

Hear now. And always



# **HY26 Result Analyst and Media Presentation**

**13 February 2026**

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# 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.



# HY26 Financial summary

## H1 focus on rollout of the Cochlear™ Nucleus® Nexa™ System, the world's first and only smart cochlear implant system with upgradeable firmware

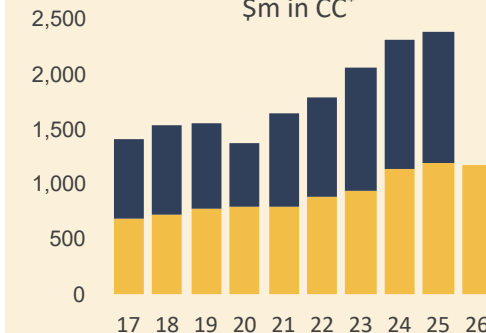
- Transition to the new system since June 2025 with a focus on achieving product registration and contract renewals across the developed markets
- Contracting process took longer than anticipated where we sought price increases and is now largely complete
- Sales revenue up 1% (down 2% in CC\*) to \$1,176m
- Underlying net profit\*\* down 9% to \$195m
- Strong balance sheet with net cash of \$173m
- Interim dividend steady at \$2.15 per share

## FY26 outlook

- Expect a strong H2 driven by the broad availability of the Nexa System, strong growth in Services and improved momentum for Acoustics
- Underlying net profit expected to be at the lower end of the \$435-460m guidance range provided in August 2025, reflecting the longer than anticipated contracting process for the Nexa Implant System in H1
- Guidance based on FX rates provided in August of 66c AUD/USD and 56c AUD/EUR. If the AUD remains at its current levels for the balance of FY26, underlying net profit would be expected to reduce by ~\$30m

Sales revenue

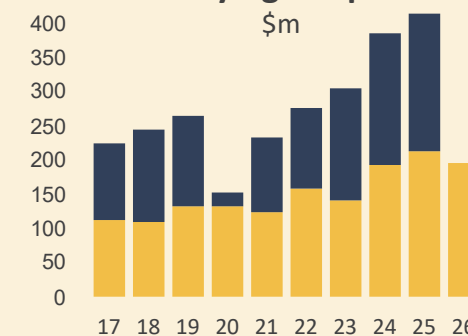
\$m in CC\*



↓ 2%  
in CC\*

Underlying net profit\*\*

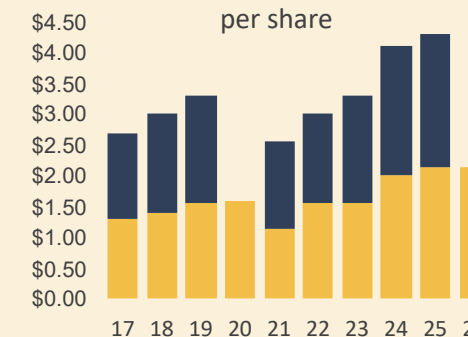
\$m



↓ 9%

Dividends

per share



0%

## HY26 Operational review

# Cochlear implants

62% of sales revenue

## Sales revenue down 2% in CC

### Developed markets

- Availability expanded progressively across the first half as product registration and contract renewals were secured, alongside modest price increases. The process took longer than anticipated, resulting in low single-digit revenue growth for the half
- Positive reception from professionals and recipients, leading to gains in market share at the end of the half as adoption of the new system increased. In November and December, key markets experienced ~10% YoY growth in CI units, with 80% of units sold in December comprising the new Nucleus Nexa System
- Continued focus on creating long term sustainable growth by strengthening the adult and senior referral pathway, communicating the clinical evidence linking hearing treatment to cognitive health and creating clinical capacity through our Connected Care ecosystem
- To ensure we have the necessary capability and capacity to deliver sustained growth, we are restructuring essential components of our organisation to strengthen our operational effectiveness and better position us to meet the evolving needs of this important segment

