Hear now. And always

Cochlear®

FY26 Result Analyst and Media Presentation

18 August 2026

Dig Howitt CEO & President
Sarah Thom CFO

Cochlear®

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.

Hear now. And always

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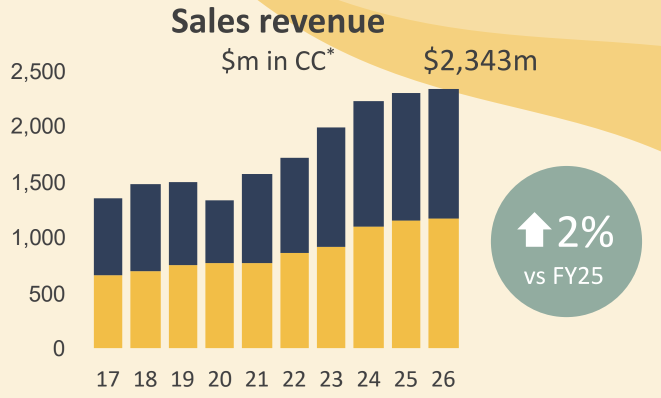
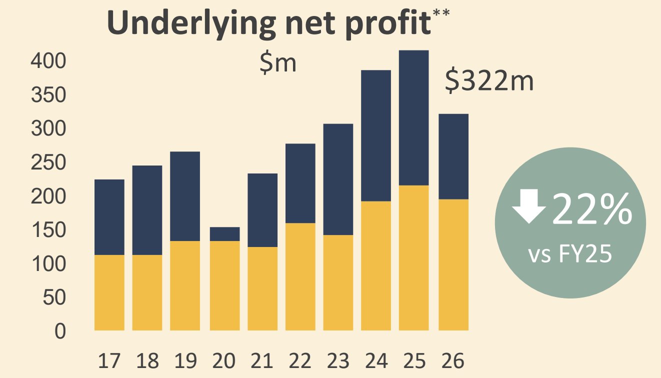
Overview

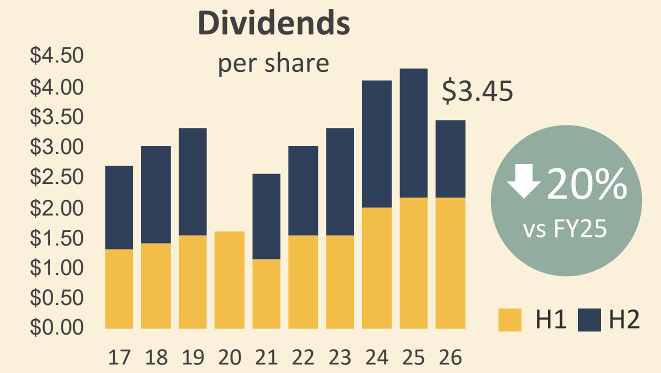
Dig Howitt – CEO & President

FY26 result met revised guidance with continued strategic progress to support growth

- **Sales revenue increased 2% in constant currency to $2.3 billion**, up 6% in the second half, and delivered underlying net profit of $322 million, achieving the upper end of revised guidance provided in April.
- **Strategic priorities advanced,** including the launch of the Cochlear™ Nucleus® Nexa™ System, which improves the patient experience, and growing investment in R&D.
- **Taking action to support growth**
  - Reducing fixed costs to invest in growth and margin
  - Accelerating medicalisation of hearing loss
  - Building on the Nexa platform







* Constant currency ** Excluding significant items

Cochlear implants

61% of sales revenue

Sales revenue flat in constant currency, + 5% lift in implants sold

Strong uptake of the Nucleus Nexa platform with >95% of developed market implant mix by June, with an average 3% price increase

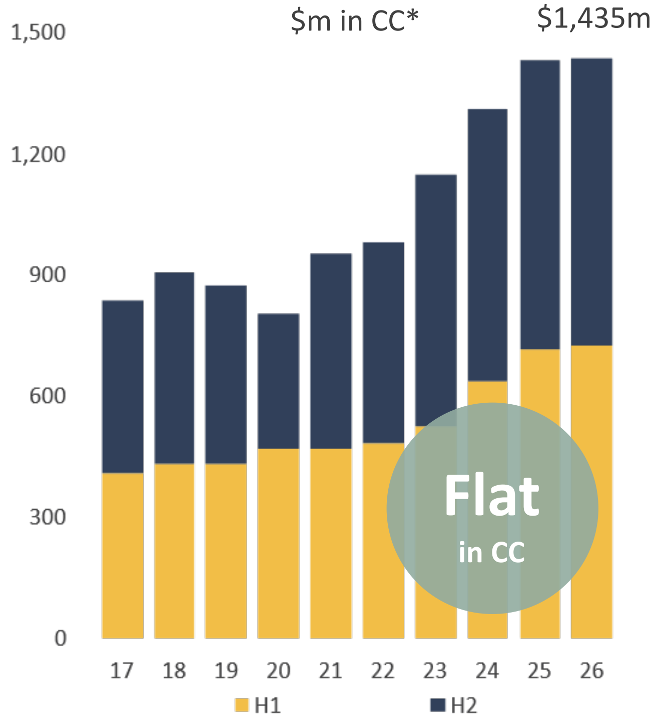
Developed markets: revenue up 1% in constant currency

- US revenue +4%, with market share in line, market growth softer. Stronger performance in channels where Cochlear had greater visibility and influence, including 10% growth in direct-to-consumer surgeries.
- Western Europe revenue -8%, reflecting concurrent country-specific challenges – elective surgery backlogs in the UK, industrial action in Spain – which constrained procedure volumes across multiple markets at the same time, and share loss in Germany.
- Asia Pacific revenue +7%, with share gains. Strong regional performance supported by more mature referral paths in Australia and Nexa launch momentum in Korea.

