



Cochlear Limited
Annual Report 2024





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Acknowledgment of Country

Cochlear acknowledges the Aboriginal and Torres Strait Islander peoples and their custodianship of the various lands across Australia on which we work, live and learn. We pay our respects to ancestors and Elders past, present and emerging. Cochlear’s global headquarters are located on the unceded lands of the Wallumattagal Peoples of the Darug Nation.

About this report

The 2024 Annual Report provides an overview of Cochlear Limited’s strategy to create long-term value for stakeholders as well as a consolidated summary of performance for the financial year ended 30 June 2024 (FY24).

The report has been prepared with reference to the GRI (Global Reporting Initiative) and in accordance with the IFRS (International Financial Reporting Standards) Foundation’s Integrated Reporting Framework. We use these guidelines to help us clearly articulate how we aim to deliver long-term sustainable value for all our key stakeholders.

Cochlear Limited (Cochlear) publishes a suite of reports annually including the Annual Report, which integrates sustainability reporting and the corporate governance statement, the Tax Contribution Report and Modern Slavery Statement. The reports are available at the [Investors section of the website](#).



Front cover

Julie, Cochlear™
Nucleus® System recipient



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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 help **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.



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

At Cochlear, we are strongly connected to our mission to help people hear and be heard. It's the passion that drives the organisation and focuses the strategy.

With every hearing implant, we begin a lifelong journey with our recipients. In helping more people to hear, we create value for our stakeholders by providing a lifetime of hearing solutions for our recipients, building a healthier and more productive society, having thriving employees and being environmentally responsible. Doing these things well should enable us to achieve sustainable financial returns over time.

Caroline,
Nucleus System recipient



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Our company

Gabriela,
Osia® System recipient



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, inspired by 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 (R&D), with over \$3 billion invested since listing, and we have a portfolio of more than 2,300 patent 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.

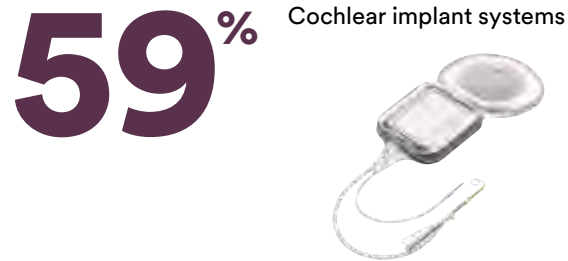




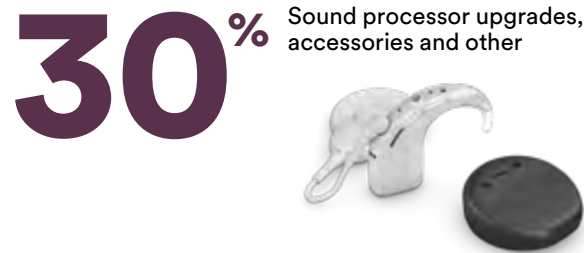
Cochlear at a glance

Business segments

Cochlear Implants*



Services*



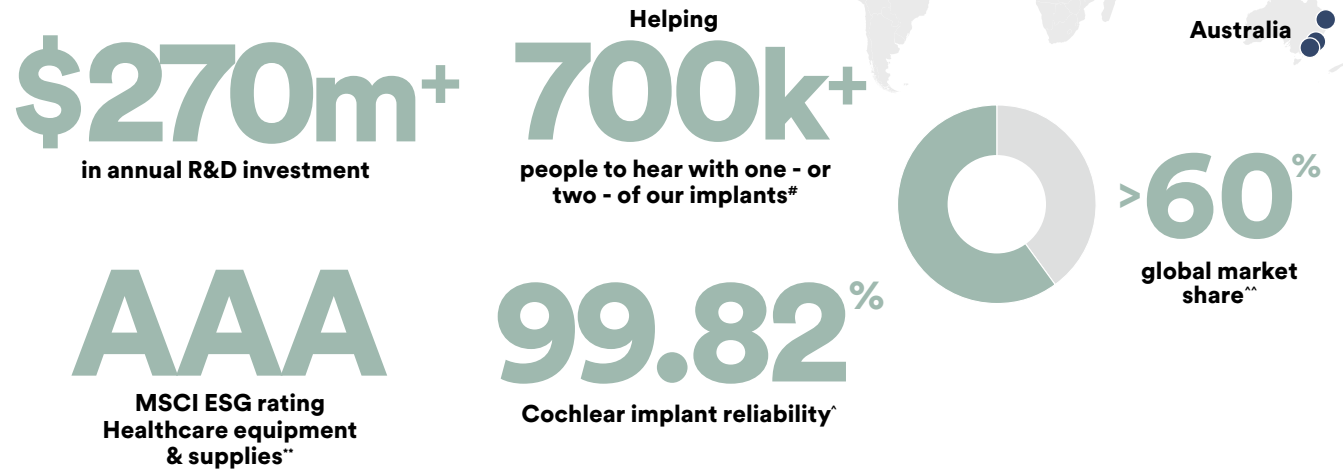
Acoustics*



Global presence



Market leader



* 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 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

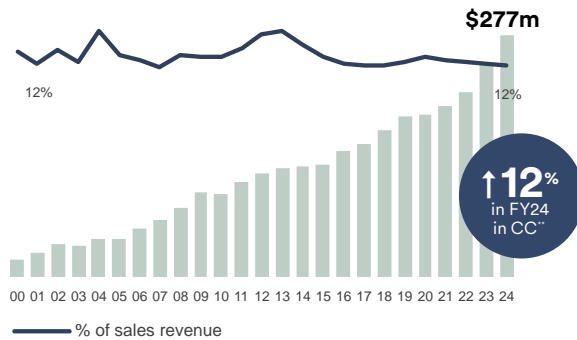


Financial history

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

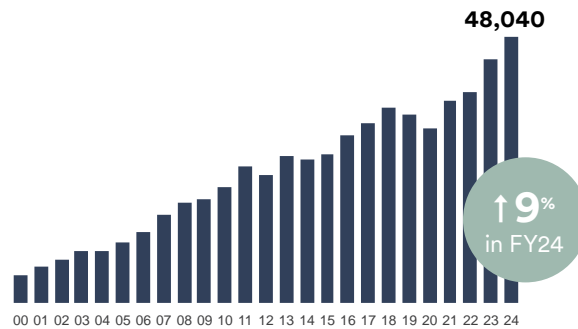
Consistent investment in R&D and market growth activities

Research and development
\$ million



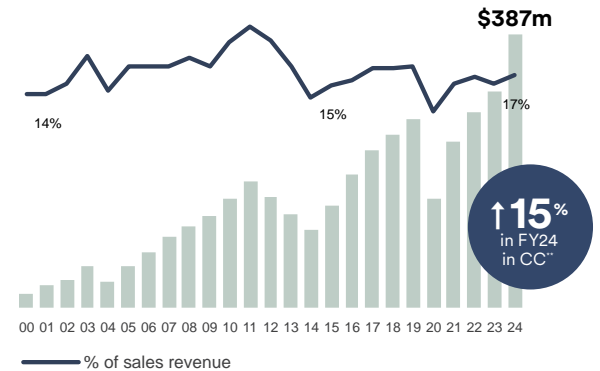
Long-term growth in sales revenue

Cochlear implants
units

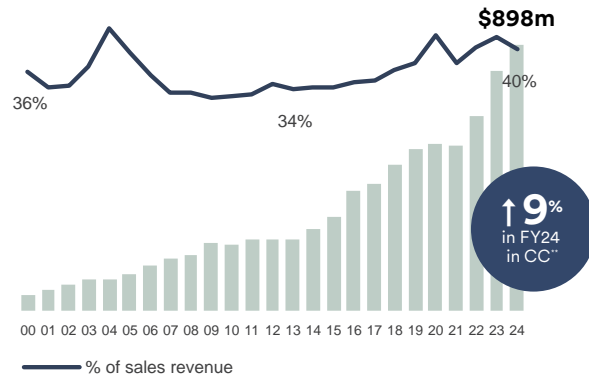


Growing profits and dividends

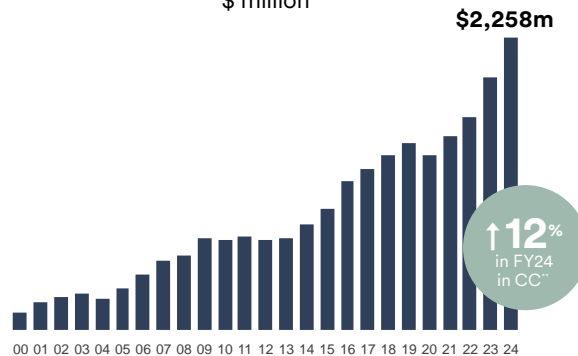
Underlying net profit*
\$ million



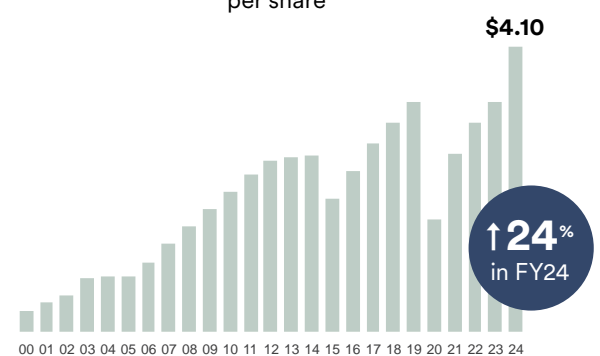
Operating expenses (excl R&D) \$ million



Sales revenue \$ million



Dividends per share



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



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Scott,
Nucleus System recipient



FY24 highlights

In FY24, we helped over 47,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net societal benefit of more than \$8 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.¹

A lifetime of hearing solutions



- Invested over \$270m in R&D, 12% of sales revenue, with a strong pipeline of products and services in development
- Launched the 3T MRI compatible Cochlear™ Osia® Implant
- Positive study results from drug eluting electrode trial
- Delivered latest generation sound processors to over 50,000 prior generation cochlear implant recipients

A healthier and more productive society



- Helped over 47,000 more people to hear with a cochlear or acoustic implant
- Progress made in strengthening the referral pathway for adults
- Growing links between hearing loss and cognition in older adults
- Expanding indications and reimbursement in a number of countries

Thriving people



- Continued focus on shaping our culture through training and leadership development programs
- Employee engagement maintained at 80%
- > 1,000 roles filled: 48% female, 37% internal placements and 55% of promotions to female colleagues
- Continued to exceed gender targets with 43% women in senior leadership roles and 38% women on the Board of directors

Environmental responsibility



- Using 97% renewable energy at our manufacturing facilities, with 100% renewable energy in five of our six facilities
- Reduced our Scope 1 and 2 emissions by 70%, from our FY19 baseline
- Reduced the number of flights taken per full time employee by 40%, from our FY19 baseline
- Completed an inventory of our Scope 3 emissions
- Completed our first climate risk assessment

Sustained value



- Delivered record sales revenue, up 15% (12% in CC*)
- Underlying net profit** up 27% (15% in CC)
- Underlying net profit margin of 18% (pre cloud investment)
- Full year dividends up 24%
- Completed the acquisition of the Oticon Medical cochlear implant business
- Achieved milestones in strengthening our business processes and IT platforms to improve efficiency and agility

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



Year in review

Over the past year, we have made great progress in our mission to help more people to hear. Our strong financial and operational results reflect our unwavering dedication to our customers, our disciplined approach to execution and the efforts of our most valuable asset, our people.