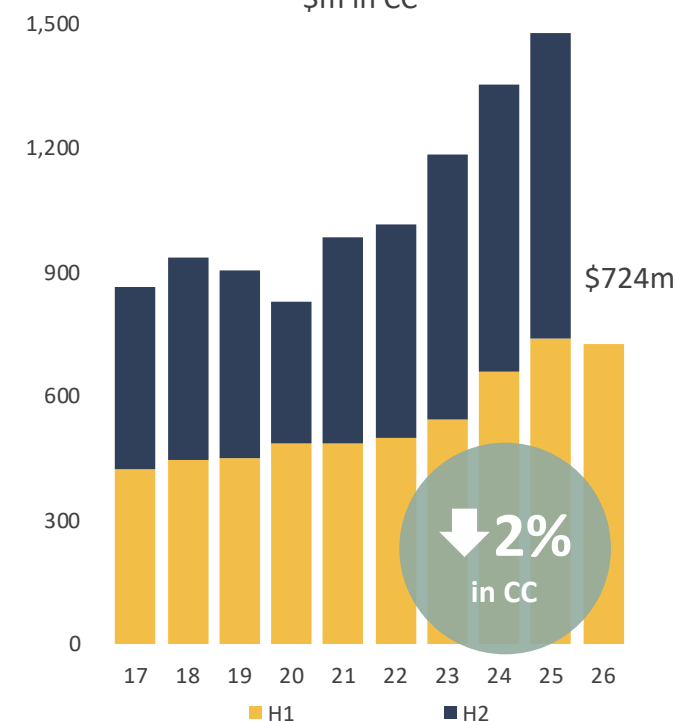
### Emerging markets

- Volumes grew 15%+ with a decline in revenue due to the high mix of lower-tier volume, particularly in China. The result was as expected and compares to HY25, which recorded a particularly high mix of premium-tier product



### Cochlear implant sales revenue

\$m in CC\*



\* Constant currency

## HY26 Operational review

# Services

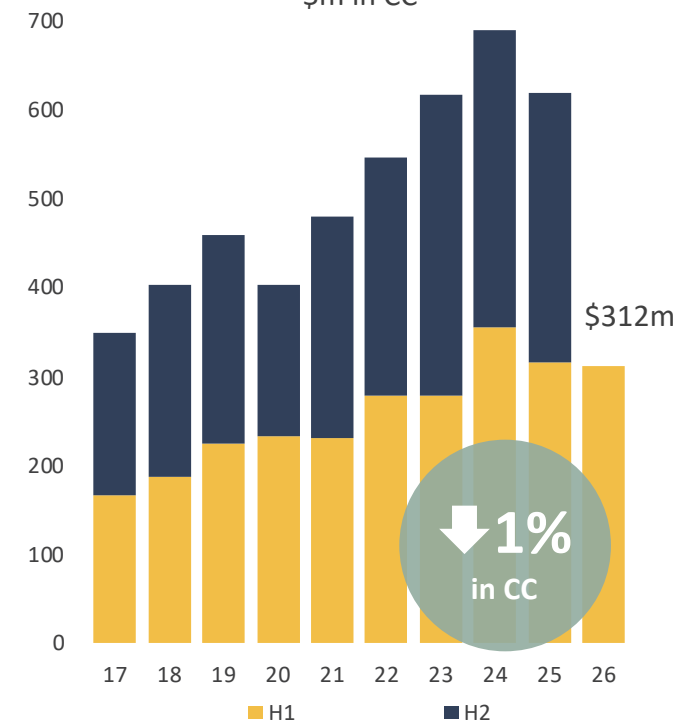
26% of sales revenue

## Services revenue down 1% in CC

- HY26 result in line with expectations, with FY weighting to H2
- Growth in developed markets and a decline in emerging market revenue
- Developed markets revenue grew 4% in CC driven by an increase in the eligible base and benefits from initiatives raising awareness of eligibility and clinical benefits of the Nucleus 8 Sound Processor