Emerging markets: revenue declined 2% in constant currency

- Growth in Latin America and Eastern Europe offset by conflict in the Middle East and by VBP and special access zone reimbursement reductions in China.

Cochlear implant sales revenue
$m in CC*



* Constant currency

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Strengthening referral pathways helps more patients access implants

Total addressable market: Ageing populations and indication expansion have increased the market size, with a subset of people seeking hearing care for severe to profound hearing loss (SPHL).

Cochlear supported: Cochlear's direct-to-consumer (DTC) marketing supports candidates to understand options and navigate the healthcare system.

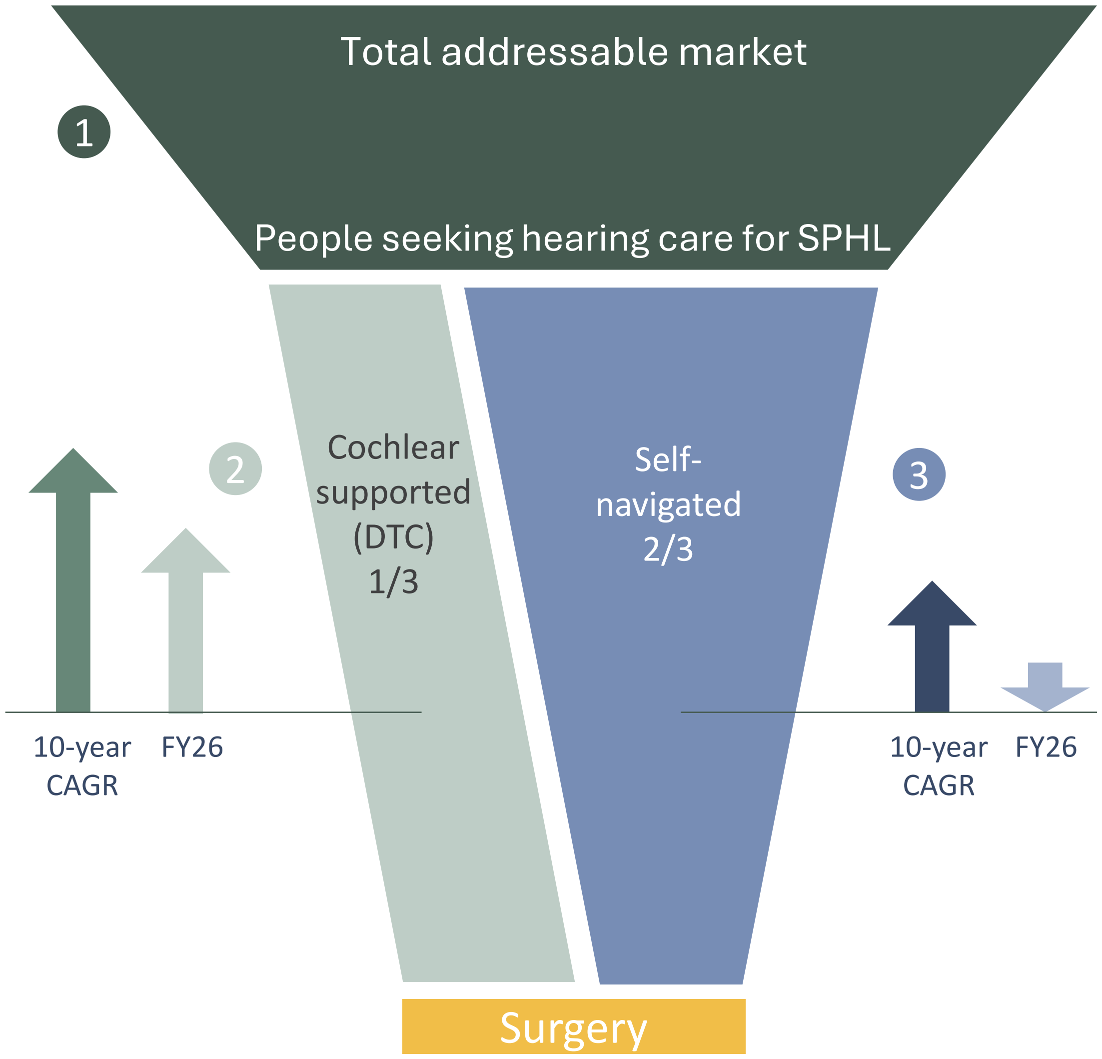
- 10% growth in DTC channel in the US (FY26)

Self-navigated: Medicalisation builds a more consistent pathway – from largely self-directed patient journeys to more systematic professional referrals. Empowering audiologists, GPs, and ENTs to actively identify and guide candidates through the cochlear implant pathway.