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society, and in FY24, we helped over 47,000 people hear with one – or two – of our cochlear or acoustic implants.

To achieve our goal requires consistent investment over long timeframes. Our research and development (R&D) investment horizons span over ten years, and our ambition to improve the uptake of cochlear and acoustic implants requires long-term planning and investment.

This year we continued to lift our investment in R&D, investing a record \$277 million, or 12% of sales revenue. We launched the new Cochlear™ Osia® OSI300 Implant, delivered positive study results from our drug eluting electrode trial and helped over 50,000 of our prior generation cochlear implant recipients to hear better with our latest generation sound processors.

Adult and senior candidates provide the biggest market opportunity for us given the large, and growing, number of people affected by hearing loss as the population ages, combined with the current low levels of cochlear and acoustic implant uptake.

The ageing population has far-reaching consequences that governments, businesses and wider society must reckon with. Supporting the health and wealth of an ageing population can bolster economic resilience in later life and prevent the onset of dependence as a result of poor health.

There is a growing recognition that good hearing is an essential part of healthy ageing and that treating age-related hearing loss is cost-effective. Hearing loss affects communication and is associated with cognitive decline, social isolation, anxiety and depression.¹

Cochlear implants play an important role in supporting healthy ageing for those with hearing loss, enabling people to continue in employment, while helping seniors remain independent. The development of a consistent process by which all healthcare professionals diagnose, refer and treat adults eligible for cochlear implants therefore forms an important part of our long-term strategy.

Over the past few years, we have seen a growing body of research establishing links between hearing loss and cognition. This year, a new study has demonstrated the potential for cochlear implants to stabilise or improve cognition.

A Cochlear-sponsored study² from the University of Melbourne reported a significant and sustained improvement in executive function and working memory in a group of older adults after four and a half years of cochlear implant use.

We believe that the expanding body of compelling evidence will further motivate candidates and professionals to consider cochlear implants and will, over time, strengthen funding for implants as part of healthy ageing strategies.

To support our growing business, we have continued our work in shaping our culture through training and leadership development programs, with our employee engagement remaining high at 80%. We made good progress towards our net-zero emissions targets, completed our Scope 3 emissions inventory and our first climate risk assessment.

Sales revenue exceeded expectations, increasing 15% (12% in constant currency*) to a record \$2,258 million, driven by growth across all business units. Underlying net profit** increased 27%



Alison Deans
Chair

Dig Howitt
CEO & President

(15% in CC) to \$387 million, within the guidance range which was upgraded in February following a strong first half.

The balance sheet remains strong. We have net cash of \$514 million, with operating cash flows sufficient to fund investing activities and capital expenditure whilst delivering dividends to shareholders. Full year dividends increased by 24% to \$4.10 per share, representing a payout of 69% of underlying net profit.

We are proud of the progress we have made this year and we encourage you to read this report which integrates financial and sustainability performance, providing all key stakeholders with a holistic view of our business, strategy, value drivers, performance and governance.

* Constant currency (CC) removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. ** Excluding one-off and non-recurring items.



A lifetime of hearing solutions

We innovate to build a market-leading portfolio of high-quality products and services that improve hearing outcomes and support 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.

Growing investment in research and development

Our market-leading technology underpins our global market share of over 60%³, and in FY24 we invested over \$270 million in R&D, representing 12% of sales revenue. We made good progress across our key projects, with key implant innovation focused on implants designed to improve the quality of stimulation of the auditory nerve, drug eluting electrodes and totally implantable cochlear implants.

Launch of the 3 Tesla MRI compatible Cochlear™ Osia® Implant

The new Cochlear™ Osia® OSI300 Implant achieved US Food and Drug Administration (FDA) approval in the US, driving strong demand from December 2023. The new implant enables recipients to undergo high-resolution MRI scans at 1.5 and 3 tesla strength without the need to surgically remove the implant magnet.

Helping recipients hear better

The popularity of the Nucleus® 8 Sound Processor has driven strong growth in the Services segment. By delivering our latest sound processor upgrade technology to our recipient base, we helped over 50,000 of our prior generation cochlear implant recipients to hear better, improving their hearing and quality of life.

Positive study results from drug eluting electrode trial

A core innovation focus is to further improve hearing outcomes for recipients, to reduce listening effort and improve sound quality. 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 new surgical strategies.

We have been developing a drug eluting electrode (DEE), an electrode incorporating the drug dexamethasone, to improve hearing outcomes for patients. We have long-term data supporting a sustained reduction in impedances from a small DEE feasibility study from 2014.⁴

The latest data from a multi-centre randomised control trial⁵ 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.

“From the moment I put my Osia on, I could hear 360 degrees again — which I couldn’t hear for 23 years. It was a very emotional experience because I didn’t realise what I was missing.”

Doug,
Osia® recipient





A healthier and more productive society

We are focused on building a healthier and more productive society, delivering societal benefit through improved health outcomes, educational cost savings and productivity gains. We do this by transforming the way people understand and treat hearing loss through awareness and access activities.

Helping more people to hear

Our mission is to help more people to hear and in FY24 we helped over 47,000 people hear with one – or two – of our cochlear or acoustic implants, an increase of 9% on last year. In doing so, we provide an estimated net societal benefit of more than \$8 billion over the lifetime of this year’s new recipients from improved health outcomes, educational cost savings and productivity gains.⁶

Strengthening the referral pathway for adults

An important long-term goal for us is to support the development of a consistent process by which all healthcare professionals diagnose, refer and treat adults eligible for hearing implants. This goal is supported by growing evidence that hearing is an essential part of healthy ageing and treating age-related hearing loss is cost-effective.

Over the past few years, we have invested in awareness and access activities alongside industry professionals and advocacy groups. The Living Guidelines set clear, practical, evidence-based recommendations for improving the standard of care and quality of life for adults living with hearing loss.

During FY24 we collaborated with university partners, industry and advocacy groups globally to adapt the Living Guidelines into country-based clinical guidelines, which are being progressively rolled out. We have also focused on increasing professional education to strengthen the referral channel.

Growing links between hearing loss and cognition in older adults

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 from the ACHIEVE study⁷ in the US reported that after wearing hearing aids for three years, cognitive decline slowed by 48% for a group of older adults with mild to moderate hearing loss who were at a higher risk of cognitive decline.

This year, an Australian study has demonstrated the potential role of cochlear implants in stabilising or improving cognition in older adults with severe-profound hearing loss. The ‘Cochlear implant outcomes and cognitive health longitudinal evaluation of adults’ (COCHLEA) study⁸, is a long-term, Cochlear-sponsored study being conducted by the University of Melbourne. A recent analysis of follow-up data showed significant improvements in executive function and working memory after four and a half years of cochlear implant use, and stability on all other cognitive domains measured. More detailed results from the study are expected to be published later this year.

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

Cochlear implant improves triathlete’s racing experience

Kathy first started wearing hearing aids at age 17 and used them for more than 40 years before getting her cochlear implant and a Kanso 2 sound processor. An avid sportswoman, she recently completed the 16 hour, 140-mile Ironman race in California. “With a cochlear implant I can now hear the cars around me, I can hear the people, I can have a conversation with someone riding next to me.”





Expanding indications and reimbursement

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 a number of countries including France, Spain, Sweden and Israel. In April, we obtained FDA clearance to lower the minimum age for implantation of the Osia System from 12 to 5 year-old children with conductive hearing loss, mixed hearing loss and single-sided deafness (SSD).

Since achieving the indication for SSD for cochlear implants in the US in 2022, we have been working with payers to provide coverage for patients. By June, 70% of candidates had access to commercial payer coverage for SSD, which is contributing to growth. And in Belgium, the SSD indication expanded from adults to now cover children.

China promotes hearing health for seniors

In June, the China National Health Commission announced an action plan to promote hearing health for seniors. The initiative recognises the importance of hearing health for quality of life and social engagement as well as the role hearing plays in reducing the risk of cognitive decline.

The key objectives of the plan are to improve awareness of hearing health, promote hearing screening and drive early diagnosis and intervention amongst seniors to proactively maintain hearing health.



“The sound is so much better and clearer”

Albin was born with atresia and microtia, and has had hearing loss his entire life. Albin enjoys training in martial arts and meeting all of his friends there, and with his Cochlear™ Osia® 2 Sound Processor, he can have a more active role when talking to both friends and family.



Thriving people

Our people are our most valuable asset and are an engaged, capable and high-performing team that delivers on our strategy and supports the creation of sustained value. We have a diverse workforce with over 5,000 people across the globe. Their knowledge, expertise, passion and focus on delivering excellence is key to achieving future success.

Shaping our culture

We are pleased to report that overall employee engagement continues to remain strong 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 how they contribute to the satisfaction of our customers.

To ensure we have the necessary talent, capabilities and culture to enable us to achieve our growth aspirations over the longer term, we have commenced the implementation of our new ‘Talent vision and strategy’. The strategy focuses on capability development for all employees to strengthen our culture of innovation, achievement and inclusion.

In FY24, over 1,000 roles were filled at Cochlear. 48% of placements were female, 37% of roles were filled by internal candidates and 55% of all promotions were to female colleagues.

Championing a diverse, equitable and inclusive workplace

Achieving gender equality is one important 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, exceeding our target of 40%. At Board level, 38% of directors were female as at 30 June, and will increase to 44% with the appointment of a new director who joins the Board in September 2024.



Aila meets the team that made her cochlear implant

Aila (holding the koala) and her family travelled from Canada to meet the members of our production team that made her cochlear implant. We take pride in connecting our customers with our production team. It provides an opportunity for our team to connect with customers and for our customers to see where we make their implants and meet the people who brought them the joy of hearing. At Cochlear, we put the customer at the centre of everything we do, and this initiative is a great way to remind ourselves that our work makes a difference to people’s lives.



