

Hear now. And always



HY25 Result Presentation

14 February 2025

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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.

HY25 Financial summary

Sales revenue up 6% in CC* to \$1,170m

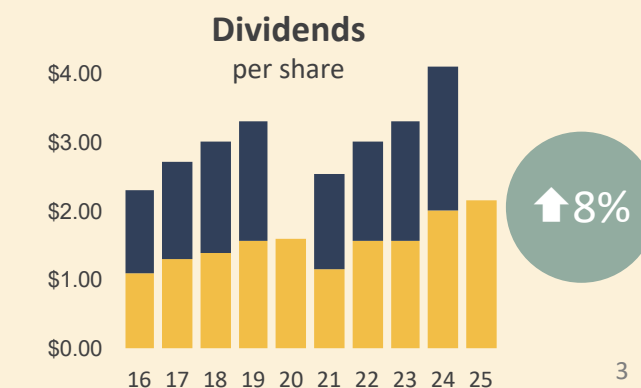
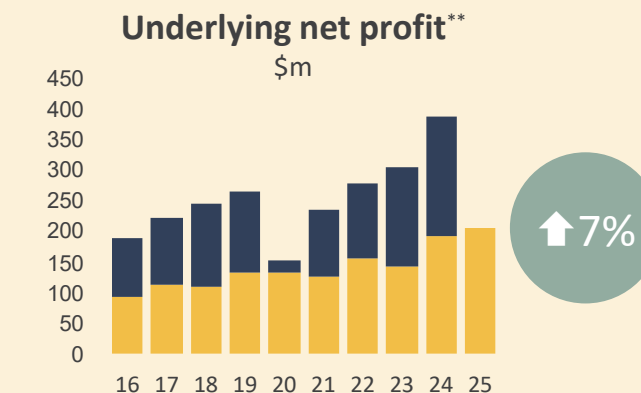
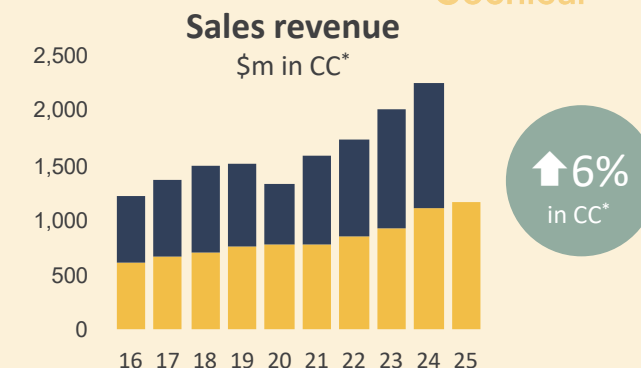
- Cochlear implant revenue increased 13% in CC
- Acoustics revenue increased 22% in CC
- Services revenue declined 12% in CC, following 29% CC growth in HY24

Underlying net profit** up 7% (1% in CC) to \$206m

- Statutory net profit increased 7% (1% in CC) to \$205m
- Gross margin of 75% in line with the long-term target
- Operating expenses increased 10% (10% in CC) reflecting growing investment in R&D and market growth activities
- Underlying net profit margin of 18% (also 18% pre cloud investment)

Strong financial position

- Strong balance sheet with net cash of \$383m
- Interim dividend up 8% to \$2.15 per share, a 68% payout of underlying net profit
- For FY25, we expect underlying net profit to be at the lower end of the \$410-430m guidance range provided in August 2024, incorporating a lower contribution from Services revenue and higher cloud-related investment



HY25 Operational review



Cochlear implants

62% of sales revenue

Sales revenue up 13% in CC

- Sales revenue grew at a faster rate than unit growth as a result of product and country mix in the emerging markets, with a higher mix of higher-priced private pay units during the half. Underlying average selling price remained stable

