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ASX Announcement

25 October 2024

2024 ANNUAL GENERAL MEETING ADDRESSES

Attached are the Chair and CEO & President addresses to be delivered at the Cochlear Limited 2024 Annual General Meeting today.

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This announcement is authorised by the Cochlear Board of Directors.

Cochlear Limited

2024 Annual General Meeting

Chair and CEO & President's Address

25 October 2024

Alison Deans – Chair

Ladies and gentlemen...

Cochlear is the leader in implantable hearing solutions, connecting hundreds of thousands of people globally to a full life of hearing. We are a mission-led business. Our people are strongly connected to the mission to help people hear and be heard. It's the passion that inspires the organisation and focuses the strategy. The pioneering spirit that started Cochlear over 40 years ago continues to drive us forward.

Every day we transform the way people understand and treat hearing loss, and we are committed to reaching more people to provide support for a lifetime of hearing. And with every hearing implant we begin a lifelong journey with our recipients.

Over the past year, we have made great progress, delivering record sales revenue and growing profits. At the same time, we continued to invest to drive growth over the short, medium and long term and – importantly – we made excellent progress in creating value for all of our key stakeholders.

We achieve these outcomes by building on our key strengths: our market-leading innovation capabilities, working with a global network of experts and collaborators; the strong and trusted relationships we have built with our customers; and investing in our people, who are central to how we create value.

I will now touch on some of the highlights of the year.

At our core, we create value by contributing to **a healthier and more productive society**. We do this by building societal awareness of the importance of hearing health, advocating for improved access to implantable hearing solutions and providing implantable solutions that deliver a lifetime of hearing.

This year we helped over 47,000 people to hear with a cochlear or acoustic implant. Receiving an implant leads to improved health outcomes, reduced educational costs and productivity gains. These benefits have been externally estimated as delivering net societal benefit of more than \$8 billion over the lifetime of these new recipients.ⁱ

Over the past few years, we have seen a growing body of research establishing links between hearing loss and cognition. In July 2023, interim results were reported from the large-scale ACHIEVE studyⁱⁱ in the US. The research studied a group of older adults with hearing loss and a risk of cognitive decline. It found that those who wore hearing aids showed a 48% reduction

in cognitive decline over a three-year period compared to those who did not wear hearing aids.

And researchⁱⁱⁱ out of the University of Melbourne has demonstrated the potential role of cochlear implants in stabilising or improving cognition in older adults with severe to profound hearing loss. Participants in this groundbreaking study demonstrated significant improvements in executive function and working memory after four and a half years of cochlear implant use.

These findings are a major advancement in understanding the broader impact of hearing impairment and the need for adults, policy makers and health professionals to prioritise the treatment of hearing loss. It not only helps people to hear and participate in society, but has the potential to slow cognitive decline.

As the evidence for intervention grows, we are supporting the development of a consistent process by which all healthcare professionals diagnose, refer and treat adults eligible for hearing implants. Over the past few years, we have invested in awareness and access activities alongside industry professionals and advocacy groups. We have been actively supporting the rollout of clinical practice guidelines for cochlear implants and continue to focus on professional education to strengthen the referral process.

We also continue to advocate for greater funding for hearing implants. Over the past 12 months we have been successful in expanding indications and funding across a number of countries. The Osia System achieved funding in several countries, and in the US we achieved approval to lower the age for implantation of the Osia System from 12- to 5-year-old children.

Moving now to our people. Building a strong organisation with **thriving people** is essential to our long-term success. We have an engaged, capable and high-performing team. It is a diverse workforce with over 5,000 people across the globe. Their knowledge, expertise, passion and focus on excellence is key to achieving our future success.

We are pleased to report overall engagement remained strong this year at 80%, with this year's survey highlighting that employees feel proud to work at Cochlear, and that they understand their contribution to our strategy and to the satisfaction of our customers.

As our workforce continues to expand, we work hard to intentionally shape the culture that will enable us to grow and deliver for our customers in the future. We continue to invest in capability development for all employees and to strengthen our culture of innovation, achievement and inclusion.

Achieving gender equality is one element of our diversity, equity and inclusion strategy. Across the business, 51% of our people are female and we have achieved 43% female representation amongst our senior leaders. At Board level, female directors increased to 44% following Caroline Clarke's recent appointment.

Finally, I would like to highlight changes to the Board. Over recent years we have continued our process of **Board renewal**, adding new directors with diverse perspectives and relevant experience, while maintaining continuity and corporate knowledge.

As part of that renewal process, long serving director Yasmin Allen retired from the Board in March. Over her 13 years of service to the Cochlear Board, Yasmin provided invaluable counsel. Her extensive experience in investment banking, along with her significant experience in strategic analysis and corporate advice, have contributed greatly to Cochlear's strategic direction. The Board and management team sincerely thank Yasmin for her significant contribution to Cochlear and wish her well for the future.