Engaging direct-to-professional drives referrals

- 2x increase in referrals in the UK (FY23-26)
- 15% growth in private surgeries in Australia (FY26)

Patient funnel



Illustrative and not to scale - US example

Medicalisation of adult hearing loss: standardising hearing care will drive more referrals for surgery, with more consistent conversion

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What it means: Recognising severe hearing loss as chronic disease, rather than an optional lifestyle issue, with standardised screening, severity staging, referral triggers and reimbursement – so cochlear implants become the standard of care (as for paediatrics)

Medicalisation focus areas – considering the journey of other disease states (e.g., obesity)

Define hearing loss as a medical disease
Establish severe hearing loss as a chronic disease with recognised staging, diagnostic criteria and health consequences

Establish a vital sign to base action
Standardised screening and referral triggers across adult hearing care

Better integrate clinical care pathways
Simplified, automated referral and treatment workflows

Drive public health & system adoption
Embed CI in national healthcare expectations, reimbursement and value-based care, as a public health & healthy-ageing priority

Key examples of progress to date for CI (FY18-26)

- Consensus statements and Global Living Guidelines for adult CI, adopted in 25 countries
- Hearing Health Collaborative live in the US and ANZ; WHO World Report on Hearing
- ACHIEVE cognition and falls evidence published
- 60/60 hearing number campaign

Progressing toward more standardised CI pathway adoption

- Clinical guideline education for referrers
- Claims data, health-economic modelling and continued evidence building supporting reimbursement expansion
- Adult screening normalised; candidacy criteria broadened
- WHO ICD severity coding adopted in-country

Nexa System benefits patients now and extends our competitive advantage into the future

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New stimulation modes & sound coding strategies:

- Neural health measures provide 4x improvement in outcome prediction
- 2/3 preferred music using focused stimulation

Earlier and more convenient activation

Enhanced diagnostics and implant data logging

Note: All updates on this page are currently under investigation and are not available for general use.

Nexa System strengthens the innovation pipeline

A smart implant platform that improves patient and clinician experience today, and lays the foundation for future implant innovation

Nexa

Smart Implants:
active intelligence
in the implant

DEE

Drug Eluting Electrodes:
advance long-term
cochlea health

TICI

Totally Implantable CI:
external-free hearing powered
by a smart implant platform

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Services

27% of sales revenue

For personal use only

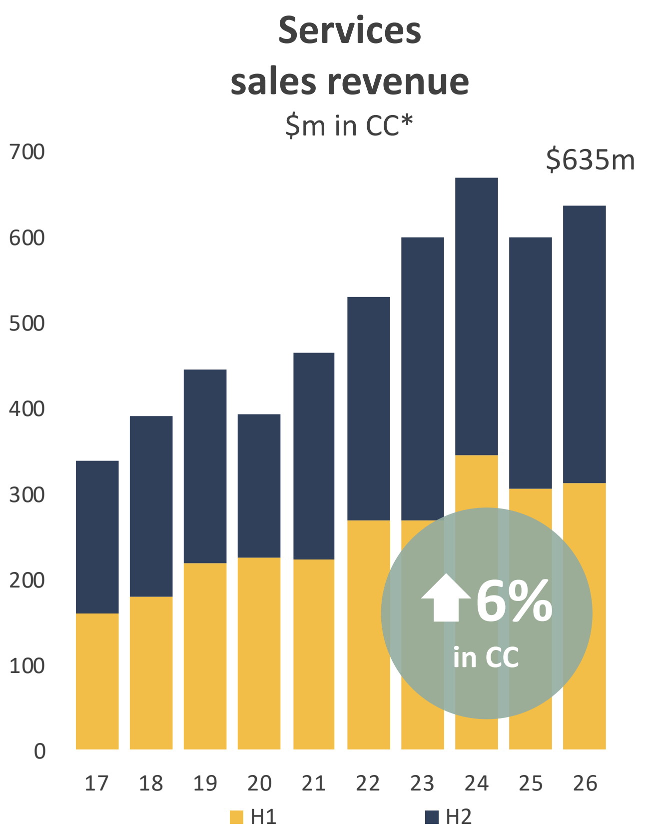
Services revenue up 6% in constant currency

Developed markets: revenue up 13% in constant currency

- Growth in the eligible recipient base from strong post-COVID CI system sales
- Strong demand in the US for the Nucleus 8 Sound Processor following retirement of the prior-generation processor
- Continued to improve marketing programs to raise awareness of eligibility and clinical benefits of the Nucleus 8 Sound Processor

Emerging markets: revenue declined in constant currency

- Disruption to sound processor orders in the Middle East and lower pricing in China



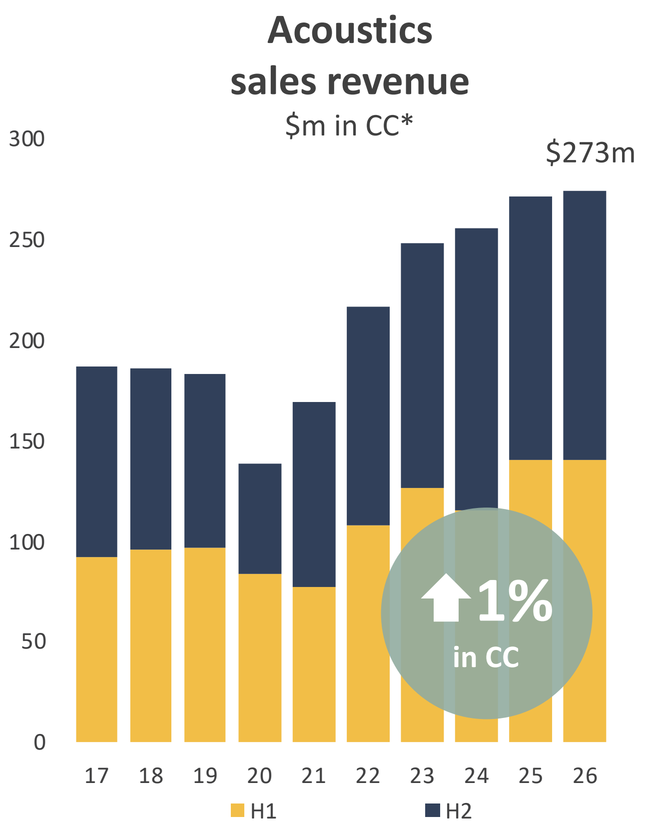
* Constant currency

Acoustics

12% of sales revenue

Acoustics revenue up 1% in constant currency

- Decline in H1 in the US and UK as a result of increased competitor activity
- Solid growth across Western Europe and Asia Pacific
- Cochlear™ Osia® Implant launched in Japan in June