Services  
sales revenue  
\$m in CC\*



\* Constant currency

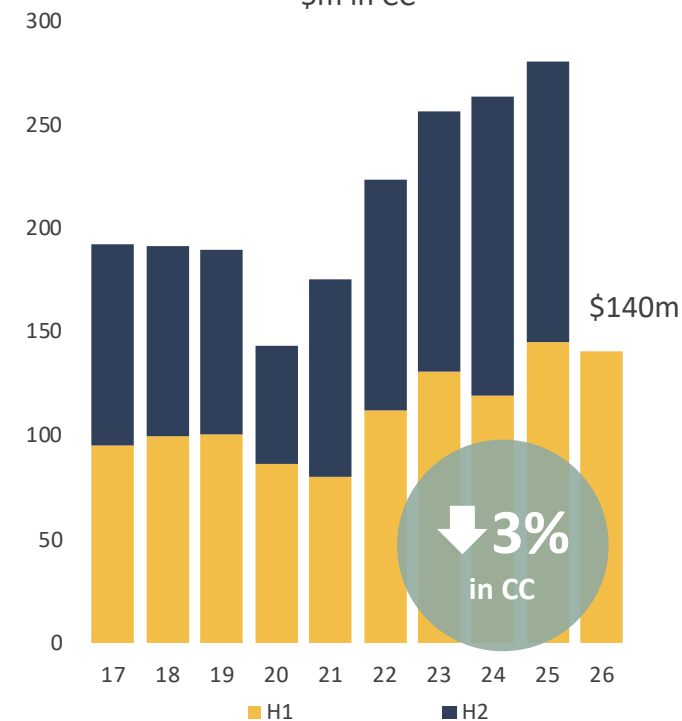
# Acoustic implants

12% of sales revenue

## Acoustics revenue down 3% in CC

- Single-digit decline in volumes for the Cochlear™ Osia® Implant in the larger US and UK markets as a result of increased competitor activity
- Solid growth across Western Europe and Australia

Acoustics  
sales revenue  
\$m in CC\*



\* Constant currency

# 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.



# Profit and loss

\$m	HY26	HY25	Change (reported)	Change (CC)
<b>Sales revenue</b>	<b>1,176.0</b>	<b>1,169.9</b>	<b>1%</b>	<b>(2)%</b>
<b>Gross margin %</b>	<b>73%</b>	<b>75%</b>	<b>(2)pt</b>	<b>(2)pt</b>
Selling, marketing and general expenses	363.7	367.2	(1)%	(3)%
R&D expenses	152.8	140.3	9%	5%
<i>% of sales revenue</i>	<i>13%</i>	<i>12%</i>		
Administration expenses	85.7	91.1	(6)%	(7)%
<b>Operating expenses</b>	<b>602.2</b>	<b>598.6</b>	<b>1%</b>	<b>(2)%</b>
Other expenses / (income)	(9.0)	(11.0)		
FX contract losses / (gains)	8.8	(1.9)		
<b>EBIT (underlying)*</b>	<b>254.8</b>	<b>286.7</b>	<b>(11)%</b>	<b>(12)%</b>
<i>% EBIT margin*</i>	<i>22%</i>	<i>25%</i>		
Net finance expense / (income)	(2.1)	(1.7)		
Effective tax rate %*	24%	26%		
<b>Underlying net profit*</b>	<b>194.8</b>	<b>213.7</b>	<b>(9)%</b>	<b>(10)%</b>
<i>% Underlying net profit margin*</i>	<i>17%</i>	<i>18%</i>		
One-off and non-recurring items (after-tax)				
Cloud expense	(23.7)	(8.2)		
Fair value losses on investments/share of losses on equity accounted investments	(9.6)	(0.4)		
<b>Statutory net profit</b>	<b>161.5</b>	<b>205.1</b>	<b>(21)%</b>	<b>(22)%</b>

## Key points:

- ▶ Increase in investment in activities to support long-term sustainable growth, while managing the phasing of other operating expenses to H2
- ▶ Investment in key R&D projects and development of the product and services pipeline
- ▶ Includes a reduction in costs associated with projects completed in the prior year
- ▶ Includes \$9.2m non-cash write-down in Saluda

\* Excluding one-off and non-recurring items, HY25 adjusted to report cloud expenses as a one-off item for comparative purposes.