Environmental responsibility

We are implementing initiatives to promote the sustainable use of natural resources, reduce our environmental footprint and help tackle climate change.

Pathway to net-zero carbon emissions

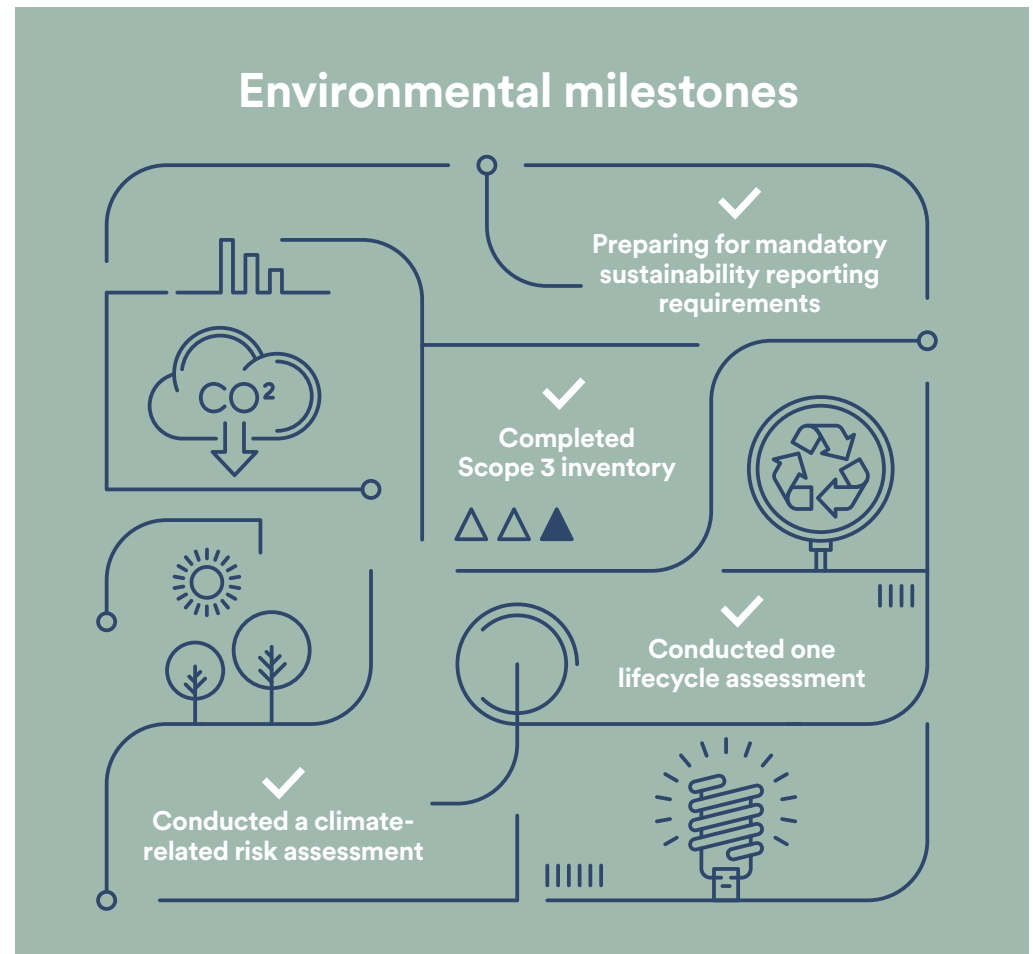
We continue to make good progress towards our net-zero targets. We have reduced Scope 1 and 2 emissions by 70% from our FY19 baseline by increasing renewable energy use at our manufacturing sites. We reached 97% renewable energy at our manufacturing facilities, using 100% renewable energy in five of our six facilities. And we reduced the number of flights taken per full time employee by 40% from our FY19 baseline.

Our focus this year has been on preparing ourselves for upcoming mandatory reporting requirements. We completed a Scope 3 emissions inventory, aligned to the Greenhouse Gas (GHG) protocol, enabling us to better understand the key sources of emissions so that we can focus our reduction initiatives. For Cochlear, the distribution of products to customers and business travel contributes the vast majority of emissions, representing around 70% of all emissions. We will further refine our methodology and expect to disclose our detailed Scope 3 emissions by the end of FY25.

We completed a qualitative climate-related risk and opportunity assessment to better understand how climate change may impact the business. Climate-related risks and opportunities identified map closely to our existing enterprise risks. We will continue to refine and implement our approach in the coming years in line with the upcoming climate disclosures across various jurisdictions.

Sustainable innovation

We conducted a Life Cycle Assessment (LCA) of the Cochlear™ Nucleus® 8 Sound Processor to evaluate its environmental impact across the entire life cycle. The LCA informs our product development and manufacturing teams on opportunities to strengthen our innovation process. We found that the majority of lifetime emissions come from energy consumption during manufacturing and repair of the processor, reinforcing the importance of using renewable energy at our manufacturing sites.





Sustained value

Financial discipline and commitment to high standards of corporate governance and transparency are central to the creation, maintenance and enhancement of long-term sustainable value.

Underlying net profit* increases 27% (15% in CC**) to \$387 million

We delivered record sales revenue of \$2,258 million, an increase of 15% (12% in CC), with growth across all business units. The gross margin was maintained at 75%, with benefits from improved average selling price offsetting the impact of inventory write-downs and lower overhead recoveries from the new Chengdu facility. The gross margin remained aligned to the longer-term target.

Operating expenses (pre cloud investment) increased 13% (10% in CC) reflecting growing investment in R&D and market growth activities. Cloud computing-related investment was \$21 million after tax.

Underlying net profit increased 27% (15% in CC) to \$387 million, within the guidance range, which was upgraded in February following a strong first half. The underlying net profit margin, excluding the impact of cloud computing-related expenses, was 18%, and in line with our long-term target.

Dividends increase 24% to \$4.10 per share

The balance sheet remains strong with net cash of \$514 million. Operating cash flows were sufficient to fund investing activities and capital expenditure whilst delivering growing dividends to shareholders.

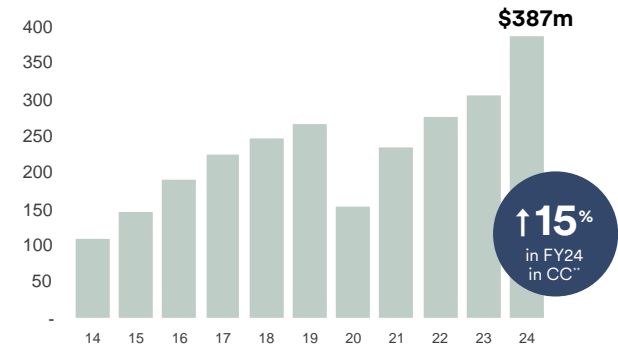
A final dividend of \$2.10 per share has been determined, an increase of 20% on last year, and franked at 80%. Full year dividends have been declared of \$4.10 per share, an increase of 24% and representing a payout of 69% of underlying net profit.

On-market share buyback

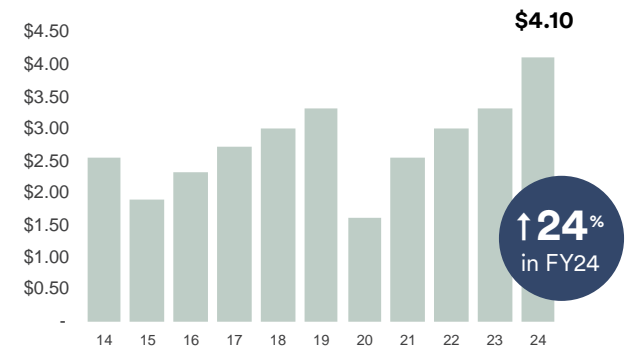
A progressive on-market share buyback program commenced in March 2023 with the aim of reducing the cash balance to around \$200 million over a number of years. This program complements the existing dividend policy which targets a 70% payout of underlying net profit.

A progressive buyback program aligns with the interests of our shareholders by reducing shares on issue, providing gradual accretion in earnings per share and dividends per share over the long term. In FY24, \$43 million worth of shares were bought back.

Underlying net profit \$ million*



Dividends per share



* Excluding one-off and non-recurring items. ** Constant currency (CC) removes the impact of foreign exchange rate movements to facilitate comparability of operational performance.



Acquisition of Demant’s cochlear implant business

In May we completed the acquisition of the Oticon Medical cochlear implant business from Demant for a zero-headline purchase price. We welcome Oticon Medical’s cochlear implant customers to Cochlear and are committed to supporting the long-term hearing outcomes of these 20,000 patients.

We will develop and commercialise next generation sound processors and services to enable the vast majority of customers to transition to Cochlear’s technology platform over time. We will also support customers with continued access to repairs and replacements of current Oticon Medical cochlear implant technology for as long as feasible.

The acquired cochlear implant business is being integrated into Cochlear. We incurred integration costs of \$28 million after tax in FY24 primarily related to restructuring.

Strengthening our business processes and IT platforms to improve efficiency and agility

We have been investing in operating model re-design and core business systems upgrades over the past four years to improve efficiency and agility. Successfully executing this transformation program will enable us to scale more effectively and provide even better solutions for our customers.

We have invested over \$90 million since 2021 in the \$150 million program and have successfully deployed core cloud-based customer relationship and human capital management systems.



Cochlear warmly welcomes the Oticon Medical team in Vallauris, France



FY25 outlook

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 is expected 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 continue to target sales revenue growth of around 10%, with a net profit margin (pre-cloud investment) of around 18%. For FY25, we aim to help over 50,000 people to hear with a cochlear or acoustic implant, and expect to deliver underlying net profit of \$410-430 million, a 6-11% increase on FY24.

Cochlear implant trading conditions continue to be strong across most markets, with an improving trend in adult referral rates in many developed countries. As demand for cochlear implants grows, we are seeing some signs of growing waiting lists for audiological evaluation and/or surgery in some of our key countries. Audiological capacity constraints are being increasingly addressed by streamlining post-operative appointments and increasing the adoption of remote care tools, which can materially improve clinical capacity in many practices. Surgical capacity has been a constraint in some hospitals over the past few months and we continue to monitor surgical waiting lists. At this stage, we expect solid market growth rates to drive cochlear implant unit growth of around 10% in FY25.

Services growth is expected to slow following 18 months of strong demand for upgrades since launching the Nucleus® 8 Sound Processor. Acoustics growth rates are expected to be strong with continuing geographic expansion of the Osia System.