* Constant currency

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Financial results

Sarah Thom – CFO

Profit and loss

$m	FY26	FY25	Change (reported)	Change (CC)
Sales revenue	**2,343.4**	**2,355.8**	**(1)%**	**2%**
Gross margin %	**71%**	**74%**	**(3) pts**	**(3) pts**
Selling, marketing and general expenses	744.7	732.0	2%	4%
R&D expenses	323.2	281.2	15%	14%
% of sales revenue	*14%*	*12%*		
Administration expenses	183.5	175.2	5%	5%
Operating expenses	**1,251.4**	**1,188.4**	**5%**	**6%**
Other expenses / (income)	(15.7)	(19.1)		
FX contract losses / (gains)	(12.9)	17.3		
EBIT (underlying)*	**432.6**	**554.0**	**(22)%**	**(20)%**
*% EBIT margin**	*18%*	*24%*		
Net finance expense / (income)	3.0	(0.7)		
Effective tax rate %*	*25%*	*25%*		
Underlying net profit*	**322.4**	**414.5**	**(22)%**	**(21)%**
*% Underlying net profit margin**	*14%*	*18%*		
Significant items (after-tax)				
Cloud expense *	(66.0)	(22.9)		
Fair value, share of losses and impairment losses on investments (non-cash)	(109.1)	(2.7)		
Statutory net profit	**147.3**	**388.9**	**(62)%**	**(61)%**

* Excluding significant items, FY25 adjusted to report cloud expenses as a significant item for comparative purposes.

Key points:

- GM impacts: 1.5 ppts from lower-than-expected developed market revenue and increased low-tier sales in China, 1.2ppts manu var from reduction in production following lower-than-expected demand, 0.6 ppts due to FX movements
- Investment in key R&D projects and development of the product and services pipeline
- Comparable opex down 1%. Reported opex includes transitional costs: $32m in restructuring costs associated with organisational changes in Q4, with costs allocated across each of the operating expense lines, and $37m STI provision replenishment following the low payout in FY25
- Primarily driven by non-cash write-down in Epiminder

Effective operating discipline to respond to changed conditions

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Reducing fixed costs to invest in growth & margin

+$25m
Reallocated to growth

-2ppt
Fixed cost / revenue

Costs reduced through operating model change + tech/AI

- Made sustainable business changes
- Grew R&D investment

Investing in key growth initiatives

- Direct-to-professional referral programs
- Digital/AI candidate support tools
- Standard of care evidence generation & dissemination

Working capital discipline improved free cash flow

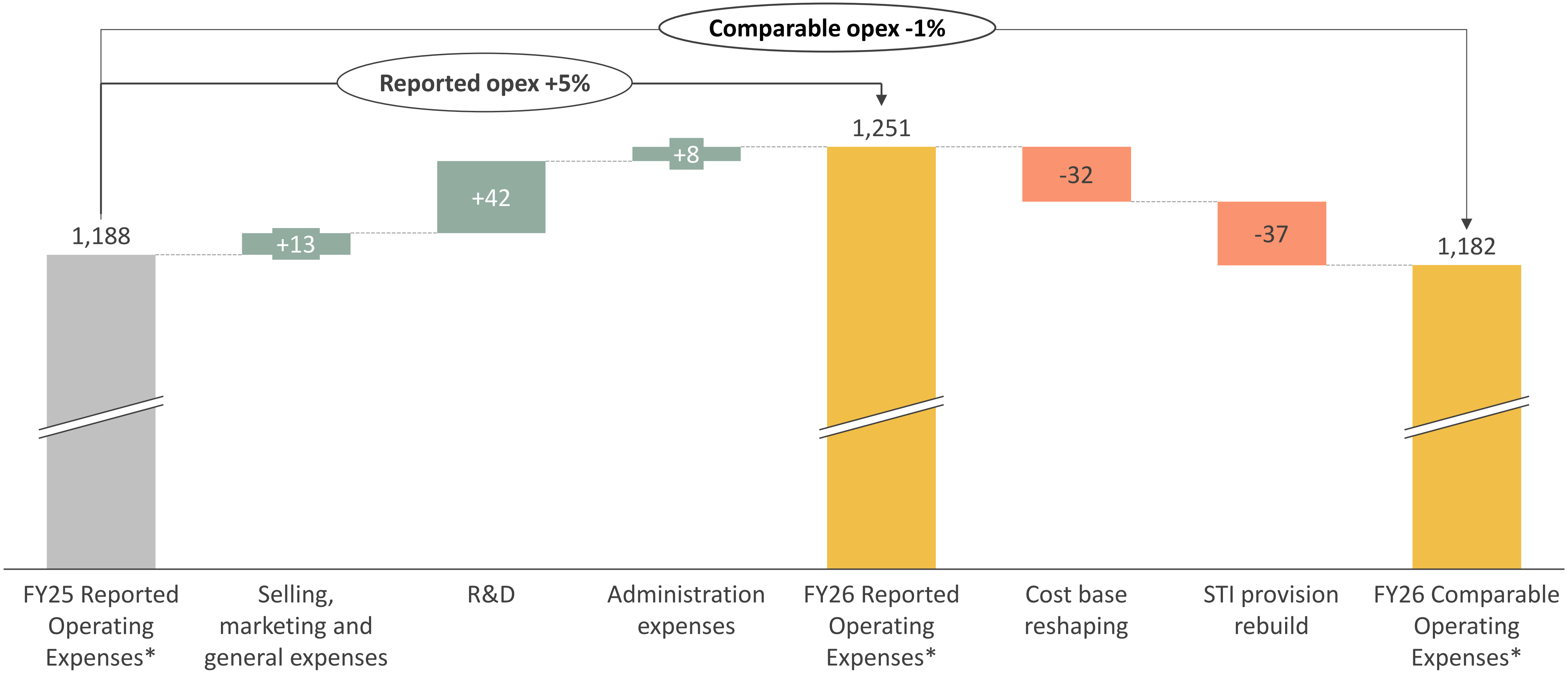
-13%
H2 inventory reduction

>2x
Increase in FCF

Working capital discipline

- Resetting inventory levels following Nexa launch
- Normalised receivables following Jun25 Nexa launch