Developed markets

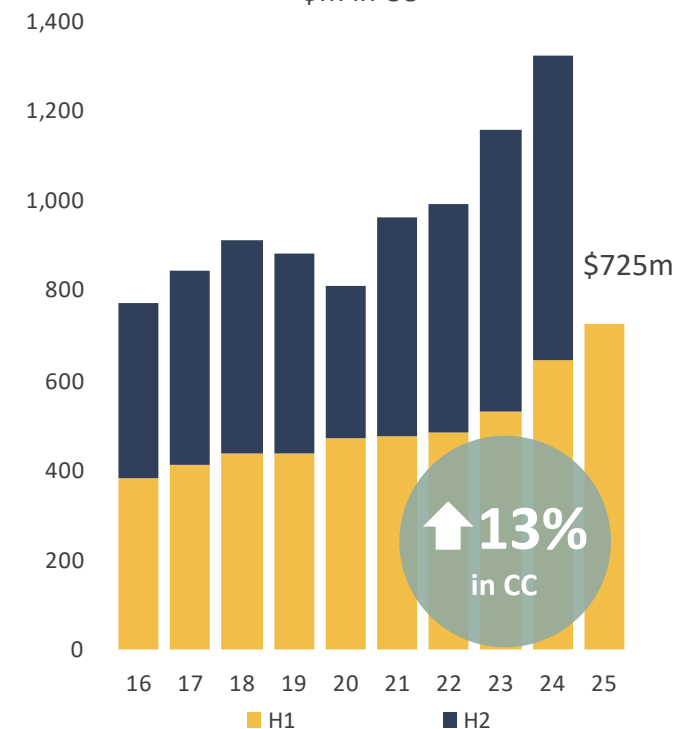
- Volumes grew 6%, building on ~15% growth in HY24, with solid growth across the US and Asia Pacific and lower rates of growth across a number of Western European countries. The adults and seniors segment continues to grow strongly, up around 10% for the half, while children declined modestly, as expected, following double-digit growth in HY24
- We continue to see strong growth in adult referral rates in a number of key markets, in part driven by initiatives to improve awareness and access for adult cochlear implant candidates

Emerging markets

- Volumes up 3% with lower-than-expected tender volumes, positive country mix and strong growth in the smaller, but higher-priced, private pay segment in China and India

Cochlear implant sales revenue

\$m in CC*



HY25 Operational review



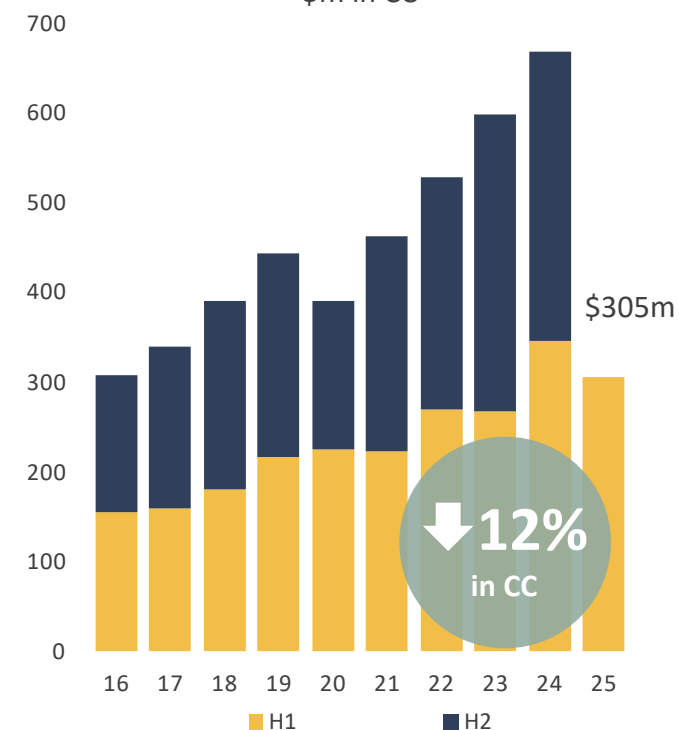
Services

26% of sales revenue

Services revenue down 12% in CC

- Cycling 29% CC growth in the first half of FY24
- Strong uptake of the Cochlear™ Nucleus®8 sound processor when it was launched in FY23, with the rate of uptake slowing over the past 12 months
- Lower upgrade rates were experienced for a range of reasons including continuing high satisfaction with the Cochlear™ Nucleus®7 sound processor. In the US, cost of living pressures have been a factor delaying the replacement of ageing sound processing technology, as many recipients incur out-of-pocket expenses to fund their new sound processor