The gross margin is expected to fall by around half a percentage point due to lower overhead recoveries at the new facility in Chengdu.

We are continuing our investment in R&D and market growth activities to support long-term market growth, with an anticipated investment of around 12% of sales revenue in R&D. Cloud computing-related investment is expected to increase to around \$34 million (\$24 million after tax) in FY25.

Guidance is based on a 66 cent AUD/USD (66 cent average in FY24) and a 61 cent AUD/EUR (61 cent average in FY24). Capital expenditure is expected to be \$110-130 million, with capacity expansion across our Australian and Malaysian sites.

The Board has approved the buyback of up to \$75 million in shares over the next 12 months, and the dividend policy continues to target a payout of 70% of underlying net profit.

Alison Deans
Chair

Dig Howitt
CEO & President



Julie, Nucleus System recipient



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Strategy and value creation



Noriko,
Nucleus System recipient



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.



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.



Our strategy

There are many important elements to our strategy which aims to create value over the long term.

Key inputs to creating value

Central to how we deliver our strategy and create value are the key resources we draw on.

- **Customers and communities:** Our capacity to create value depends on the strong and trusted relationships we build with our candidates, recipients, professional customers and payers.
- **Innovation:** We are pioneers and global leaders in the development, manufacture and commercialisation of implantable hearing solutions, collaborating with a global network of research partners.
- **Our people:** Our people's knowledge and expertise are central to how we deliver our strategy.
- **Financial and environmental:** Prudent management of financial capital and responsible production and consumption underpin the delivery of sustainable growth over time.

Our growth opportunity

Our growth opportunity is compelling and has remained unchanged for many years. Hearing loss is a prevalent and under-treated condition and implantable hearing solutions can provide life-changing outcomes for recipients. Importantly, they are a cost-effective solution for all age groups, delivering significant returns on the investment made by the healthcare system.

The factors driving industry growth are detailed on pages 23 to 24.

Key market segments

We grow the market by transforming the way people understand and treat hearing loss. Our efforts are targeted at improving awareness, expanding access and building on the clinical evidence that demonstrates the effectiveness of our products.

On pages 25 to 26 we detail what we are doing to address our key market segments.

Strategic priorities

On page 27 we provide a snapshot of the strategic priorities that determine how we focus our time and resources to create value. At a high level we aim to:

- Retain market leadership;
- Grow the hearing implant market;
- Build a stronger organisation;
- Ensure we are environmentally responsible; and
- Deliver sustained value.

Stakeholder benefits

On page 28 we outline how our key stakeholders should benefit over time. Success for us is defined by creating value across all key stakeholders, which includes our customers, our people, our shareholders, the environment as well as society more broadly.

Value creation

On pages 29 to 70 we describe some of the key activities we are pursuing over the next five years to create value.

Governance and risk

On pages 77 to 89 we outline our approach to governance and risk. We believe high standards of corporate governance and transparency are fundamental to the sustainable, long-term success of the business. Our strong governance framework provides a solid structure for effective and responsible decision-making, and our risk management framework enables us to identify, assess and appropriately manage risks.

Our sustainability approach

Sustainability is integrated into business strategy, reinforcing our focus on creating positive social impact at individual and societal levels, while minimising our environmental impact.

Our material sustainability topics support and guide our strategic priorities, helping us to assess and manage risk and improve performance.

The Board is responsible for overseeing the approval and integration of sustainability initiatives into business strategy and operations and approving sustainability policies and goals. Further details on our sustainability approach can be found in the Sustainability data appendix on page 170.



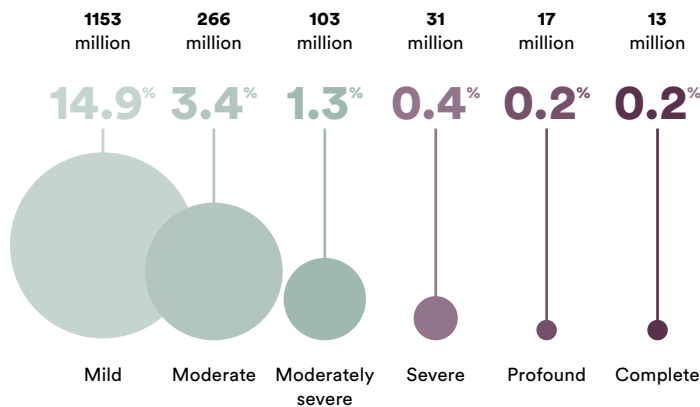
Growth opportunity

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

Over 60m people with severe or higher hearing loss



Globally 1.5 billion people live with hearing loss
Source: World Health Organization; 2021

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

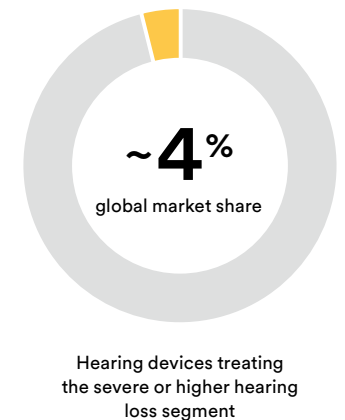
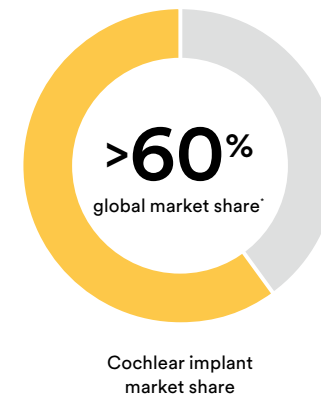


The effective use of implants is cost-effective in adults and seniors with an estimated return on investment of 10:1.⁴

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 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.

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:
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.⁹



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



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



Loss of independence
Seniors with hearing loss less likely to be able to self-care.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 estimates of segment prevalence of severe or higher hearing loss.

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.



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.



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 shareholders as well as society more broadly. Successful execution means achieving the following outcomes for our stakeholders:

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

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

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



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 lifetime of hearing solutions

We innovate to build a market-leading portfolio of high-quality products and services that improve hearing outcomes and provide a lifetime of hearing solutions 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.

Cochlear has been the global leader in implantable hearing solutions for over 40 years. Our investment in R&D aims to strengthen our leadership position through the development of market-leading technology that improves hearing outcomes and quality of life for our recipients.

We invest around 12% of sales revenue each year in R&D, with over \$3 billion invested since listing, and we have a portfolio of more than 2,300 patent and patent applications worldwide. We have a global innovation network with over 600 R&D employees across the globe. Primary R&D is co-located with the Australian Hearing Hub in Sydney, with the Cochlear Technology Centre in Belgium focused on advanced innovation. We have an acoustics and software hub in Sweden, the Oticon Medical team in France and we are expanding our R&D capability in Malaysia.

We helped over 47,000 people hear with one – or two – of our cochlear or acoustic implants in FY24. We have the largest recipient base in the industry, with more than 850,000 implants helping over 700,000 people to hear.

With every hearing implant we begin a lifelong journey with our recipients. Our goal is to see our recipients continue to improve their hearing outcomes as our sound processor technology improves, while making aftercare simpler and more cost effective for them and the professionals that support them.

Over the next few pages we discuss our innovation priorities, our history of innovation, our growing portfolio of connected care solutions as well as our dedication to product quality and reliability.

Strategic priorities



Our target

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

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

How our customers benefit

- 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

Relevant UN Sustainable Development Goals





Innovation focus areas

Focus areas for R&D span four key areas – improving hearing outcomes, making life easier for customers, integrating our ecosystem of products and services with connected care solutions and exploring options to expand the portfolio.

Hearing outcomes

We have made significant improvements in hearing outcomes for recipients over the past 40 years. Key innovations like dual microphone technology, pre-processing and user control have improved the ability for recipients to hear in different sound environments. These innovations have also led to an expansion in indications for cochlear implants to now include people with a severe or higher hearing loss.

There is still more that can be done to improve hearing outcomes, to reduce listening effort and improve sound quality for recipients. 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 new surgical strategies.

Lifestyle and ease-of-use

When it comes to lifestyle benefits, recipients want their sound processor to be smaller, lighter and smarter. Each sound processor generation has delivered on these expectations with today's sound processors integrated with smartphone technology, making life easier.

Ultimately, recipients would also like to be able to hear without an external sound processor. The development of totally implantable cochlear implant technology is a long-term development goal for Cochlear. It is an exciting part of our

development plan and aims to provide both functional and aesthetic benefits with 24/7 hearing and invisible hearing. A commercially available product is not expected for quite a few years.

We are also innovating to deliver even better solutions for professional customers to help ensure patient outcomes are optimised and efficient. In the coming years the fitting process is expected to become simpler, more automated and AI-assisted.

Connected care

Connected care is our vision for hearing care – where Cochlear, the recipient and hearing care professionals work together to ensure the right care is available at the right time and is easy to use.

As the industry grows, connected care tools will increasingly provide additional capacity for our professional customers to manage growing volumes as well as provide convenience to professionals and recipients.

By creating a cohesive and interconnected care ecosystem we can provide a positive customer experience with on-demand and secure access to comprehensive patient and product information to drive evidence-based decision making and delivery of high quality, accessible and patient-centred care.

Expanding the portfolio

Our innovation focus expands beyond cochlear implants, spanning acoustic implants as well as exploring potential opportunities to broaden the use of our technology outside of hearing loss.

A key priority has been to revolutionise our bone conduction technology and we achieved this in 2020 with the introduction of a transcutaneous bone conduction implant. The Cochlear™ Osia® System represents a significant improvement in performance, aesthetics and quality of life for bone conduction patients and has great potential to see broader uptake and geographic expansion of our acoustic implant portfolio.

Looking beyond hearing loss, our innovation fund and research partnerships are investigating the potential for our technology to be applied into new treatment areas.



A history of meaningful innovation

Innovation matters. We are focused on delivering key technology improvements to our recipients. These innovations bring performance that matters, a true connection to life and a lifelong commitment to all of our recipients. The most advanced and reliable devices on the market are a result of over 40 years of dedication to innovation.