In July we announced the appointment of Caroline Clarke to the Board. Caroline has more than 30 years of commercial experience in consumer, medical device, medical equipment and healthcare services businesses in large global companies. She was most recently CEO and Executive Vice President ASEAN Pacific for Philips, responsible for the overall strategy, business and management of the Health Systems and Consumer Personal Health businesses across the region.

Caroline has a deep understanding of the healthcare technology industry and is a respected leader, with a track record of driving digital transformation in health systems and patient care. Her rounded experience and skills will be invaluable to Cochlear and serve to further enhance the expertise of the Board.

I will now hand over to our CEO & President, Dig Howitt who will talk to progress on our other value drivers.

Dig Howitt – CEO & President

Thank you Alison and good morning...

We create value for our recipients by building a market-leading portfolio of high-quality products and services that supports **a lifetime of hearing outcomes for recipients**. And we invest in education and clinical support tools to ensure our professional customers have convenience and confidence in caring for implant candidates and recipients.

We achieve this through a multi-decade philosophy of investing to grow and an unwavering commitment to innovation. Our commitment to innovation stems from Professor Graeme Clarke's work to develop the first multi-channel cochlear implant in the 1970s. Our market-leading technology underpins our global market share of over 60%, and in FY24 we invested over \$270 million in R&D, representing 12% of revenue and we continued to make good progress on key development projects.

Our major new product launch this year was the Cochlear™ Osia® OSI300 Implant which achieved CE Mark and US Food and Drug Administration approval, driving strong demand for acoustic implants from December 2023. The new implant retains the high power output of the OSI200 and is now 3.0 tesla MRI compatible, enabling recipients to undergo MRI scans at 1.5 and 3 tesla strength without the need to surgically remove the implant magnet.

Our implant innovation aims to improve hearing outcomes and make our products fit more seamlessly into the lives of our customers. This includes aiming to improve the quality of stimulation of the auditory nerve, and development of drug eluting electrodes and totally implantable cochlear implants.

Together with our research partners, we are investigating ways to better protect the structures of the inner ear and improve the electrode-neural interface, exploring drug/device combinations as well as providing the surgeon with more information on electrode placement.

We have been developing a drug eluting electrode, an electrode incorporating the drug dexamethasone, with the aim of improving hearing outcomes for patients. We have long-term data supporting a sustained reduction in impedances from a small DEE feasibility study from 2014.^{iv}

The latest data from a multi-centre randomised control trial^v 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.

We also create value by being **environmentally responsible**, implementing initiatives to promote the sustainable use of natural resources and reducing our environmental footprint.

We continue to make good progress towards our net-zero targets. We have reduced Scope 1 and 2 emissions by 70% from our FY19 baseline by increasing renewable energy use at our manufacturing sites. And we reduced the number of flights taken per full time employee by 40% from our FY19 baseline.

We have made good progress in preparing for the upcoming mandatory reporting requirements, and we completed a Scope 3 emissions inventory and our first climate risk assessment this year.

Finally, we aim to deliver **sustained value** through financial discipline and commitment to high standards of corporate governance and transparency.

We **delivered strong financial results for FY24**. Sales revenue increased 12% in constant currency to a record \$2.3 billion, with strong growth across all business units. Underlying net profit increased 27%, an increase of 15% in constant currency, to \$387 million.

The balance sheet remains strong. We have net cash of over \$500 million, with operating cash flows sufficient to fund investing activities and capital expenditure whilst delivering dividends to shareholders. Full year dividends increased by 24%, representing a payout of 69% of underlying net profit. And in May we completed the acquisition of the Oticon Medical cochlear implant business, welcoming 20,000 new cochlear implant customers to Cochlear.

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

We provided earnings guidance for FY25 at the release of our results in August, outlining our expectations of an increase in underlying net profit of between 6 and 11%. We continue to expect this level of increase based on the foreign currency spot rates prevailing at the time of the result.

Thank you, and I will pass back to the Chair.

ⁱ Cochlear estimates based on the published economic model findings of Neve et al 2021. Dollar amount relates to all recipients implanted with a cochlear implant in FY24 across the developed markets.

ⁱⁱ Lin FR et al. Hearing intervention versus health education control to reduce cognitive decline in older adults with hearing loss in the USA (ACHIEVE): a multicentre, randomised controlled trial. *The Lancet*.

ⁱⁱⁱ Sarant J, Harris D, Busby P, Maruff P, Schembri A, Dowell R, Briggs R. The Effect of Cochlear Implants on Cognitive Function in Older Adults: Initial Baseline and 18-Month Follow Up Results for a Prospective International Longitudinal Study.

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

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