Operating Expenses bridge* – FY25 to FY26



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* Excluding cloud expenses

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Capital employed

$m	Jun26	Jun25	Change
Trade and other receivables	568.4	593.7	(25.3)
Inventories	491.3	499.4	(8.1)
Less: Trade and other payables	(270.6)	(298.4)	27.8
Working capital	**789.1**	**794.7**	**(5.6)**
*Working capital / sales revenue**	*34%*	*34%*	
Property, plant and equipment	343.5	332.7	10.8
Intangible assets	483.2	500.8	(17.6)
Investments and other financial assets	52.6	189.4	(136.8)
Other net liabilities	(115.6)	(143.0)	27.4
Capital employed	**1,552.8**	**1,674.6**	**(121.8)**
Funding sources:			
Equity	1,740.5	1,950.3	(209.8)
Less: Net cash	(187.7)	(275.7)	88.0
Capital employed	**1,552.8**	**1,674.6**	**(121.8)**

Key points:

- Working capital down slightly, with moderating receivables and lower inventory levels following the stock build ahead of the Nexa System launch
- Primarily reflects write-down in value of Epiminder

Cash flow

$m	FY26	FY25	Change
EBIT (underlying)*	432.6	554.0	(121.4)
Cloud expense	(94.3)	(32.7)	(61.6)
Depreciation and amortisation	106.0	90.4	15.6
Changes in working capital and other	58.6	(218.8)	277.4
Net interest received	(3.0)	0.7	(3.7)
Income taxes paid	(131.9)	(156.0)	24.1
Operating cash flow	**368.0**	**237.6**	**130.4**
Capital expenditure	(90.7)	(102.6)	11.9
Other net investments	(13.8)	(12.6)	(1.2)
Free cash flow	**263.5**	**122.4**	**141.1**
Outlay from exercise of share options and performance rights	(26.6)	(24.3)	(2.3)
Payments for share buyback	-	(28.2)	28.2
Dividends paid	(281.2)	(278.2)	(3.0)
Payment of lease liability and other	(43.7)	(29.6)	(14.1)
Increase / (decrease) in net cash	**(88.0)**	**(237.9)**	**149.9**

Key points:

- Improved working capital levels following an increase in FY25
- Income taxes paid exceeds P&L tax expense due to timing of tax instalment payments
- Investment in stay-in-business and productivity capex items
- On-market share buyback program remained inactive as net cash was below the target level of around $200m

* Excluding significant items.

Impact of FX on net profit

Reconciliation of constant currency net profit

$m	FY26	FY25	Change
Underlying net profit*	**322.4**	**414.5**	**(22)%**
FX contract movement – after tax		21.1	
Spot exchange rate effect to sales revenue and expenses – after tax*		(28.8)	
Balance sheet revaluation – after tax*		(0.4)	
Underlying net profit (CC)*	**322.4**	**406.4**	**(21)%**

* FY26 actual v FY25 at FY26 rates.

Key points:

In FY26, foreign exchange contract gains provided an after-tax benefit of $9m, compared with a $12m after-tax loss in FY25. The $21m year-on-year movement helped offset the impact of spot exchange rate movements, contributing to the broadly flat constant currency outcome

FY27 Hedge book

Forward exchange contracts – key exposures	Weighted avg contract rate	Forward exchange contracts <1yr (AUD)
Buy CHF	0.521	(22.9)
Sell EUR	0.574	124.7
Sell GBP	0.501	24.7
Sell JPY	97.278	17.0
Buy SEK	6.263	(41.5)
Sell USD	0.665	366.2
Total		**468.2**

- The hedging policy aims to reduce, not eliminate, the impact of short-term fluctuations on earnings
- FY27 guidance based on a 70c AUD/USD and a 61c AUD/EUR. At these rates, the stronger AUD is expected to reduce underlying net profit by approximately 10% relative to FY26 average rates, with guidance factoring in translation impacts which are partly offset by foreign exchange contract gains
- The variance between contract rates and average rates for FY27 will drive the FX contract gains/losses

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FY27 Outlook

Dig Howitt – CEO & President

FY27 Outlook

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For FY27, Cochlear expects low single-digit constant currency sales revenue growth and underlying net profit of $330-350 million.

- **Developed market CI:** modest revenue growth, supported by benefits from referral pathway initiatives, direct-to-consumer activity and increased medical channel engagement. Current trading conditions remain mixed, and many of the actions being taken will take time to translate into more consistent growth.
- **Emerging market CI:** revenue is expected to grow modestly. Middle East declines given the ongoing conflict. China in line with FY26.
- **Services:** revenue growth is expected to be slightly lower than FY26, reflecting the maturing of the current sound processor replacement cycle. Growth is expected to be weighted to the first half.
- **Acoustics:** growth supported by the launch of the Cochlear™ Osia® 3 Sound Processor in the first half, following recent FDA and CE Mark approval
- **Gross margin:** expect 70-71%.
- **Operating expenditure:** slight decline on FY26.
- **R&D investment:** 13% of sales.
- **Cloud investment:** will complete in FY27 with a balance of ~$60m post tax investment to be reported as a significant item.
- **FX impact:** guidance factors in the impact of the stronger AUD, which reduces underlying net profit by ~10% relative to FY26 average rates – translation impacts partly offset by FX contract gains

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Supplementary information

Our company

For further details please refer to the 2026 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 replacement sound processors 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.