Cochlear implants

Our R&D is focused on improving hearing outcomes and improving recipient quality of life. For more than 40 years Cochlear™ Nucleus® Implant innovations have delivered:

- Improved hearing outcomes, resulting in improved speech perception, particularly in noise. These improvements have led to a broadening of treatment indications from profound to moderate-severe hearing loss and also new indications such as hybrid and single-sided deafness;
- The world's thinnest cochlear implants, designed to be discreet when implanted and providing a natural appearance;
- The world's thinnest electrodes and only perimodiolar electrode designed to sit close to the hearing nerve, supporting cochlea health and delivering clearer sounds;
- Convenient and pain-free¹ MRI scans at 1.5 and 3.0 Tesla without the need for magnet removal; and
- Industry-leading reliability based on exceptional product design, extensive testing and world-class manufacturing that speaks not just to past performance but builds trust in future innovation.





Cochlear implant sound processors

Over the past 40 years we have been improving the quality of life of our recipients with new sound processing technology that is compatible with both latest generation and older implants. Our sound processor innovation has delivered:

- Improved hearing outcomes with sound processing technology designed to provide clearer sound and reduced background noise;
- Connectivity to the world and people, by integrating with smartphone technology to allow direct streaming, control and monitoring with apps; and
- Lifestyle benefits, with each generation being smaller and lighter, easier to use and with longer battery life.

Cochlear implant sound processors



2005

2009

2016

2022

Freedom

Offered input processing technologies designed to mimic natural hearing and is the industry's first water resistant sound processor

Nucleus 5

Was 36% smaller than the Freedom sound processor and offers an average hearing improvement of 30% in noisy environments. Includes AutoPhone, the industry's first automatic phone detection ability.

Kanso

At launch, Kanso was the smallest and lightest off-the-ear sound processor available. Kanso was designed to help recipients hear with clarity using SmartSound® iQ with SCAN* and dual microphones, and is compatible with Cochlear™ True Wireless™ devices. Kanso is dust and splash resistant.

Nucleus 8

Designed to make communicating with people easier, the Nucleus® 8 Sound Processor delivers our latest hearing technology. It senses changes in the environment and automatically adjusts listening settings.

Ready for next generation Bluetooth® LE Audio technology and able to connect directly to what's being broadcast at public venues such as airports, conference centres and theatres supporting Bluetooth Auracast™.



Winner of the prestigious Red Dot Design Award for Nucleus 5 and Nucleus 8.



Acoustic implants and sound processors

Bone conduction helps people with conductive hearing loss, mixed hearing loss and single-sided sensorineural deafness. Our solutions use the body's natural ability to conduct sound through bone by bypassing damaged or blocked parts of the ear and delivering vibrations directly to the inner ear.

For more than 40 years, our Acoustic solutions have delivered improving hearing performance, higher fitting ranges to help

more patients, wireless and direct streaming, simplified surgical procedures and smaller external devices for better aesthetics.

In 2019, we expanded our portfolio into the next generation of bone conduction hearing solutions with the launch of the Cochlear™ Osia® System. It is the world's first active osseointegrated steady-state implant, using digital piezoelectric stimulation to bypass damaged areas of the

natural hearing system, sending sound vibrations directly to the cochlea.

The Osia System represents a significant improvement in terms of hearing performance, aesthetics and quality of life for bone conduction patients. We believe it is the right product to drive category growth and deepen penetration of bone conduction implants over time.

Baha System



1985

HC-100
World's first bone conduction sound processor



1997

Baha Cordelle
World's first superpower bone conduction sound processor



2005

Baha Divino
World's first digital bone conduction sound processor



2013

Baha 4
World's first wireless bone conduction sound processor



2015

Baha 5
World's first MFi bone conduction sound processor



2021

Baha 6 Max
World's first premium-power bone conduction sound processor



2002

Baha Softband
World's first bone conduction softband



2003

Self-tapping implant
World's first FAST surgery



2010

BI300
World's first bone conduction implant with surface technology



2017

Baha SoundArc
World's first bone conduction arc solution

Osia System



2019

OSI200 Implant & Osia 2 Sound Processor
World's first Active piezoelectric bone conduction System



2023

OSI300 Implant
World's first Active bone conduction implant with MRI compatibility at 3.0 T



Connected care solutions providing convenience and confidence

Connected care is our vision for hearing care – where Cochlear, the recipient and hearing care professionals work together to ensure the right care is available at the right time and is easy to use.

Our connected care solutions comprise a range of digital health solutions that provide new ways to deliver convenient, evidence-based care for patients at every stage of their journey, spanning surgical care, self-managed care, in-clinic care and remote care.

Surgical care

Surgical care solutions enhance patient outcomes through intraoperative tools and insights that improve the surgical experience. The Nucleus® SmartNav System supports surgeons in optimising electrode placement during cochlear implant surgery. It provides real-time, actionable intraoperative insights that increase confidence in device placement to help surgeons optimise outcomes and postoperative clinical performance.

In-clinic care

In-clinic care solutions streamline patient management and care, giving clinicians the time and flexibility to optimise appointments.

Our comprehensive range of fitting software uses our extensive fitting and performance data to inform and optimise programming. Our software is created using best-in-class design principles and harnesses over 40 years of experience and input from thousands of clinicians worldwide² to help drive consistent outcomes, clinic efficiency and personalised care.

Our fitting software keeps the patient at the centre of care, promoting patient engagement and facilitating more effective tracking of progress between appointments.³

A recent innovation is the secure and seamless cloud transfer of a patient's surgical data from the operating room to the fitting clinic via Nucleus SmartNav. This transfer ensures that hearing health professionals can commence a patient's first post-surgical appointment with the information they need for a successful first fitting.





Remote care

Remote care solutions allow clinicians to monitor patients and deliver quality care without a trip to the clinic.

We are the first company to offer app-based Remote care solutions for our acoustic and cochlear implant recipients. This means that recipients can conveniently access care from their clinician without a clinic visit – from home, at work, or when they’re travelling.

With Cochlear™ Remote Check, cochlear implant recipients can complete an asynchronous hearing health check through the Nucleus® Smart App without visiting the clinic. Their clinician can then review the results at a convenient time to determine if they are performing as expected or need follow-up.

Cochlear™ Remote Assist enables live video appointments for both cochlear implant and Baha® Implant recipients. The clinician can assess how the recipient is progressing and discuss any issues they are experiencing. The clinician can also connect remotely to the recipient’s sound processor to make adjustments or enable features in real-time.

By offering app-based Remote care solutions, we are meeting our recipients’ needs and making care more convenient. We assist our professional partners to increase clinic efficiency, providing greater flexibility, allowing clinicians to see more patients.

Over the longer-term, Remote care solutions have the potential to expand access to those who live in remote areas or don’t have access to a clinic.

Self-managed care

Cochlear™ Self-managed care solutions empower patients to actively manage their hearing experience in partnership with their clinician through their smartphone.

Self-managed care gives patients the option to proactively manage their device settings as they move through their day and encounter different hearing and communication conditions. Our range of mobile apps provide patients with the tools to manage their everyday situational hearing – whether they are adjusting their volume settings or using device features such as ForwardFocus.

With Self-managed care, patients also have access to interactive tools to help them practice and improve their listening and communication skills. These app-based solutions are designed to give patients the confidence to participate in the conversations and moments that matter most.



Leading on product quality and reliability

When choosing a cochlear implant, the reassurance of high-quality products that support a lifetime of hearing is key. Our market-leading products are the result of our world-class manufacturing process and meet stringent, internationally recognised standards.

As the global leader in implantable hearing, supporting more than 850,000 devices, we take our responsibility to report on the reliability of our products seriously. We report with full transparency, in accordance with International Standard ISO 5841-2⁴, the reporting principles outlined in the European Consensus Statement on Cochlear Implant Failures and Explantations⁵ and ANSI/AAMI CI86 – Cochlear implant systems: Requirements for safety, functional verification, labelling and reliability reporting.⁶

Cochlear's implants are the most reliable⁷ in the industry over time. Our products are approved by regulators around the world for the treatment of moderate to profound hearing loss after undergoing safety and efficacy reviews.

Implant reliability is important for successful patient outcomes, with longevity an important factor when choosing an implant, particularly for a child.

Our latest implant, the Nucleus® Profile Plus Series implant, has a combined cumulative survival percentage (CSP) of 99.82% within five years. Our Nucleus CI24RE Series implant, the world's most widely used cochlear implant, with more than 200,000 registered devices, has a combined CSP of 98.95% after being on the market for 19 years.

Each year we publish our product reliability data in the Cochlear™ Nucleus® System Reliability Report, which can be found on the [website](#).

Our world-class manufacturing processes meet stringent, internationally recognised standards. Our Quality Management System (QMS) provides the framework, processes and procedures for the:

- safety and efficacy of our products;
- compliance with regulatory requirements; and
- product design, manufacture and marketing consistently meet customer and regulatory requirements.

Our QMS plays an integral part in our product safety and reliability. During the design process, products go through extensive testing both internally and externally to ensure they are designed to meet all applicable standards for intended use.

Our products are manufactured to meet our design specifications. We then continue to monitor the performance of our products throughout their lifetime via an extensive post market surveillance process. Information gathered throughout the product lifecycle is used to improve current and future products.

Our QMS is audited annually by regulatory agencies to ensure compliance with applicable regulations and standards for the countries where we market our products.

The Chief Technology Officer has executive accountability for Quality and Regulatory Affairs and, along with the Executive team, oversees the performance of the QMS to evaluate its suitability, effectiveness and ensure it continues to improve.

Undertaking pre-clinical and clinical trials to study the efficacy of new technology

Cochlear undertakes pre-clinical and clinical trials, often in conjunction with leading universities and research partners, to study the safety and efficacy of new technology in accordance with relevant standards including ISO 14155: Clinical investigation of medical devices for human subjects – Good clinical practice.

We currently have 49 active sponsored studies in the areas of technology development and lifecycle product support. We make outcomes from clinical studies available to payers, regulators, health technology assessment bodies and other stakeholders via summary reports on clinical trial public registry platforms and as published peer-reviewed manuscripts.

In FY24, there were 40 peer-reviewed publications arising from Cochlear-sponsored studies.



Collaborating to advance hearing science and research

As a market leader we strive to help advance hearing health science and research. By working with other leaders in the sector, we can harness our collective expertise, skills, and imagination to achieve more for our customers and for the community.

Strategic research partnerships and global collaborations

Cochlear has established research collaborations with leading universities, research organisations and hospitals around the world. These collaborations build on the research expertise of the institutions, as well as their broader networks and ecosystems, to drive innovation in hearing technology and public health.

Many of these collaborations are focused on translating science into future products, with timeframes that span many years. We work on a broad range of research areas covering novel approaches to surgical techniques, electrodes, objective measures, sound coding, audiology and aftercare.