Services sales revenue
\$m in CC*



HY25 Operational review



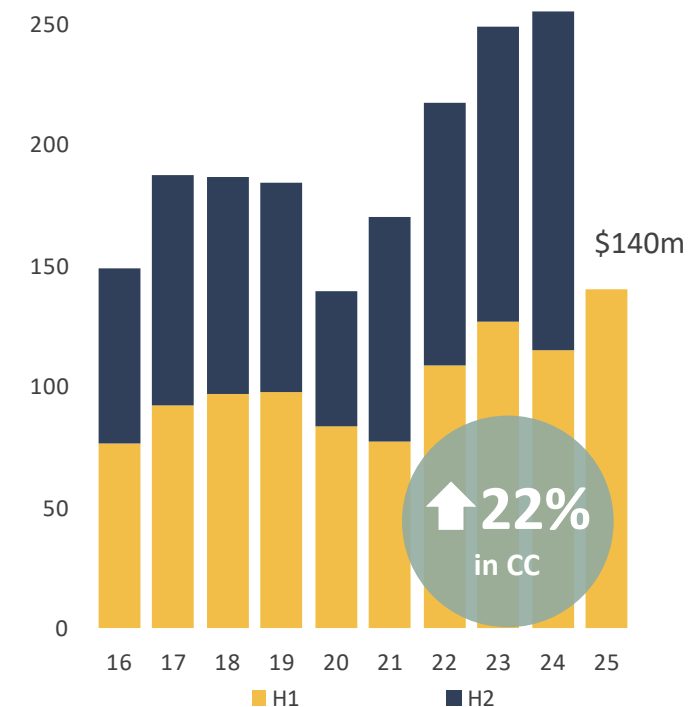
Acoustics

12% of sales revenue

Acoustics revenue up 22% in CC

- Strong uptake of the Cochlear™ Osia® Implant across existing markets and expansion into new countries including France, Italy and a number of emerging market countries
- Osia units grew over 50% in the US driven by the introduction of the new implant late in HY24, market share gains and the continuing shift to active implants

Acoustics sales revenue
\$m in CC*



Profit and loss



\$m	HY25	HY24	Change (reported)	Change (CC)
Sales revenue	1,169.9	1,113.4	5%	6%
Gross margin %	75%	74%	1 pt	1 pt
Selling, marketing and general expenses	367.2	330.5	11%	12%
R&D expenses	144.4	127.3	13%	14%
<i>% of sales revenue</i>	<i>12%</i>	<i>11%</i>		
Administration expenses (excl cloud investment)	91.1	84.6	8%	7%
Administration expenses (cloud investment)	11.7	16.9	(31%)	(31%)
Operating expenses	614.4	559.3	10%	10%
Other expenses / (income)	(15.1)	(1.9)		
FX contract losses / (gains)	(1.9)	14.9		
EBIT (underlying)*	275.0	255.3	8%	1%
<i>% EBIT margin*</i>	<i>24%</i>	<i>23%</i>		
Net finance expense / (income)	(1.7)	(5.1)		
Effective tax rate %*	26%	26%		
Underlying net profit*	205.5	191.8	7%	1%
<i>% Underlying net profit margin*</i>	<i>18%</i>	<i>17%</i>		
<i>% Underlying net profit margin (excl cloud inv.)*</i>	<i>18%</i>	<i>18%</i>		
One-off and non-recurring items (after-tax)	(0.4)	(0.4)		
Statutory net profit	205.1	191.4	7%	1%

Key points:

- ▶ Strong growth in cochlear and acoustic implants moderated by a decline in Services revenue
- ▶ Investment in market growth initiatives, standard of care and market access initiatives
- ▶ Investment in key R&D projects and development of the product and services pipeline
- ▶ \$106m invested since FY21 on our customer relationship and human capital management systems
- ▶ Underlying net profit margin aligned to the 18% long-term target

* Excluding one-off and non-recurring items.