# Capital employed

\$m	Dec25	Jun25	Change
Trade and other receivables	549.7	585.9	(36.2)
Inventories	566.1	499.4	66.7
Less: Trade and other payables	(281.3)	(298.4)	17.1
<b>Working capital</b>	<b>834.5</b>	<b>786.9</b>	<b>47.6</b>
<i>Working capital / sales revenue*</i>	35%	33%	
Property, plant and equipment	337.3	332.7	4.6
Intangible assets	505.1	500.8	4.3
Investments and other financial assets	191.2	189.4	1.8
Other net liabilities	(102.7)	(135.2)	32.5
<b>Capital employed</b>	<b>1,765.4</b>	<b>1,674.6</b>	<b>90.8</b>
<b>Funding sources:</b>			
Equity	1,938.1	1,950.3	(12.2)
Less: Net cash	(172.7)	(275.7)	103.0
<b>Capital employed</b>	<b>1,765.4</b>	<b>1,674.6</b>	<b>90.8</b>

## Key points:

- ▶ Stock build associated with major new product launches and the building of higher safety stock levels for critical components
- ▶ Increase in net tax assets – timing related
- ▶ Net cash decrease primarily reflects the increase in working capital and timing-related increase in tax instalment payments

\* Dec25 calculation based on doubling HY26 sales revenue.

# Cash flow

\$m	HY26	HY25	Change
EBIT (underlying)*	254.8	286.7	(31.9)
Cloud expense	(33.8)	(11.7)	(22.1)
Depreciation and amortisation	51.6	43.8	7.8
Changes in working capital and other	(58.6)	(131.4)	72.8
Net interest received	2.1	1.7	0.4
Income taxes paid	(79.3)	(79.2)	(0.1)
<b>Operating cash flow</b>	<b>136.8</b>	<b>109.9</b>	<b>26.9</b>
Capital expenditure	(40.3)	(43.9)	3.6
Other net investments	(13.8)	(7.3)	(6.5)
<b>Free cash flow</b>	<b>82.7</b>	<b>58.7</b>	<b>24.0</b>
Outlay from exercise of share options and performance rights	(23.5)	(24.3)	0.8
Payments for share buyback	(0.1)	(19.3)	19.2
Dividends paid	(140.6)	(137.5)	(3.1)
Payment of lease liability and other	(21.5)	(8.1)	(13.4)
<b>Increase / (decrease) in net cash</b>	<b>(103.0)</b>	<b>(130.5)</b>	<b>27.5</b>

## Key points:

► Largely driven by growing inventory levels

\* Excluding one-off and non-recurring items.

# FY26 Outlook

For FY26, we aim to help over 60,000 people to hear with a cochlear or acoustic implant. We expect the business to deliver a strong second half driven by the broad availability of the Nexa System, strong growth in Services and improved momentum for Acoustics. Underlying net profit is expected to be at the lower end of the \$435-460 million guidance range provided in August 2025, reflecting the longer than anticipated contracting process for the Nexa Implant System in the first half