Professor Robert Briggs (left) and Ian Forster (right) celebrate Professor Graeme Clark (centre) receiving the Bionics Institute Visionary Award in recognition of his immense contribution to science and society

University of Melbourne and the Royal Victorian Eye and Ear Hospital

It has been over 45 years since Professor Graeme Clark implanted the first multichannel cochlear implant and our long-standing research collaboration with the University of Melbourne and the Royal Victorian Eye and Ear Hospital continues.

Landmark collaborative research studies have been presented in recent international conferences. Professor Stephen O’Leary recently reported the results of a multi-centre research study⁸ of an electrode that incorporates a drug called dexamethasone that may be beneficial in supporting the long-term health of the cochlea, and Professor Robert Briggs reported on a study⁹ of a research on a totally implantable cochlear implant which allows a recipient to hear without an external sound processor.

Macquarie University and the Australian Hearing Hub

We have renewed our strategic research partnership with Macquarie University, strengthening the platform for co-funded multi-year and multi-disciplinary research projects with a focus on advancing clinical practice, education and public policy.

Cochlear and Macquarie University are founding members of the Australian Hearing Hub (AHH) which brings together leading researchers, clinicians, service providers and industry participants with the vision of being the world leading community transforming hearing and communication. Key collaborative AHH research projects include Hearing Impairment in Adults: A Longitudinal Outcomes Study (HALOS) and the Cochlear Implant Neurotrophin Gene Therapy Clinical Trial.

Johns Hopkins University and the Cochlear Center for Hearing and Public Health

In 2018 Cochlear pledged US\$10 million over 10 years to establish the Cochlear Center for Hearing and Public Health at Johns Hopkins Bloomberg School of Public Health. Under the leadership of Professor Frank Lin, the Center focuses on hearing loss as a global public health priority, with an emphasis on the public health impacts of hearing loss in senior adults. Priority research areas include the contribution of hearing loss to the risk of cognitive decline and dementia in older adults and the epidemiology of hearing loss prevalence and risk factors.



Growing connectivity and engagement with our customers

We invest to provide our customers with a world-class customer experience with increased connectivity and engagement for recipients and products and services to improve convenience and confidence for our professional customers.

Cochlear Family

Cochlear Family is our recipient awareness and education membership program, providing information about the hearing journey and support in living with hearing implant technology for recipients and carers. It aims to help upskill recipients so they can live a more confident life with their implant, and we do this via proactive communications and hosted events.

Cochlear Family is the world’s largest community of hearing implant recipients and is available in 70 countries. In FY24, Cochlear Family membership increased 13% to support over 335,000 recipients around the world.

Cochlear Volunteer Community

The Cochlear Volunteer Community is a network of highly engaged, committed recipients and carers who are motivated to help others learn about and successfully live with implantable hearing devices.

Volunteers provide candidates and recipients with relevant information about the benefits of hearing implants and sound processors and opportunities to maximise the benefits of devices in daily life.

We work closely with our volunteers to provide them with the knowledge and skills they need to be successful in supporting others along their hearing journey.

Professional learning programs

In FY24, our professional education programs delivered virtual and hybrid training sessions for ENT surgeons, audiologists, and oral rehabilitation therapists.

We held 365 events in Europe, engaging over 7,800 professionals, and hosted 170 events in Latin America, reaching over 3,100 professionals across the region. In North America, we conducted 21 courses, training over 3,200 audiologists and 88 surgeons, and reached over 1,200 professionals through virtual sessions.

Our Cochlear Clinical Skills Institutes (CCSI) in Sydney and Chengdu conducted surgical and clinical training for professionals in the hearing implant industry, with 61 surgeons trained in Sydney and 50 in Chengdu.

We also delivered a diverse range of face-to-face and online training events in the Asia Pacific region, benefiting almost 5,000 professionals throughout FY24.



Professional training



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A healthier and more productive society

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



A healthier and more productive society

We are focused on building a healthier and more productive society, delivering societal benefit through improved health outcomes, educational cost savings and productivity gains. We do this by transforming the way people understand and treat hearing loss through awareness and access activities.

Cochlear implants 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. Despite this, fewer than 5% of the people that could benefit from an implantable hearing solution have received one.¹

Across developed markets, the largest unmet need is in the adults and seniors population. 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 cognitive decline, social isolation, anxiety and depression.²

The adults and seniors 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.

Our efforts are therefore targeted at improving awareness, expanding access and building on the clinical evidence that demonstrates the effectiveness of our products, particularly in the adults and seniors segment.

Over the next few pages we discuss some of the key initiatives we are pursuing which aim to create value by increasing awareness and access to implantable hearing solutions.

Strategic priorities



Our target

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

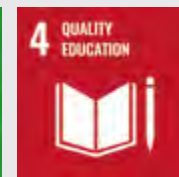
Grow the hearing implant market

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

How society benefits

- 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

Relevant UN Sustainable Development Goals





Developing a treatment pathway for adults

Standard of care initiatives aim to establish a consistent process for diagnosing and referring adult cochlear implant candidates by all healthcare professionals.

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

One of our challenges is that awareness of cochlear implantation among primary and hearing health care clinicians is inadequate, leading to poor identification of eligible candidates. Clearer referral and cochlear implantation candidacy pathways would help increase access to cochlear implants.³

We are making investments in long-term initiatives to develop a standard clinical pathway for adults that aims to establish a more sustained referral model. These investments are geared towards:

- **Building clinical and economic evidence** that compels early adult referral and coverage;
- **Developing consistent referral guidelines** to establish a clearly defined care pathway for adult cochlear implantation;
- **Driving awareness and advocacy** through hearing professionals and patient advocacy groups; and
- **Behavioural change**, enabling hearing professionals to identify and refer potential candidates.

Key elements to developing a treatment pathway for adults





Building clinical evidence

Growing links between hearing loss and cognition in older adults

There is growing body of research establishing a link between hearing loss and cognitive decline.

Hearing loss has been found to be associated with accelerated cognitive decline and dementia. A study that tracked 639 adults for nearly 12 years found that mild hearing loss doubled dementia risk, moderate hearing loss tripled risk and people with a severe hearing impairment were five times more likely to develop dementia.⁴

To investigate this further, our partners at Johns Hopkins University and their Center for Hearing and Public Health have been conducting a randomised control trial known as the Aging and Cognitive Health Evaluation in Elders (ACHIEVE) study.⁵

ACHIEVE is the first randomised control trial to determine whether hearing loss treatment could delay cognitive decline and dementia in older adults with mild-to-moderate hearing impairment. The multi-year study is taking place at four centres in the US, with close to 1000 participants.

In July 2023, the study delivered its first results, finding that for a group of participants who were at a higher risk of cognitive decline, using hearing aids for three years slowed cognitive decline by 48%.⁶

A recent Australian study has demonstrated the potential role of cochlear implants in stabilising or improving cognition in older adults with severe-profound hearing loss.

The 'Cochlear implant outcomes and cognitive health longitudinal evaluation of adults' (COCHLEA) study⁷, is a long-term, Cochlear-sponsored study being conducted by the University of Melbourne. A recent analysis of follow-up data showed significant improvements in executive function and working memory after four and a half years of cochlear implant use, and stability on all other cognitive domains measured. More detailed results from the study are expected

to be published later this year.

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

Comparing cochlear implants with hearing aids

An important first of its kind randomised controlled trial commenced in the UK in 2022. The 'comparing cochlear implants with hearing aids in adults with severe hearing loss' (COACH) study⁸ is the first randomised controlled trial to compare communication and quality of life outcomes with use of hearing aids versus unilateral cochlear implants in adults with severe sensorineural hearing loss.

The trial will provide the highest standard of clinical evidence and is aimed at resolving uncertainty associated with the treatment of severe or higher sensorineural hearing loss.

The study is being sponsored by the University of Nottingham and co-ordinated by Nottingham Clinical Trials Unit and Cochlear has provided a grant to conduct the study.

The COACH study will assess whether a cochlear implant or a hearing aid is better at improving speech understanding for adults with severe sensorineural hearing loss. Half of the trial participants will be randomly assigned with hearing aids, with the other half receiving a cochlear implant. The study is expected to take a few years to complete.

Our partners at Macquarie University are conducting a study to evaluate the effects of hearing aids and cochlear implants in a large sample of adults across a holistic range of health and social outcomes.

The 'hearing impairment in adults: A longitudinal outcomes study' (HALOS)⁹ is a large-scale study tracking hearing, cognitive, social, physical and quality-of-life benefits for over 750 hearing aid and cochlear implant recipients.

The HALOS study will additionally evaluate the cost-effectiveness of these interventions, considering their broad health benefits, and will conduct in-depth interviews in a subset of patients to improve understanding of the patient journey.

Cochlear implants and healthy ageing

In 2018, a Cochlear-funded study¹⁰ was initiated to investigate whether cochlear implant treatment improves overall health-related quality of life and general well-being in older adults. 100 senior adult subjects were recruited for the 'Healthy Ageing' study across France, Israel, Italy and Spain.

Results showed that cochlear implantation made recipients feel less handicapped by their hearing loss. Their quality of life, ability to communicate verbally and their ability to function independently improved, which made them feel less lonely.

These results support our Standard of Care initiatives, highlighting the importance of cochlear implants as a routine treatment option for those aged over 60 years with bilateral severe to profound hearing loss.

Building economic evidence

There is growing evidence of the individual and societal economic value of treating age-related hearing loss, with cochlear implants considered to be a highly cost-effective medical intervention.

In 2022, The Lancet published the first-ever global investment case for integrating ear and hearing care interventions in countries' universal health coverage services.¹¹ Based on the WHO's proposed interventions, which include cochlear implants for people with severe or higher hearing loss, the study concluded that the investment required to execute these interventions would result in substantial health gains, with an overall return of nearly US\$15 for every US\$1 invested.



Developing consistent referral guidelines

The development of a standard treatment pathway for care by which all healthcare professionals diagnose, refer and treat adults eligible for cochlear implants has many aspects and requires a co-ordinated effort between industry, hearing health professionals, cochlear implant recipients and public policy makers. There have been some important developments over the past few years.

Inspired by the WHO’s call to action in the 2021 ‘World Report on Hearing’¹², a task force of 49 international experts including academics, ENT surgeons, audiologists, general practitioners and cochlear implant users came together to establish global guidelines for adults with hearing loss and the role of cochlear implantation.

These evidence-based recommendations cover various aspects of a patient’s journey with hearing loss, from screening and identification to specialist referral, referral for cochlear implant evaluation and specialist aftercare.

These ‘Living Guidelines’ are designed to be regularly reviewed and updated based on new evidence and are accessible [here](#).

