrades, accessories and other



Acoustics*

12% Bone conduction systems and sound processor upgrades



Global presence

\$2.3b+
in sales revenue* across
180+
countries

5,500+
employees across
50+
countries



6

manufacturing
locations

Sweden

China

Malaysia

Australia

Market leader

\$290m+
in annual R&D investment

Helping
750k+
people to hear with one - or
two - of our implants#

AAA
MSCI ESG rating
Healthcare equipment
& supplies**

99.76%
Cochlear implant reliability*



Based on sales revenue (FY25) ^Nucleus Profile™ Plus Series implant cumulative survival percentage within six years ^^Cochlear estimate for cochlear and acoustic implants

#Includes cochlear and acoustic implants. ** Measures a company's resilience to financially material environmental, societal and governance (ESG) risk. *** Excludes US Cochlear employees.

Product and services portfolio



Cochlear's market-leading portfolio aims to improve hearing outcomes for recipients and provide a lifetime of hearing solutions.

Cochlear implant portfolio



Cochlear®
Nucleus® Nexa® System

Acoustic solutions portfolio



Cochlear
Osia® System



Cochlear
Baha® System

Recipient support tools



Cochlear Nucleus, Baha and Osia Smart Apps

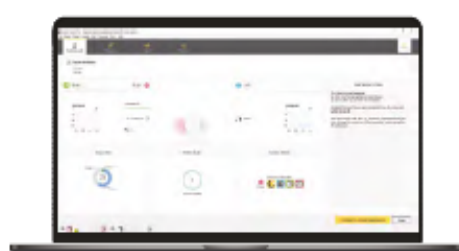


Cochlear CoPilot App

Cochlear Connected Care solutions



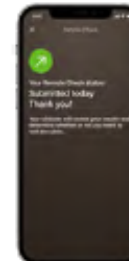
Cochlear Nucleus
SmartNav System



Cochlear Custom Sound® Pro
Fitting Software



Cochlear
Remote Assist



Cochlear
Remote Check



Cochlear® Link

Hear now. And always



Supplementary information

Strategy and value creation

For further details please refer to the 2025 Annual Report

<https://www.cochlear.com/au/en/corporate/investors/annual-reports>

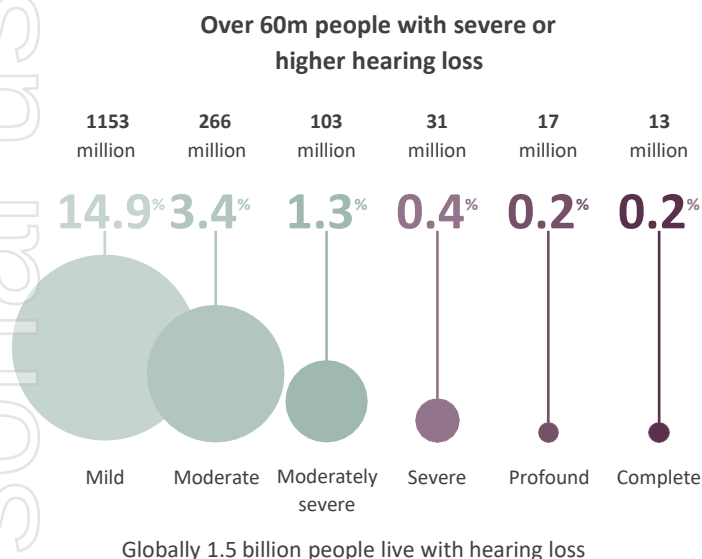
Growth opportunity

Growing awareness of the cost-effectiveness and quality of life benefits of our products has the potential to underpin long- term industry growth.



Hearing loss is prevalent and under-treated

The World Health Organization (WHO) estimates that there are over 60 million people worldwide who experience severe or higher hearing loss,¹ yet fewer than 5% of the people that could benefit from an implantable hearing solution have received one.²



* Cochlear estimate

Cochlear implants are a cost-effective solution for all age groups

Cochlear implants can provide life changing outcomes for recipients, empowering them to connect with others and live a full life. They also provide a cost-effective solution for all age groups, delivering significant returns on the investment made by the healthcare system.

Significant return on investment for healthcare systems investing in cochlear implants



For a pre-lingual deaf child, the return to society is more than 13 times for every dollar spent on a cochlear implant solution based on the cost savings in education and improved productivity as an adult.³

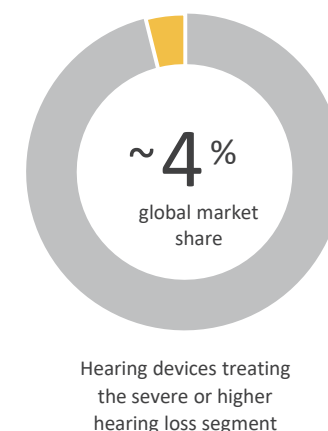


The effective use of implants is cost-effective in adults and seniors with an estimated return on investment of 10:1.⁴

Cochlear implants can deliver superior outcomes to hearing aids for indicated patients

Cochlear implants can provide a significant improvement in hearing outcomes and quality of life when compared to hearing aids for many people with a severe or higher hearing loss. However, only 4% of people in this segment have a cochlear implant.