- **Cochlear implants:** expect to deliver strong revenue growth in the developed markets in H2 from market growth and the broad availability of the Nucleus Nexa implant. We have a small proportion of account contracts remaining and anticipate these will be finalised during Q3. Emerging markets are also expected to deliver solid H2 growth, driven by a pipeline of tenders and orders
- **Services:** strong growth in H2 driven by an increase in the eligible base, retirement of the Nucleus 7 Sound Processor in the US and contribution from the launch of the Kanso 3 Sound Processor
- **Acoustics:** expected to have an improved second half, following a softer first half, from continuing geographic expansion of the Osia System and rollout of the Baha 7 Sound Processor, which was launched in June 2025
- **FX:** Guidance is based on FX rates provided in August 2025 of 66c AUD/USD and 56c AUD/EUR. If the AUD remains at its current levels for the balance of FY26, underlying net profit would be expected to reduce by ~\$30m. Based on the mix of FX contracts and spot currency exposures, we estimate underlying net profit sensitivity for the full six months of the second half of FY26 to be around \$3 million for every one cent change in the US dollar and around \$4 million for the Euro.

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.

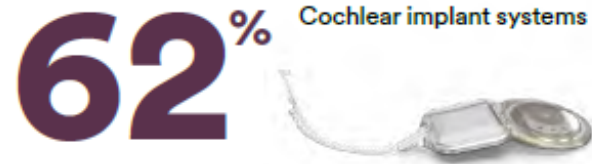
Our global headquarters are on the campus of Macquarie University in Sydney, with regional offices in Asia Pacific, Europe and the Americas. We have a global workforce of over 5,500 employees and a wide geographical reach, selling in over 180 countries, with employees based in over 50 countries.



# Cochlear at a glance

## Business segments

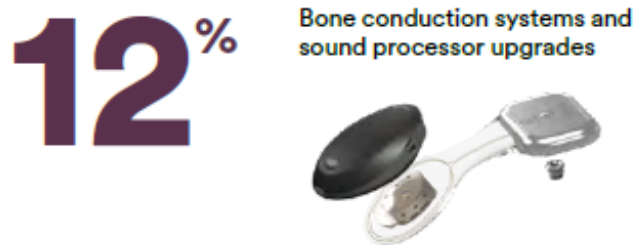
### Cochlear Implants\*



### Services\*



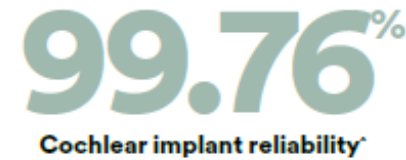
### Acoustics\*



## Global presence



## Market leader



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

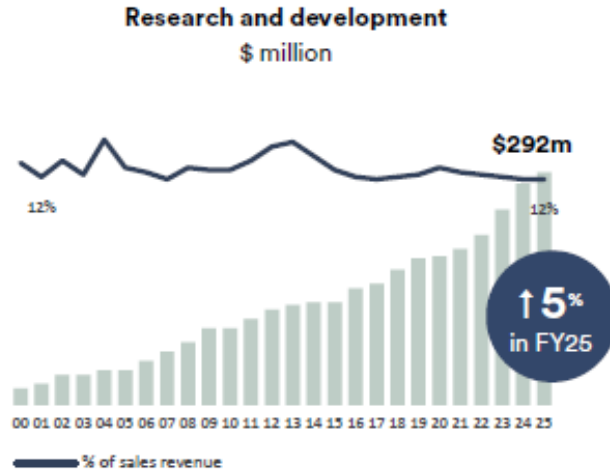
#Includes cochlear and acoustic implants. \*\* Measures a company's resilience to financially material environmental, societal and governance (ESG) risk. \*\*\* Excludes US Cochlear employees.