“There is a lack of person-centred and consistent referral pathways, which results in inconsistent diagnosis and delays in referral to cochlear implant specialists for candidates who may benefit.”

Cochlear implant audiologist

Driving awareness and advocacy

An important part of developing a treatment pathway for adults involves working with hearing health professionals and patient advocacy groups to amplify the work being done on the referral guidelines and evidence building to create broad-based awareness.

We engage with a broad range of advocacy groups globally. The Cochlear Implant International Community of Action (CIICA) Association was formed in 2021 and is the first global cochlear implant user and family advocacy network that draws upon a network of close to 600 individuals from 68 countries across the globe.

CIICA aims to increase the number of people globally who have access to cochlear implants and lifelong support. It does this by raising the awareness of the health, social and economic benefits of cochlear implants to candidates, health care practitioners and society more broadly as well as lobbying for changes to funding.

Cochlear is a member of the World Hearing Forum, a global network promoting ear and hearing care worldwide. Members of this advocacy network commit to facilitating the implementation of World Health Assembly resolution WHA70.13 on ‘Prevention of deafness and hearing loss’ and supporting Member States.

The World Hearing Forum brings a collective vision to advocacy and collaboration in this field. Through networking and sharing knowledge, skills and experiences from the field, the World Hearing Forum is galvanising action towards a world in which no person experiences hearing loss due to preventable causes and those with hearing loss can achieve their full potential through early identification and appropriate management of their condition.

We also have research partnerships with academic institutions including Johns Hopkins University and Macquarie University, engaging on issues of public health, cost-effectiveness and broad awareness.

Know your hearing number

Many of us know our height, weight, vision and blood pressure. But what about our hearing? The Hearing Number ranges from 0 to 100 dB and has been introduced as a simple metric to categorise hearing. The higher your Hearing Number, the louder sounds will need to be for you to hear them. At 60, your hearing loss may mean you should be assessed for cochlear implant candidacy.





Health, social and economic benefits of cochlear implants

The economic benefits associated with cochlear implants extend beyond healthcare budgets with significant net economic gains reported from a broader societal perspective which includes health outcomes, educational costs and productivity gains.¹¹

Expanding product indications

Cochlear implants started as a solution for people with a profound hearing loss, equivalent to a hearing loss of greater than 90 decibels (dB). Advancements in technology have driven significant improvements in hearing outcomes for patients with our products today able to provide life-changing outcomes for people with a severe or higher hearing loss (>60dB).

At the same time, there is a better understanding of the importance of properly treating hearing loss as we age and a growing body of evidence supporting the cost-effectiveness of cochlear implants.¹³ These factors have driven an expansion of indications and/or funding in many markets over the past few years, including the UK, US, Japan, France and Belgium.

Our market access teams work with governments and payers to recognise the benefits of treating hearing loss so we can continue to increase access to our products.

Societal benefits of cochlear implants

A 2021 European study calculated the net societal benefit of cochlear implants by age group. It estimated that adults and seniors with progressive profound hearing loss with a cochlear implant had a positive net benefit of £275,000 and £76,000 respectively.¹⁴

Based on this study, we provided an estimated net societal benefit of more than \$8 billion over the lifetime of the recipients implanted over just the past 12 months from improved health outcomes, educational cost savings and productivity gains.

By improving penetration rates in developed markets, particularly for adults and seniors which currently sits at around 3%, we can not only improve the quality of life of thousands of people each year but also further reduce the cost to society by billions of dollars.

Health, social and economic benefits of treating hearing loss

Children



Education

- Children with cochlear implants have a greater likelihood of acquiring oral language, integrating into regular schools and being able to experience sounds along with better speech skills¹⁵

Employment

- More likely to be in paid employment as adults¹⁶

Adults



Employment and productivity

- Reduces odds of unemployment or underemployment¹⁷
- Cochlear implantation associated with positive change in employment status¹⁸ and increase in income compared to pre-implantation
- Stay in work for longer¹⁹ – reduces premature retirement

Seniors



Health and community connection

- Untreated hearing loss is associated with lower quality of life and higher cost of care due to higher risk of cognitive decline, depression, social isolation, falls and loss of independence²⁰



Improving access in emerging countries

We are continuing to identify opportunities in emerging economies to grow the hearing implant market, with a focus on improving rates of implantation in children.

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.

We support the development of localised training and education tools to raise awareness about hearing loss treatments among professionals and potential candidates.

We leverage our global collaborations with organisations including patient advocacy group and researchers, to help implement policy measures, such as newborn hearing screening, expand clinical services and improve reimbursement in these markets.

We are also focused on lowering the age of implantation for children as evidence supports improved hearing outcomes from early intervention, which in turn drives improved educational and employment outcomes. This approach is aligned with the Joint Committee on Infant Hearing²¹ which recommends that all children with hearing loss should receive intervention by six months of age.



We are committed to advancing hearing health care by developing a standardised approach to treatment and care across Latin America.

More than 140 hearing health professionals including surgeons, audiologists and rehabilitators from eleven Latin American countries gathered in Chile to launch the 'Standard of Care: Designing the Future' project. This multinational collaboration aims to develop care standards specific to Latin America that enhance access to hearing devices and improve quality of life for individuals with hearing loss.

During the inaugural event, working groups generated technical content on the future of surgery, adult and pediatric care standards, postoperative care and other critical topics.

The Steering Committee, which includes experts from Mexico, Brazil, Argentina and Colombia will review and refine the material. The final document, representing the ideal standard of care for Latin American patients, is expected to be published in February 2025.

This initiative is pivotal to our advocacy strategy, aiming to improve patient journeys and expand access to hearing loss health care throughout Latin America. It aims to support the implementation of policy measures, guide the expansion of clinical services and improve reimbursement, ensuring a sustainable pathway for hearing health in the region.



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Thriving people

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



Thriving people

Our people are our most valuable asset and are an engaged, capable and high-performing team that delivers on our strategy and supports the creation of sustained value. We have a diverse workforce with over 5,000 people across the globe. Their knowledge, expertise, passion and focus on delivering excellence is key to achieving future success.

Cochlear has a rich history, helping people to hear for over 40 years, underpinned by a strong culture of innovation, achievement and inclusion.

We have a responsibility to build a reputable and sustainable organisation, now and into the future. We achieve this by nurturing those important elements of our culture that have brought us success, while continuing to evolve, intentionally shaping the culture that will enable us to grow and deliver for our customers as our workforce expands.

Diversity, equity and inclusion continue to be key priorities as they are fundamental to our success as an innovation leader. Over the past few years, we have also focused on building a stronger achievement culture, improving the way we collaborate to achieve company-wide goals.

Focused training and development enable us to establish clearer priorities and work more effectively together, removing boundaries and improving focus on what matters most, our customers.

We have continued to develop our systems, processes and organisation design to strengthen our culture. We have invested in leadership development, notably in Inclusive Leadership and Unconscious Bias and Culture Conversations, with an increased focus on building critical skills and capabilities at both an individual and organisational level.

Over the next few pages, we discuss some of the key elements of our people strategy which aims to create value by investing in our people and culture.

Strategic priorities

Our target
Retain employee engagement levels at or above 80%

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

How our people benefit

- 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

Relevant UN Sustainable Development Goals

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH







Strengthen and nurture a culture of innovation, achievement and inclusion

As our business grows, we nurture the important elements of our culture that have brought us success, while continuing to evolve, intentionally shaping the culture that will enable us to grow and deliver for our customers as our workforce expands.

Ways of working together

Our culture is underpinned by a set of values and behaviours that bring our mission to life and support our strategy.

Our values are the core principles and beliefs that guide decision-making, behaviour and interactions within our organisation. They align to our mission, support our culture and serve as a declaration of how we treat each other, our customers and our partners. At our core we value:

- **Respect:** We value all individuals, regardless of background or beliefs.
- **Integrity:** We are honest, ethical and fact-based.
- **Accountability:** We own our responsibilities, actions and outcomes.

Our **HEAR behaviours** reflect what we value as an organisation and alongside the Global Code of Conduct, provide a framework for working and interacting together.

Our HEAR behaviours



Hear the customer

Put the customer at the centre of all that we do

- I see what we are doing through the customers' eyes
- I factor in what the customer needs in my decision making
- I bring the voice of the customer into our conversations



Embrace change and innovate

Think differently to change and grow

- I simplify complex information to make it easy to understand
- I look for the simplest solution without adding complexity in the future
- I change my mind when persuaded by a better idea



Aspire to win

Inspire each other to achieve

- I push the team to take actions toward our stretch goals
- I prioritise my actions to get things done
- I raise difficult and important issues
- I take calculated risks to achieve our goals
- I take action without being told what to do



Remove boundaries

Unite and act as one

- I challenge others' opinions in a constructive way
- I speak supportively of decisions made by others outside my immediate team
- I seek and use input from other parts of the business to make decisions
- I put the interests of the organisation ahead of my own or my team



Culture priorities

Over the last few years, we have been implementing organisation-wide transformation programs aimed at strengthening our business processes and IT platforms to improve efficiency, agility and scalability.

To support this transformation, we have focused our culture programs on strengthening two of our HEAR behaviours – ‘Aspire to Win’ and ‘Remove Boundaries’ – to develop organisational capabilities, skills and knowledge. For example, we adapted our micro-behaviours to include calculated risk-taking and empowerment and have provided training and guidance to our people.

To further embed these new behaviours, an organisation-wide goal to experiment was included in this year’s objectives, supported by guidelines and frameworks to assist in developing appropriate goals. The aim was to have all managers implement a change or an experiment that could result in a business improvement or learning for the future, and to ensure that each member of the team aimed to achieve the same goal.

We also recognise that providing a psychologically safe workplace is critical to enabling experimentation and innovation. Workshops and education help our leaders better recognise, create and promote a safe workspace so that employees can speak up and bring their full selves to work.

‘Safe to Speak Up’ workshops provide practical ways to enhance team interactions, enabling teams to work more effectively together, enhancing the quality of collaboration and innovation.

Culture leadership

Leadership is one of the most powerful levers for culture development. We have developed a ‘Talent Vision and Strategy’ that focuses on developing and retaining the capabilities needed to deliver on our long term (10+ year) growth ambitions.

We have refreshed our leadership framework, ‘Leading the Way’, establishing a new set of leadership capabilities covering strategy, results, team and self which we believe will support the future growth, aligned with our culture aspirations.

We set clear expectations of our leaders and recruit, measure and reward based on these capabilities to ensure we build a strong pipeline of leaders for the future and strengthen our culture.

These capabilities, along with success profiles, will be used to recruit, promote and develop leaders through our various talent and succession processes.