We are the global leader in cochlear implants but a small player in the severe or higher hearing loss segment where hearing aids dominate



Growth opportunity



Product indications are broadening and funding is expanding

Product indications and funding are expanding as payers increasingly recognise the improved outcomes and cost-effectiveness of our implantable solutions.

Changes to reimbursement or indications

US:

lowered the age of cochlear implantation from 12 to 9 months for Cochlear's Nucleus® implant

US, UK, Germany, France, Spain, Sweden and Australia:
Cochlear® Osia® System reimbursement achieved

US:

lowered the minimum age for implantation of the Osia System from 12 to 5 year-old children

US:

obtained FDA approval for the treatment of unilateral hearing loss and single-sided deafness with a Cochlear® Nucleus® implant

US:

the Centers for Medicare & Medicaid Services expanded coverage for cochlear implants to cover a broader spectrum of hearing loss

France:

reimbursement approved for Baha® sound processors

Good hearing is essential to healthy ageing

Hearing loss is particularly prevalent in people over the age of 60, with one in four suffering moderate or higher hearing loss.⁶

There is a growing understanding of the importance of properly treating hearing loss in this age group. It affects communication and is associated with cognitive decline, social isolation, anxiety and depression.⁶

Growing understanding of the link between good hearing and healthy ageing



Cognitive decline

Hearing loss associated with accelerated cognitive decline and dementia in older adults.⁷



Depression

Significant association between hearing impairment and moderate to severe depression.⁸



Falls

Higher risk of dizziness causing falling.⁹



Social isolation

Hearing loss linked to withdrawal from social interactions, which can have a significant impact on psychological well-being and physical health.⁹



Ability to work

Hearing loss can affect the ability to work or stay in the workforce.¹⁰



Loss of independence

Seniors with hearing loss less likely to be able to self-care.⁹

Key market segments

Our efforts are targeted at improving awareness, expanding access and building on the clinical evidence that demonstrates the effectiveness of our products across four key market segments.

Cochlear implants: Children in developed markets

Cochlear implantation has been established as the standard of care for newborns across the developed markets, with bilateral implants indicated across most countries as evidence supports the benefit of binaural hearing.



Addressable market*
~130,000 people
Current penetration
>80% under 3-year-old children

What we are doing

Cochlear implants started as a solution for children with a profound hearing loss. Over the last 30 years, neonatal screening has been successfully established across the developed world leading to high rates of cochlear implantation for young children.

The key priority for this segment is to maintain our leadership position while aiming to improve the rate of implantation, and/or the uptake of bilateral implants, in countries where current levels are below average.

There is also an opportunity to strengthen the treatment pathway for acquired or progressive hearing loss in older children. Lack of screening for children who have progressive hearing loss in childhood means that hearing loss often remains unidentified and without care.

The WHO's World Report on Hearing notes the importance of hearing in education and says that the inclusion of ear and hearing care in school health services is essential. It highlights pre-school and school children as a group 'at risk' and proposes that screening and early intervention programs be put in place for this group as part of the holistic package of ear and hearing care interventions it proposes all countries adopt.

Cochlear implants: Adults and seniors in developed markets

Adults and seniors in the developed markets provide the biggest opportunity for us to address the unmet need for hearing implants given the large, and growing, market size as the population ages and the low levels of penetration.



Addressable market*
>6m people
Current penetration
~3%

What we are doing

According to the WHO, hearing loss is particularly prevalent in people over the age of 60, with 65% experiencing hearing loss and one in four people suffering moderate or higher hearing loss. It affects communication and is associated with social isolation, anxiety, depression and cognitive decline.¹ The segment is however challenging to address as most candidates suffer from a progressive hearing loss and, together with their care providers, either do not know about cochlear and acoustic implants or do not understand the indications for them.

While penetration rates are currently very low, at around 3%, the seniors segment has been the fastest growing segment for us over the past few years as awareness begins to improve. We have a range of programs for driving growth of the adults and seniors segment including:

- **Direct-to-consumer (DTC) marketing** – building awareness directly with candidates motivated to find a better solution for their hearing loss;
- **Hearing aid channel referrals** – building a referral path from hearing aid and ENT clinics to cochlear and acoustic implants; and
- **Standard of care initiatives** – supporting initiatives to deliver a consistent treatment pathway.

* Cochlear estimates of segment prevalence of severe or higher hearing loss.

Key market segments

Cochlear implants: Children in emerging markets

Our emerging markets business has been growing rapidly as awareness of cochlear implants increases and wealth grows across many emerging economies.



Addressable market*
>1.3m people
Current penetration
<10%

What we are doing

Our emerging markets business has been growing rapidly as awareness of cochlear implants increases and wealth grows across many emerging economies. Most countries however remain very under-penetrated. Our priorities for this segment are focused around market expansion with activities targeted at:

- **Building awareness** – public education campaigns, direct-to-consumer marketing and hearing screening;
- **Expanding funding** – driven by the compelling health economics of implantation in children;
- **Expanding our presence** – distributor relationships combined with an expanding direct presence;
- **Developing professional capability** – surgeon training and audiology education; and
- **Maximising penetration** through a tiered product offering.