Capital employed



\$m	Dec24	Jun24	Change
Trade receivables	435.2	425.3	9.9
Inventories	461.1	391.6	69.5
Less: Trade and other payables	(285.5)	(303.2)	17.7
Working capital	610.8	513.7	97.1
<i>Working capital / sales revenue*</i>	26%	23%	
Property, plant and equipment	323.4	304.8	18.6
Intangible assets	467.8	451.0	16.8
Investments and other financial assets	198.9	181.3	17.6
Other net liabilities	(116.4)	(123.9)	7.5
Capital employed	1,484.5	1,326.9	157.6
Funding sources:			
Equity	1,867.6	1,840.5	27.1
Less: Net cash	(383.1)	(513.6)	130.5
Capital employed	1,484.5	1,326.9	157.6

Key points:

- ▶ Building of inventory ahead of new product launches and higher safety stock levels for critical components
- ▶ Investment in capacity expansion at the Lane Cove and Kuala Lumpur manufacturing facilities
- ▶ Net cash decreased \$131m, driven by the \$97m increase in working capital, with \$19m in shares bought back

* Dec24 calculation based on doubling HY25 sales revenue.

Cash flow



\$m	HY25	HY24	Change	Key points:
EBIT (underlying)*	275.0	255.3	19.7	▶ Solid business performance
Depreciation and amortisation	43.8	43.1	0.7	
Changes in working capital and other	(131.4)	(84.0)	(47.4)	▶ Building of inventory ahead of new product launches and higher safety stock levels for critical components
Net interest received	1.7	5.1	(3.4)	
Income taxes paid	(79.2)	(62.4)	(16.8)	
Operating cash flow	109.9	157.1	(47.2)	
Capital expenditure	(43.9)	(42.7)	(1.2)	▶ Includes investment in the upgrade of the Lane Cove and Kuala Lumpur manufacturing facilities and stay-in-business capex
Other net investments	(7.3)	(5.1)	(2.2)	
Free cash flow	58.7	109.3	(50.6)	
Outlay from exercise of share options and performance rights	(24.3)	(2.4)	(21.9)	
Payments for share buyback	(19.3)	(43.0)	23.7	▶ \$19m in shares repurchased since Jun24
Dividends paid	(137.5)	(114.7)	(22.8)	
Payment of lease liability and other	(8.1)	(19.5)	11.4	
Increase / (decrease) in net cash	(130.5)	(70.3)	(60.2)	

* Excluding one-off and non-recurring items.

FY25 Outlook



For FY25, we aim to help over 50,000 people to hear with a cochlear or acoustic implant. We expect underlying net profit to be at the lower end of the \$410-430m guidance range provided in August 2024, incorporating a lower contribution from Services revenue and higher cloud-related investment

- **Cochlear implant** trading conditions continue to be solid across most markets, with continuing strong growth in adult referral rates across the developed markets. We are preparing for the release of our next generation cochlear implant, which is expected to be commercially available from mid-2025 (subject to local regulatory approvals). We continue to expect solid market growth rates to drive cochlear implant unit growth of around 10% in FY25
- **Services** growth has slowed since launching the Nucleus® 8 Sound Processor in FY23. We had expected modest growth in revenue for FY25 and now expect a single-digit decline. We continue to work on initiatives to improve identification and connection with recipients who could benefit from the latest sound processing technology. The introduction of the new off-the-ear Nucleus® Kanso® 3 Sound Processor from mid-2025 is expected to contribute to Services revenue from FY26
- **Acoustics** growth rates are expected to be strong with continuing geographic expansion of the Osia System
- **Cloud investment:** We have been investing in operating model redesign and core business systems upgrades over the past four years to improve efficiency and agility. We expect to invest around \$250 million overall, a \$100 million increase on our previous estimate, as a result of the expansion of the scope of the program. The final phase of the program will be focussed on our core ERP, underlying data and manufacturing systems. We now expect our cloud-related investment to be around \$40 million in FY25, an additional \$6 million on prior guidance. The balance of approximately \$120 million will be incurred in FY26 and FY27. Given the materiality of the investment, we will report it as a significant item from FY26

Hear now. And always



Supplementary information

Our
company

For further details please refer to the 2024 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. Today, it is a Top 30 listed Australian company with a market capitalisation of over \$20 billion.