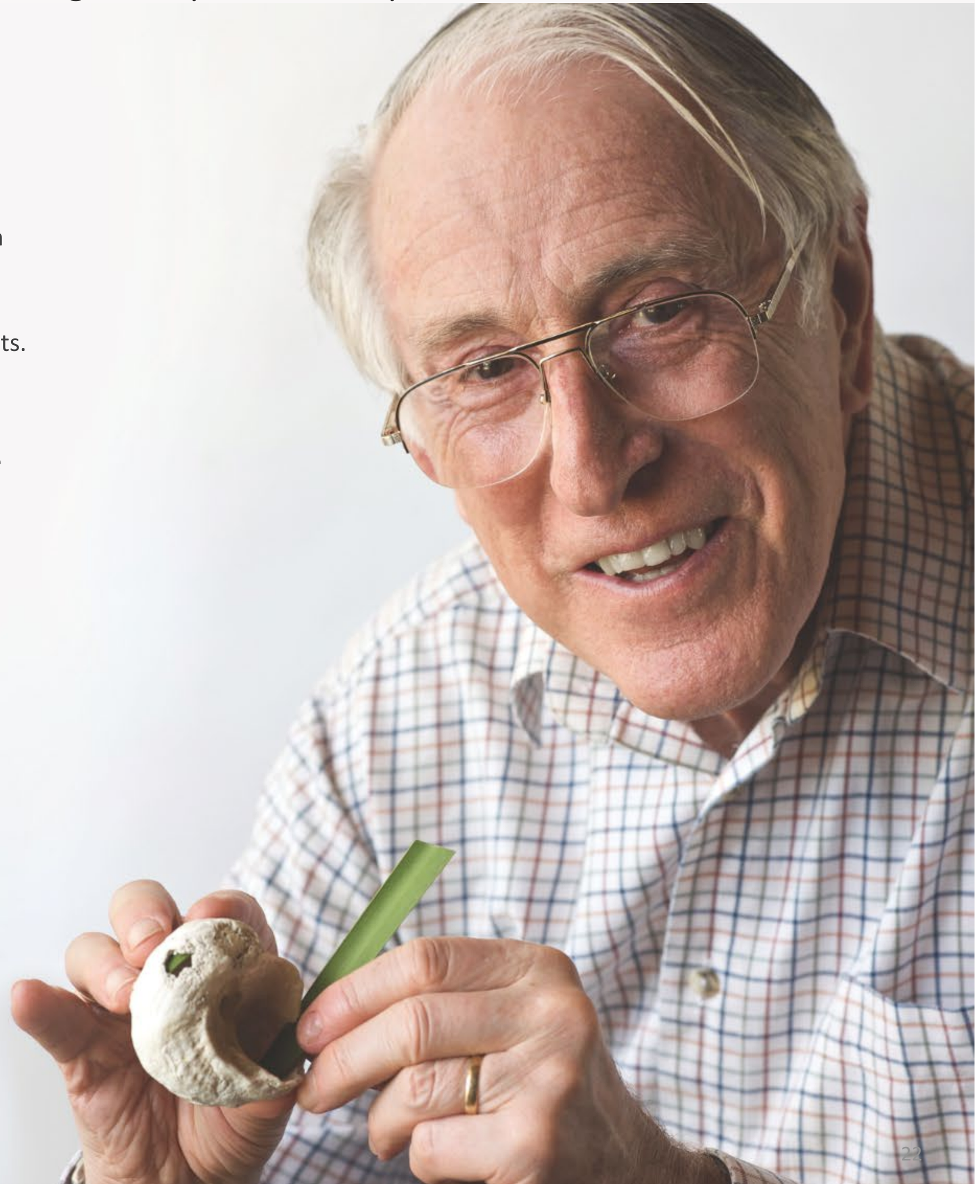
Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society. Our strategy is focused on improving awareness of and access to implantable hearing solutions for people indicated for our products.

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 800,000 people to hear with one – or two – of our implantable solutions. And we deliver a lifetime of hearing solutions for recipients, with replacement sound processors 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 5,400 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*

61% Cochlear implant systems

Services*

27% Replacement sound processors, accessories and other

Acoustics*

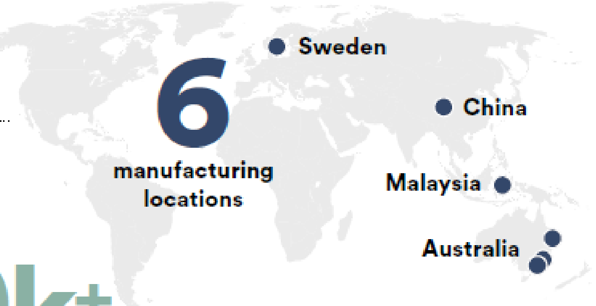
12% Bone conduction systems and replacement sound processors