Acoustic implants: Next generation bone conduction hearing solutions

The bone conduction market is under-penetrated and currently has limited geographic reach. We have developed a product that we believe provides the opportunity to drive deeper category penetration.



Addressable market*
>3m people in developed markets
Current penetration
<1%

What we are doing

We have recently introduced the next generation of bone conduction hearing solutions into our Acoustics portfolio with the Cochlear® Osia® System, providing a significant improvement in performance and aesthetics for bone conduction patients.

Clinical studies have demonstrated significant improvements in outcomes for patients² over traditional bone conduction hearing solutions, and we are experiencing high demand for the implant in new markets where we have launched.

We believe the Osia System has the opportunity to become the gold standard acoustics implant in our current markets, more effectively competing with reconstructive surgery, and is the right product to pursue geographic expansion.

* Cochlear estimates of segment prevalence of severe or higher hearing loss.

Our corporate strategy guides our path forward...



Our strategy

Our goal is to help more people to hear, which contributes to building a healthier and more productive society.

We create value for our stakeholders by **empowering** people to connect with others and live a full life, **transforming** the way people understand and treat hearing loss and **innovating** and bringing to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.



We help people to hear, creating value across five pillars

A healthier and more productive society

Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.



A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients.



Thriving people

An engaged, capable, high-performing and diverse workforce that delivers on our strategy and supports the creation of sustained value.



Environmental responsibility

Minimising the impact of our operations on the environment.



Sustained value

Maximising spending to grow the market while maintaining our competitive position. Ensuring we operate fairly, honestly and legally.

Strategic priorities focus our time and resources

Grow the hearing implant market

Retain market leadership

Build a stronger organisation

Minimise environmental impact

Consistent and sustainable growth

Longer-term targets aim to provide clear stakeholder benefits

Society

Help at least 8% more people to hear each year with a cochlear or acoustic implant.

Customers

Develop market-leading technology and deliver a world-class customer experience to recipients and professional customers.

People

Retain employee engagement levels at or above 80%.

Planet

Net-zero carbon emissions in our operations by 2030 and across our value chain by 2050.

Shareholders

Sustainable and responsible business practices, targeting growth in sales revenue of around 10% per annum and an 18% net profit margin.

Strategic priorities

Our strategic priorities determine how we focus our time and resources to create value. Over the coming years we are focusing our efforts on delivering value across the following initiatives:

Grow the hearing implant market

- Strengthen the referral pathway for adults
- Develop the acoustic implant segment
- Broaden reimbursement and improve indication
- Expand access in emerging markets



A healthier and more productive society

Retain market leadership

- Deliver compelling products and services
- Support recipient access to latest technology
- Maintain our lead in sales excellence and customer service
- Maintain high standards of product quality, safety and reliability



A lifetime of hearing solutions

Build a stronger organisation

- Strengthen and nurture a culture of aspiration, achievement, experimentation and enterprise mindset
- Attract, develop and retain world-class talent
- Support the engagement, wellness and safety of our teams
- Enhance global collaboration and performance



Thriving people

Minimise environmental impact

- Advance the implementation of initiatives to reduce our Scope 1, 2 and 3 carbon emissions
- Embed sustainability into product design, development and manufacturing
- Deliver a global approach to managing the environmental impacts of packaging and waste



Environmental responsibility

Consistent and sustainable growth

- Deliver sustainable financial returns
- Improve efficiency and agility
- Maintain high levels of corporate governance
- Ensure our supply chain is ethical and sustainable
- Vigilance around data security and privacy



Sustained value

Creating value for stakeholders

Value creation describes the impact we have on all our key stakeholders – our customers, our people, our planet, our shareholders as well as society more broadly. Successful execution means achieving the following outcomes for our stakeholders:

Society

- Appropriate funding and indications for a cost-effective intervention
- Standard treatment pathway for implantable hearing devices for all age groups
- Improved education and productivity opportunities
- Understanding of the link between good hearing and healthy ageing and the need to act



A healthier and more productive society

Customers

- High quality and reliability
- Improving hearing outcomes and quality of life for new and existing recipients
- The right care is available at the right time and is easy to use
- Reduced cost to serve for professional customers



A lifetime of hearing solutions

People

- A collaborative, values-driven culture that inspires innovation and customer focus
- Engaged, capable and high-performing employees
- Diverse, equitable, safe and inclusive workplace
- Engaging development and career opportunities



Thriving people

Planet

- Climate change mitigation and resilience
- Conservation of natural resources
- Reduced pollution and waste
- Healthier communities



Environmental responsibility

Shareholders

- Consistent financial performance
- Disciplined capital management
- Strong corporate governance
- Ethical and responsible supply chain



Sustained value

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 statements.

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 compare 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 is 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.

Authorised for lodgement to the ASX by the Board of directors of Cochlear Limited

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Cognition (slide 7)

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Key achievements (slides 13-17)

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Key market segments (slide 30-31)

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