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 700,000 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 5,000 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*

59% Cochlear implant systems



Services*

30% Sound processor upgrades, accessories and other



Acoustics*

11% Bone conduction systems and sound processor upgrades



Global presence

\$2.2b⁺ in sales revenue* across
180⁺ countries

5,000⁺ employees across
50⁺ countries



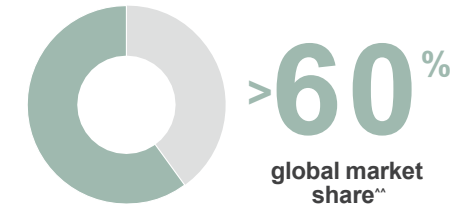
Market leader

\$270m⁺ in annual R&D investment

Helping **700k⁺** people to hear with one – or two – of our implants*

AAA
MSCI ESG rating
Healthcare equipment & supplies**

99.82%
Cochlear implant reliability



* Based on sales revenue (FY24) ^Nucleus® Profile™ Plus Series implant cumulative survival percentage within five 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

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[®] System

Acoustic solutions portfolio



Cochlear
Baha[®] System

Cochlear
Osia[®] System

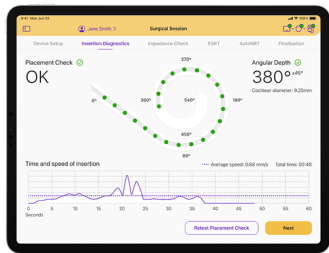
Recipient support tools



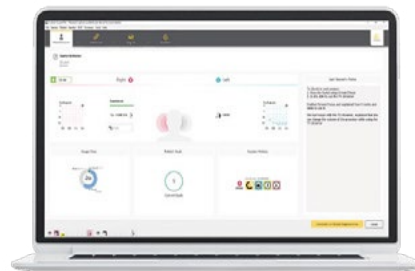
Cochlear Nucleus, Baha and Osia Smart Apps

Cochlear CoPilot App

Cochlear Connected Care solutions



Cochlear Nucleus
SmartNav System



Cochlear Custom Sound[®] Pro
Fitting Software



Cochlear
Remote Assist



Cochlear
Remote Check



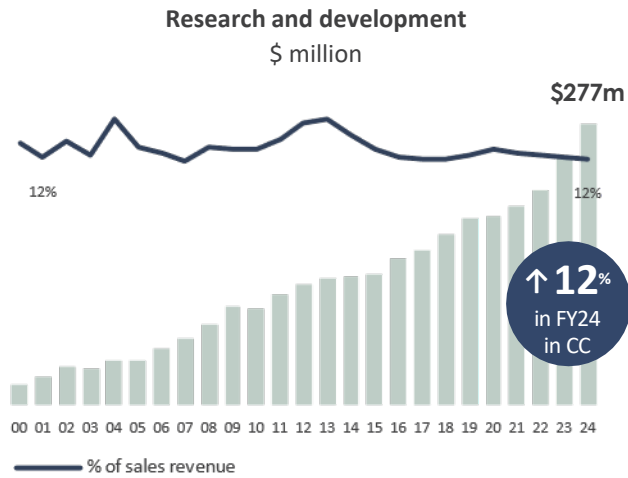
Cochlear[™] Link

Financial history

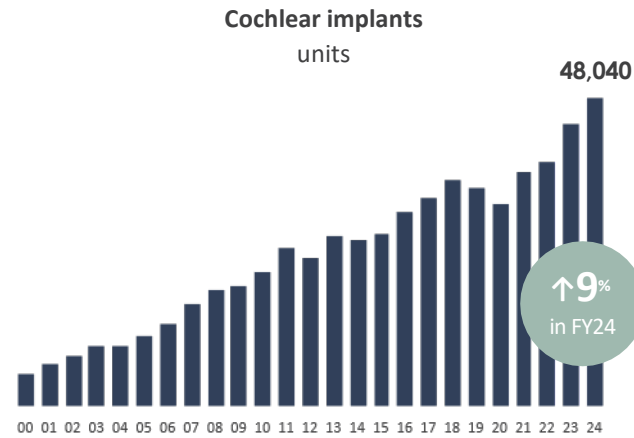


Cochlear has a long track record of investing to grow, delivering growing sales revenue, profits* and dividends.