Global presence

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

5,400+ employees across **50+** countries

49% female workforce***



Market leader

$320m+ in annual R&D investment

Helping **800k+** people to hear with one - or two - of our implants#

AAA MSCI ESG rating Healthcare equipment & supplies**

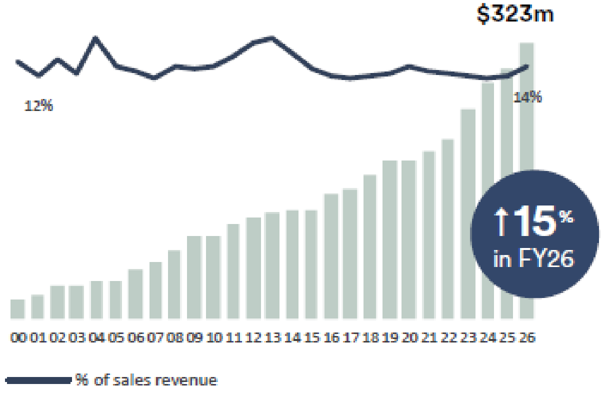
99.76% Cochlear implant reliability^

>60% global market share^^

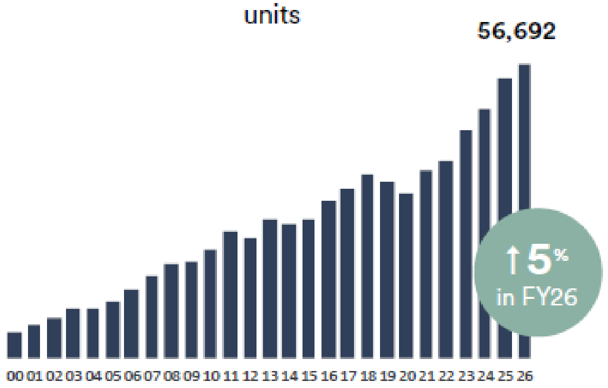
* Based on sales revenue (FY26) ^Nucleus® Profile™ Plus Series implant cumulative survival percentage within seven years ^^Cochlear estimate for cochlear and acoustic implants
# Includes cochlear and acoustic implants. ** Measures a company's resilience to financially material environmental, societal and governance (ESG) risk. *** Excludes US Cochlear employees.

Financial history

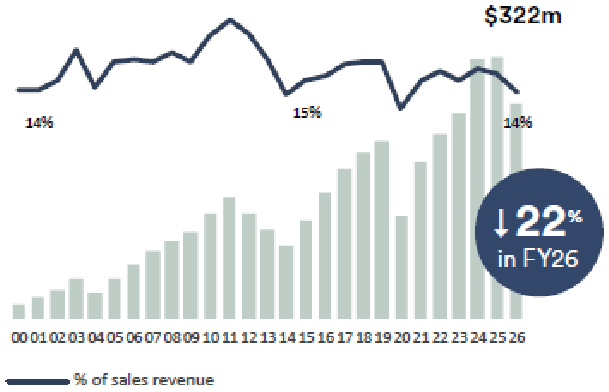
Research and development
$ million



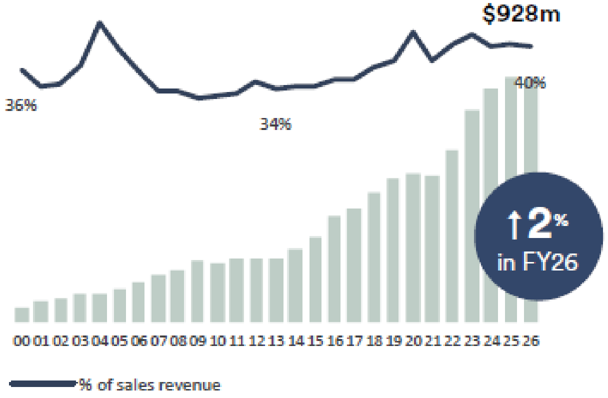
Cochlear implants
units



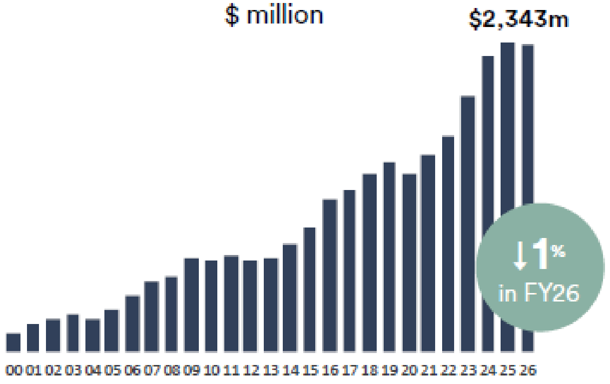
Underlying net profit*
$ million



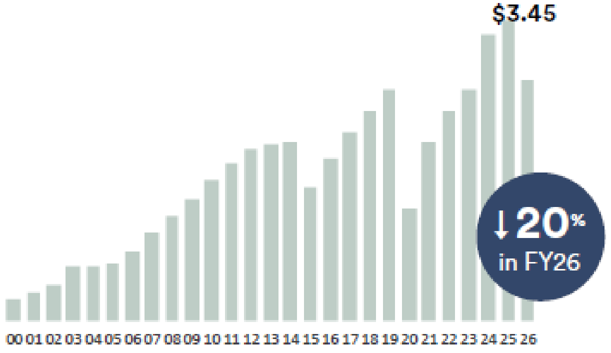
Operating expenses (excl R&D)
$ million



Sales revenue
$ million



Dividends
per share



* Excluding significant items. FY25 adjusted to report cloud expenses as a significant item for comparative purposes.