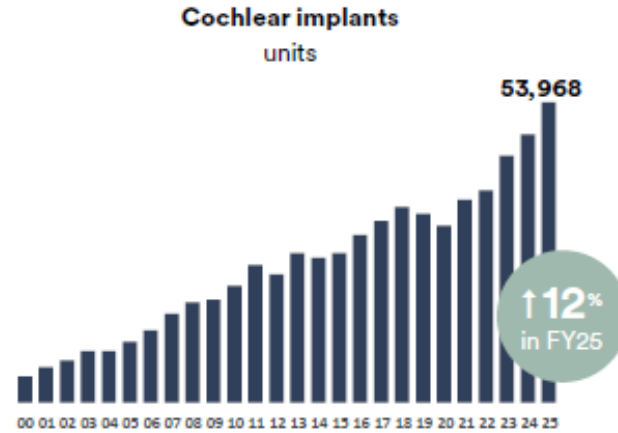
# Financial history

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

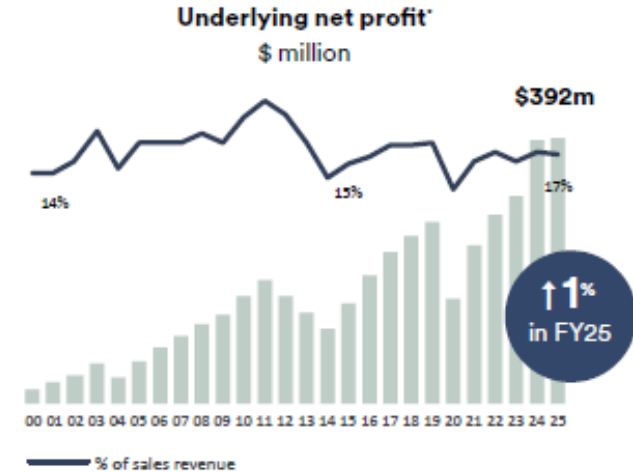
## Consistent investment in R&D and market growth activities



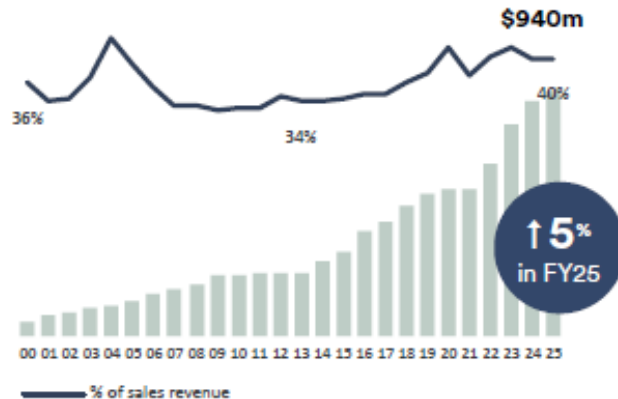
## Long-term growth in sales revenue



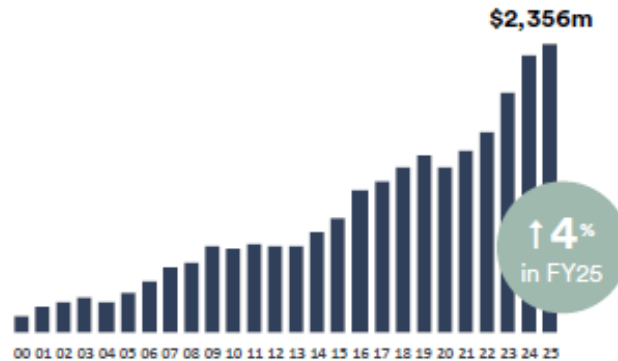
## Growing profits and dividends



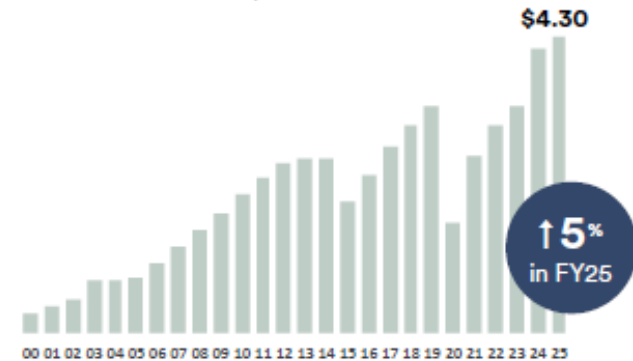
## Operating expenses (excl R&D)



## Sales revenue



## Dividends per share



\* Excluding one-off and non-recurring items.