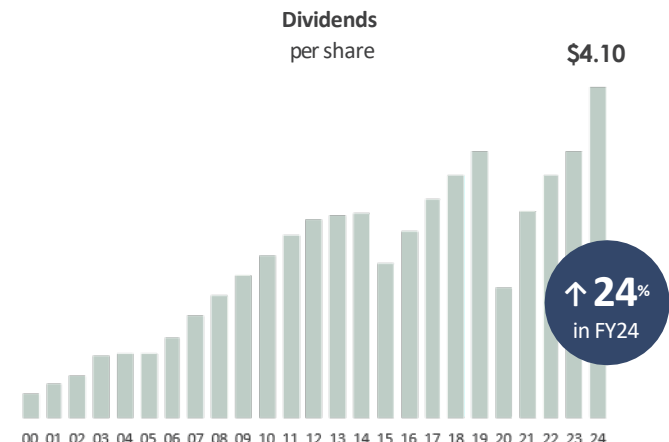
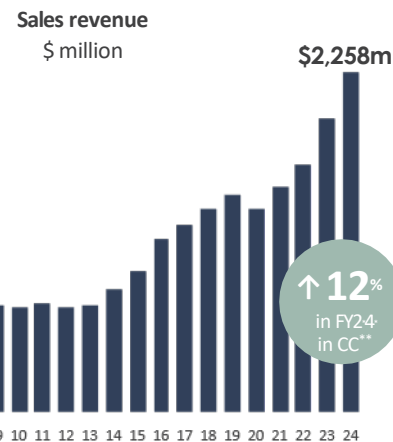
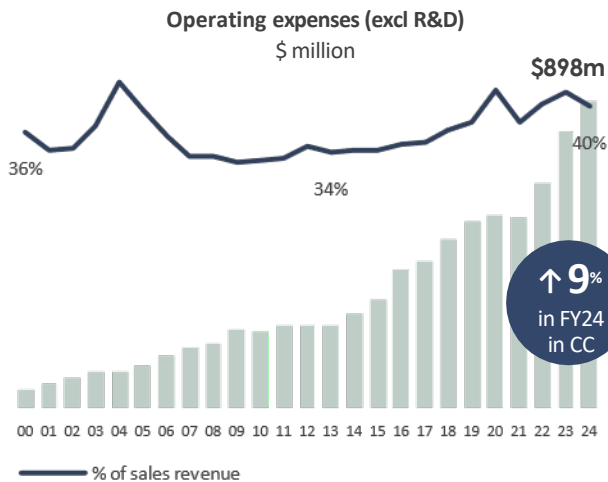
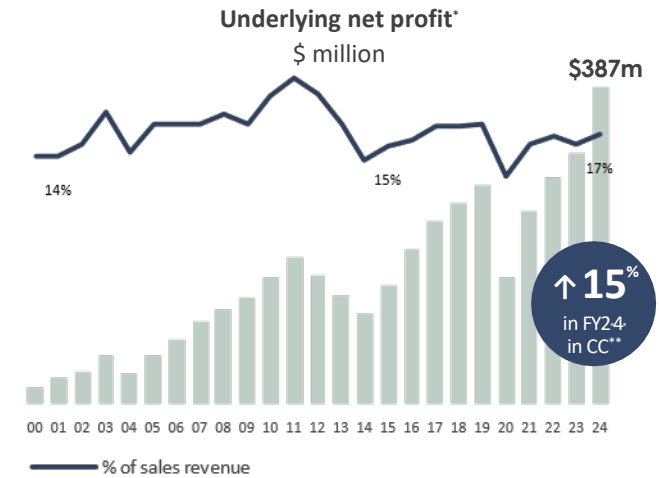
Consistent investment in R&D and market growth activities