Product and services portfolio

Cochlear implant portfolio

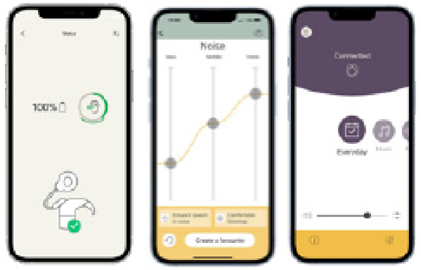
Cochlear™
Nucleus® Nexa™ System

Acoustic solutions portfolio

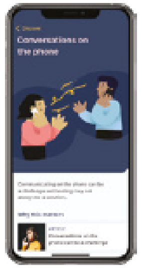
Cochlear
Osia® System

Cochlear
Baha® System

Recipient support tools

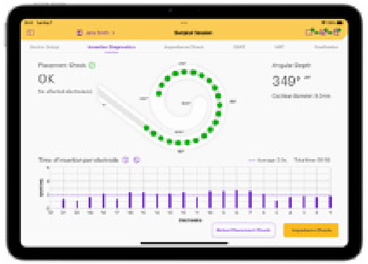


Cochlear Nucleus, Baha and Osia Smart Apps

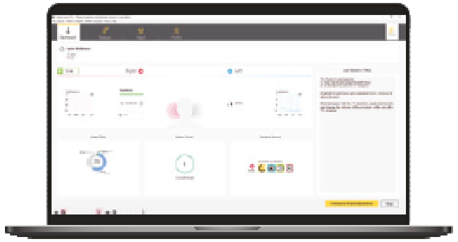


Cochlear CoPilot App

Cochlear Connected Care solutions

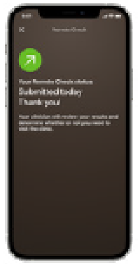


Cochlear Nucleus
SmartNav System



Cochlear Custom Sound® Pro
Fitting Software

Cochlear
Remote Assist



Cochlear
Remote Check

Cochlear™ Link

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Supplementary information

Strategy and value creation

For further details please refer to the 2026 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]

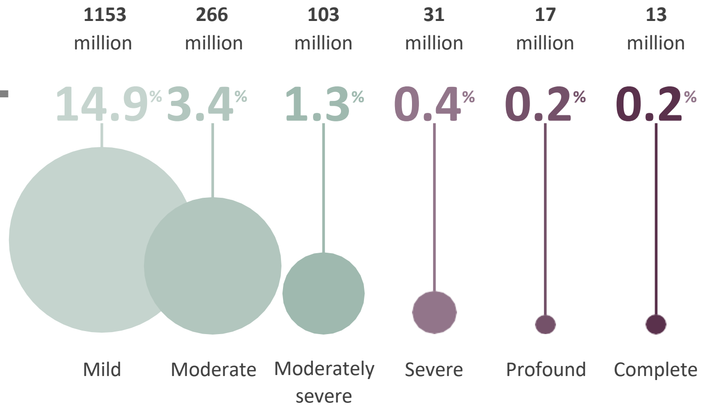
Cochlear implants are a cost-effective solution for all age groups

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.

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.

Over 60m people with severe or higher hearing loss



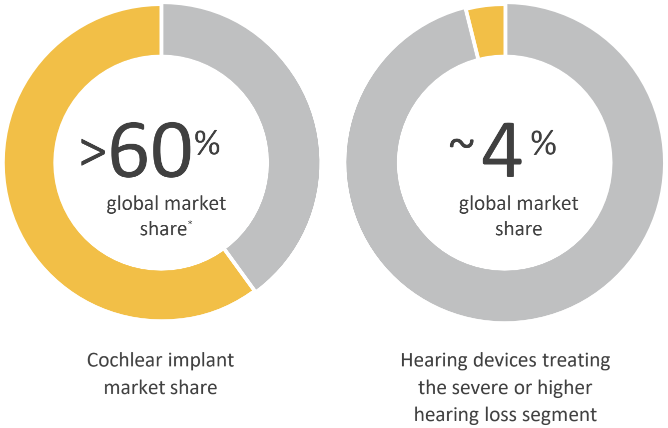
Globally 1.5 billion people live with hearing loss

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]

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



* Cochlear estimate

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, Australia and Japan:
Cochlear® Osia® System reimbursement achieved

Japan, UK and Belgium:
expansion of reimbursement criteria for cochlear implants to include severe hearing loss

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.[5]

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.[8]

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.[8]

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

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

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.

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:

- **Standard of care initiatives** – upporting initiatives to medicalise hearing loss and deliver a consistent treatment pathway.
- **Medical channel referrals** – supporting greater emphasis on profession referrals through Direct-to-Professional programs.
- **Direct-to-consumer (DTC) marketing** – building awareness directly with candidates motivated to find a better solution for their hearing loss.

* 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%

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

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.

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[2] 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.

The core pillars of the corporate strategy have remained unchanged for many years, with growth plans strongly linked to the mission

Cochlear®

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 four pillars	Strategic priorities focus our time and resources	Longer-term targets aim to provide clear stakeholder benefits
A healthier and more productive society Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.	**Grow the hearing implant market**	**Society** Help at least 8% more people to hear each year with a cochlear or acoustic implant.
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.	**Retain market leadership**	**Customers** Develop market-leading technology and deliver a world-class customer experience to recipients and professional customers.
Thriving people An engaged, capable, high-performing and diverse workforce that delivers on our strategy and supports the creation of sustained value.	**Build a stronger organisation**	**People** Retain employee engagement levels at or above 80%.
Sustained value Maximising spending to grow the market while maintaining our competitive position. Ensuring we operate fairly, honestly and legally.	**Consistent and sustainable growth**	**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 indications
- 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

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
- Embed sustainability into product design, development and manufacturing

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:

Grow the hearing implant market

- 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

Retain market leadership

- 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

Build a stronger organisation

- 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

Consistent and sustainable growth

- 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 30-31)

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Key market segments (slide 32-33)

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