# 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

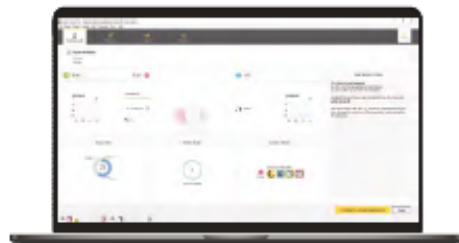


Cochlear CoPilot App

## Cochlear Connected Care solutions



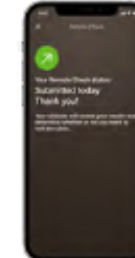
Cochlear Nucleus  
SmartNav System



Cochlear Custom Sound® Pro  
Fitting Software



Cochlear  
Remote Assist



Cochlear  
Remote Check



Cochlear® Link

Hear now. And always



Supplementary information

# Strategy and value creation

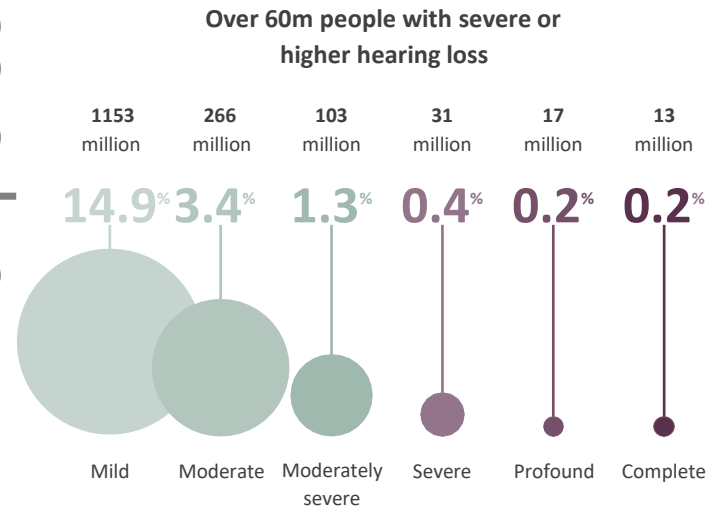
For further details please refer to the 2025 Annual Report  
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# Growth opportunity

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,<sup>1</sup> yet fewer than 5% of the people that could benefit from an implantable hearing solution have received one.<sup>2</sup>



Globally 1.5 billion people live with hearing loss

\* 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.<sup>3</sup>

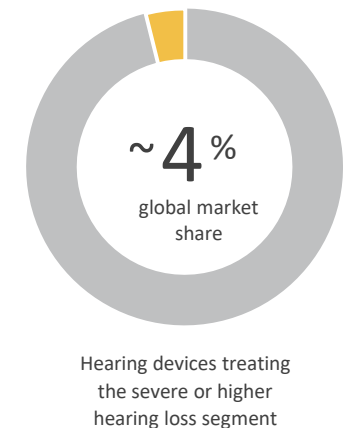


The effective use of implants is cost-effective in adults and seniors with an estimated return on investment of 10:1.<sup>4</sup>

## 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.<sup>5</sup>

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.<sup>6</sup>

### 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.<sup>7</sup>



#### Depression

Significant association between hearing impairment and moderate to severe depression.<sup>8</sup>



#### Falls

Higher risk of dizziness causing falling.<sup>9</sup>



#### Social isolation

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



#### Ability to work

Hearing loss can affect the ability to work or stay in the workforce.<sup>10</sup>



#### Loss of independence

Seniors with hearing loss less likely to be able to self-care.<sup>9</sup>

# 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.<sup>1</sup> 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 patients<sup>2</sup> 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**

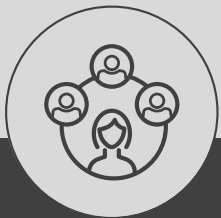
# Creating value for stakeholders

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:

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## 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**

# 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 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.

### 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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## Growth opportunity (slide 18-19)

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## Key market segments (slide 20-21)

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