Long-term growth in sales revenue



Growing profits and dividends



* Excluding one-off and non-recurring items. ** Constant currency

Hear now. And always



Supplementary information

Strategy and value creation

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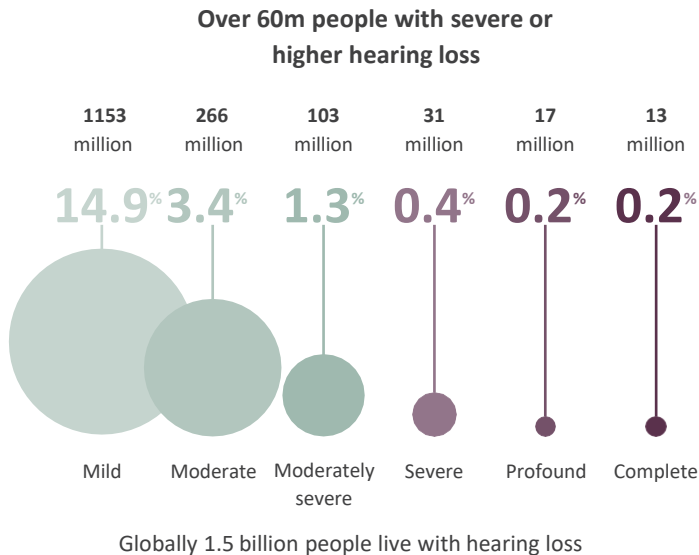
Growth opportunity



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



* Cochlear estimate

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

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

Significant return on investment for healthcare systems investing in cochlear implants



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

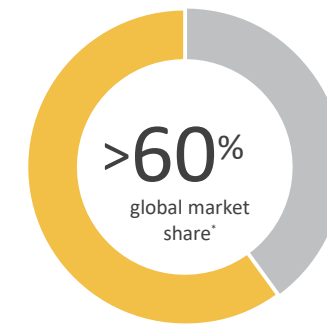


The effective use of implants is cost-effective in adults and seniors with an estimated return on investment of 10:1.⁴

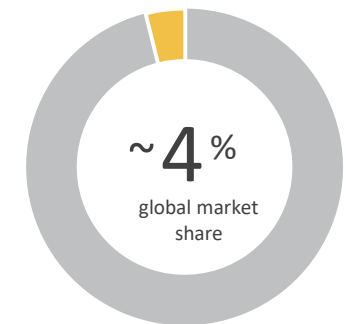
Cochlear implants can deliver superior outcomes to hearing aids for indicated patients

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

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



Cochlear implant market share



Hearing devices treating the severe or higher hearing loss segment

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.

Recent 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
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: the Centers for Medicare & Medicaid Services expanded coverage for cochlear implants to cover a broader spectrum of hearing loss	US: obtained FDA approval for the treatment of single-sided deafness with a Cochlear™ Nucleus® implant
	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

What we are doing

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

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

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

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

Cochlear implants: Adults and seniors in developed markets

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



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

What we are doing

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

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

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

* 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.

Pre-market trials have demonstrated significant improvements in outcomes for patients² over traditional bone conduction hearing solutions, and we are already experiencing high demand for the new implant in 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, with our Acoustics business today generating the majority of revenue from just two markets, the US and UK.

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

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 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.



A healthier and more productive society
Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.



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

Retain market leadership

Grow the hearing implant market

Build a stronger organisation

Minimise environmental impact

Consistent and sustainable growth

Longer-term targets aim to provide clear stakeholder benefits

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

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

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:

Retain market leadership

- Advance the product and services pipeline, with annual R&D investment of ~12% of revenue
- Deliver our latest sound processor upgrade technology to existing recipients
- Strengthen our lead in customer service and support
- Maintain high standards of product quality, safety and reliability



A lifetime of hearing solutions

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

Build a stronger organisation

- Strengthen and nurture a culture of innovation, achievement and inclusion
- Attract, develop and retain world-class talent
- Support the wellness and safety of our teams



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

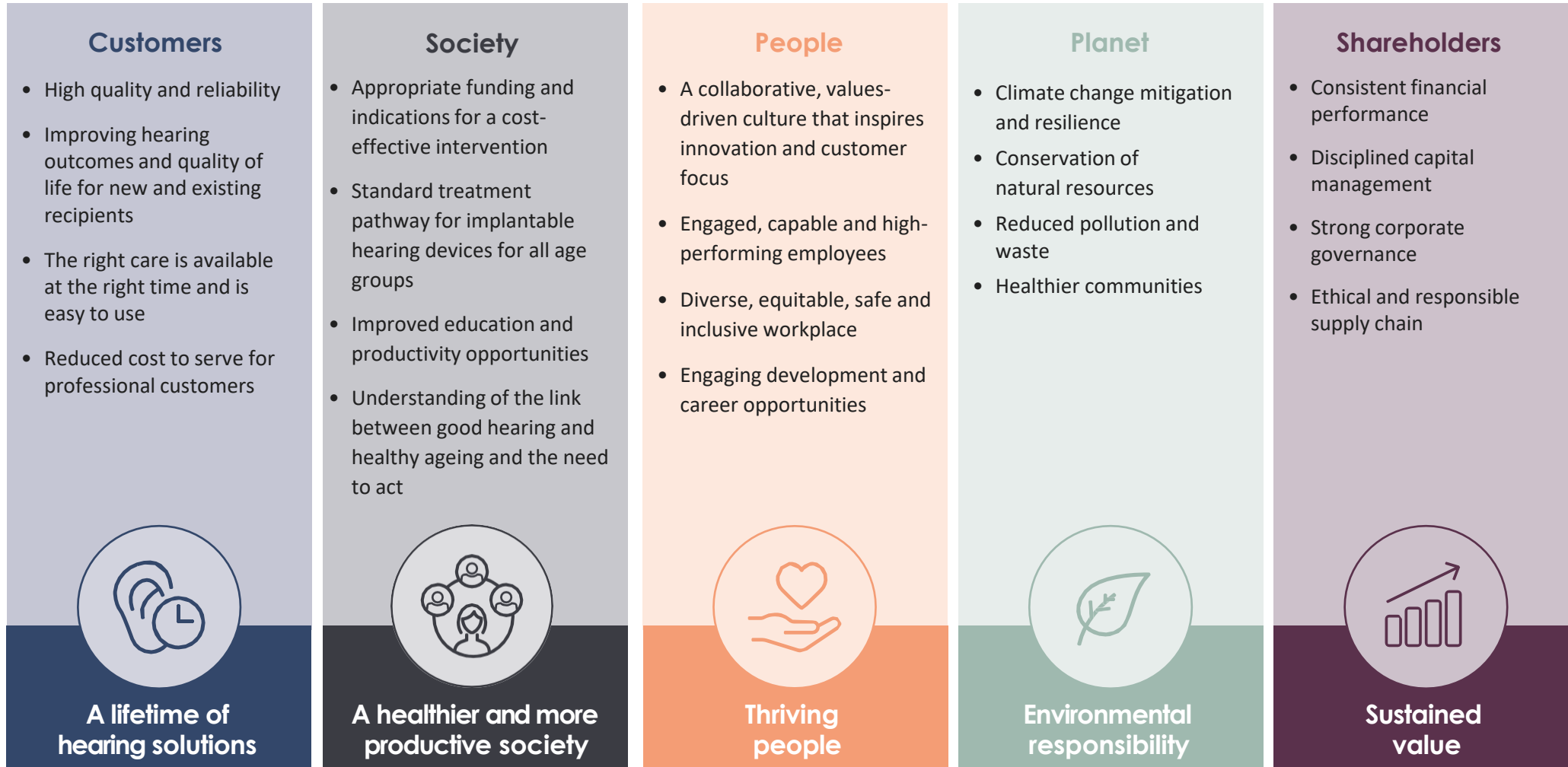
- Deliver sustainable financial returns
- Improve efficiency and agility
- Maintain high levels of corporate governance
- Ensure our supply chain is ethical and sustainable
- Vigilance around data security and privacy



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:



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. However, Cochlear's external auditor has separately undertaken a set of procedures to compare the non-IFRS financial measures disclosed to the books and records of the Group.

Sales revenue

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

Underlying net profit

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

Constant currency

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

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

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Growth opportunity (slide 17-18)

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Key market segments (slide 19-20)

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