In September 2023, we launched our ‘Manager Capability Development’ pathways globally. The design of these pathways focus on our employee experience and includes practical people process up-skilling, incorporating culture and diversity, equity and inclusion principles and practices.

Leading the Way

Cochlear’s Leadership Framework





Measuring our culture

The employee engagement survey provides a measure of how we are tracking on our culture journey. The results provide insights into how our people feel about working at Cochlear, highlighting both strengths and areas for improvement, enabling us to listen and respond in a focused way.

We are pleased to report that our total engagement score has been maintained at 80%, with 88% of employees completing the survey.

In response to the engagement survey, work is conducted in teams or departments to identify ‘what is working well’ and recognising and acting on what would be ‘even better if’.

This year’s survey has highlighted many things that are working well, for example:

- We continue to have a strong sense of pride in working at Cochlear;
- People continue to feel a connection between their work and our customers’ needs;
- We have improved our open and honest two-way connection after concerted efforts in building stronger communication practices and channels;
- We are continuing to remove boundaries, particularly in seeking opinions, advice and solutions from people and teams across the business, and in sharing examples of diverse people / teams collaborating to deliver better customer outcomes; and
- There is observable progress in ‘Aspiring to win’ with people feeling safe to ask questions and try new ways of working in the interest of growth or innovation and prioritising our work.

We also have heard it would be even better if we:

- Continue to prioritise building skills and the environment where people have the confidence and ability to speak up;
- Remain focused on developing communication across departments, clearly explaining reasons for changes that are being made; and
- Continue providing career development opportunities.

Culture dashboard

Measuring the progress we are making in nurturing and strengthening our culture can be challenging. Based on our current programs, we have identified ten key attributes that we believe demonstrate our progress in fostering and strengthening our culture.

We have been measuring these culture indicators for four years, with the score increasing from 81% to 82% over that time. The improvement is particularly pleasing given the degree of change our people are experiencing as we grow and implement our transformation programs.

The scores are supported by feedback received through various communication forums and education sessions as well as the engagement survey commentary.

Culture dashboard

Percentage positive sentiment

Culture indicators	FY21	FY22	FY23	FY24
Overall engagement	81%	81%	81%	82%
My manager allows me flexibility to manage my work and personal responsibilities	89%	89%	87%	89%
At Cochlear we respond promptly to safety concerns raised by employees	84%	82%	81%	83%
People act in accordance with our HEAR behaviours	87%	88%	86%	88%
My manager is committed to the health and wellbeing of their team	87%	88%	85%	88%
At Cochlear we value all types of diversity	83%	85%	82%	86%
There is open and honest two-way communication at Cochlear	63%	64%	68%	70%
My manager is inclusive of diverse views and perspectives	82%	83%	84%	85%
I trust the people I work with	83%	83%	82%	81%
I feel confident calling out behaviour that is inconsistent with the HEAR behaviours	75%	75%	72%	71%
I can openly raise difficult or important issues	79%	80%	80%	78%



Our diversity, equity and inclusion strategy

At Cochlear, diversity, equity and inclusion (DE&I) are integral to our culture and strategy. Our DE&I strategy is aimed at creating an environment where our people feel safe, valued, included and empowered to do their best work. We have developed three DE&I principles:

- **Diversity and equity:** We aspire to win with a diverse workforce that is stronger together;
- **Equity and access:** We remove boundaries and provide equal access to work and opportunities; and
- **Inclusion and belonging:** We hear our people, embrace and leverage differences and create a safe place where everyone can feel they belong.

These principles are underpinned by measurable objectives and are supported by long-term goals and detailed short-term objectives.

We continued to make good progress in FY24, maintaining and/or growing female representation in Senior Leadership roles. We improved our internal processes and practices in Talent Management and Talent Acquisition, continued to support flexible work arrangements and integrated our efforts with our culture and leadership development initiatives.

Our DE&I dashboard below shows improvements across most areas of focus and is aligned to the progress we are making in developing an inclusive culture. It is particularly pleasing to see continued positive progress to grow and maintain female representation in our senior leadership cohort.

Over the coming years, we will be expanding our DE&I work to include a stronger focus on inclusion to support our third DE&I principle of inclusion and belonging, and ultimately create a more inclusive culture where all employees feel safe, respected, have a voice and feel heard, and are able to develop skills and talents in line with our values.

To achieve this goal, we will continue to review and adapt our talent management processes to embrace and leverage differences, provide leader education and further develop a feedback culture.

Diversity, equity and inclusion dashboard

Principle and objective	Goals	FY21	FY22	FY23	FY24	Scorecard
Diversity and equity Achieve gender balance in Senior Leadership roles and on the Board	Board composition – minimum 30% female directors	30%	33%	40%	38%	✓
	Senior leadership roles (Band 1-3) – At least 40% female	40%	42%	42%	43%	✓
	Senior leadership roles (Band 2) – At least 40% female	37%	40%	40%	37%	↗
	Executive Team – continue to improve female representation	8%	20%	27%	25%	↗
	Succession pipeline for Band 2 roles by end FY25 – 50% female representation	43%	43%	46%	38%	↗
Equity and access Create equal access to work	‘My manager allows me flexibility to manage my work and personal responsibilities’ – 80% EES target	89%	89%	87%	89%	✓
	‘At Cochlear we value all types of diversity’ – 80% EES target	83%	82%	85%	86%	✓
	Flexible working – 60% of eligible employees globally working flexibly in some form <small>(We exceed this target where we can measure it but are unable to measure reliably on a global basis at this point)</small>	✓	✓	✓	✓	✓
Inclusion and belonging Build an inclusive culture: All employees embrace diversity and foster an inclusive culture	‘Senior leaders value diverse perspectives, even if they are different from their own’ – 80% EES target by end FY25	-	-	64%	63%	↘
	‘My manager welcomes and considers diverse views and ideas’ – 80% EES target	82%	82%	83%	85%	✓
	‘My manager asks questions which encourage diversity of thinking’ – 80% EES target by FY25	-	-	75%	78%	✓
	Inclusive Leadership & Unconscious Bias Leadership Program – completed by 90% of leaders	75%	77%	80%	74%	↘

✓ Achieving target ↗ On track ↘ Below expectations



Gender diversity and equity

To support the achievement of our gender diversity and equity goals, we have focussed on overcoming unconscious bias and building the capability of people managers to create an inclusive work environment for everyone. To supplement this work, we have continued to review and improve our talent management practices providing equal access to work and ensuring decisions are made free from bias.

We continue to strive for gender pay equity and have seen a reduction in our gender pay gap over time. We conduct a comprehensive review of our performance assessment processes and outcomes, salary increases and bonus allocations by both gender and seniority.

We have also conducted analysis of pay for like roles and regularly review remuneration decisions and outcomes. Where we identify gaps between male and female pay, we take steps to close them.

We comply with regulatory requirements to make submissions to the Workplace Gender Equality Agency (WGEA) and follow the Workplace Gender Equality Act 2012 (Cth) and Global Reporting Initiative (GRI) disclosures.

Internal analysis of our Australian pay data has shown our current average total remuneration pay gap was 12.6% in FY23, meaning that our average female total remuneration is lower than it is for male employees. This gap is driven by the relatively higher number of males in senior leadership positions in the business. Pleasingly, the gap has declined consistently over the past eight years from 22.3% in FY16.

We remain committed to ensuring gender pay equity in all the countries we operate. In FY25 we will commence a global pay equity review, starting in our major markets, to understand the drivers for any inequity, as well as developing a roadmap to continue to close any pay gaps we may uncover as part of this process.

Women in STEM

As a leading technology business, Cochlear understands the significance of creating opportunities and minimising barriers for women entering the industry.

We employ women across many STEM (science, technology, engineering and mathematics) fields. Our engineering roles span electrical, mechanical, software and manufacturing engineers. Our scientists include audiologists, molecular biologists, immunologists and neuroscientists and in information technology we employ specialists in design and development, data engineering, AI and automation, analysis, project delivery and change management.

Over many years we have actively focused on improving female representation in STEM roles. Our graduate hiring program, which is a critical pipeline for STEM talent, targets recruitment of 50% women and in FY24 we exceeded this with 56% women recruited into our STEM Graduate Program and 63% into our STEM Internship Program.

Our Women in STEM Group is dedicated to supporting women by offering a safe space to discuss issues and share experiences and has the active participation of over 170 women. The group provides mentoring support to younger members as they start their career journeys and meets regularly in-person and online, ensuring accessibility for everyone. Sessions feature a diverse agenda, from sharing insights on how to build a successful career with speakers from inside and outside of Cochlear to providing networking opportunities and leadership development training.

Diversity, equity and inclusion working groups

Across the organisation we have employee-initiated groups that work on diversity, equity and inclusion, including our RAP Working Group, our inclusion, diversity, equity and accessibility (IDEA) committee in the US, our DE&I committee in Global IT and our Women in Leadership community in our European business. These groups do important work in raising awareness around diversity, equity and inclusion issues and contribute to a variety of global and local initiatives including activities around International Women’s Day, World Mental Health Day, NAIDOC Week and WorldPride.



Solidea, Nucleus System recipient



Innovate RAP launch event in March 2024

Reconciliation Action Plan

We are committed to helping create an equitable and reconciled Australia and drive better outcomes for Australia’s First Nations peoples.

In March we launched our Innovate Reconciliation Action Plan (RAP), which builds on our Reflect RAP, demonstrating our vision for reconciliation with Australia’s First Nations peoples.

The Innovate RAP focuses on three key areas – hearing and ear health equity, cultural safety and understanding, and employment opportunities and outcomes.

The RAP actions are guided by our employee-led RAP Working Group, whose members represent various functions, locations and levels of seniority.

The group reports quarterly to the Australian-based Senior Executive team, which provides strategic direction and resources to support the successful implementation of initiatives and projects.



IDEA

Our US team established IDEA, the inclusion, diversity, equity and accessibility committee, to actively encourage healthy conversations and engagement on a wide range of issues designed to create a more inclusive work environment for everybody.

The team aims to make every person feel valued and recognised and be confident in bringing their whole self to the workplace.

The committee runs experiments and hosts webinars on a broad range of subjects spanning:

- **Mental health awareness and psychological safety** – education, training and stories from employees
- **Mental health for parents** – on being or becoming a parent at Cochlear
- **Women’s history** – discussing the contributions of women to society
- **Traditions and celebrations** – shared stories to learn about diverse traditions and celebrations
- **Disability awareness** – sharing personal stories from employees and learning about resources available to employees



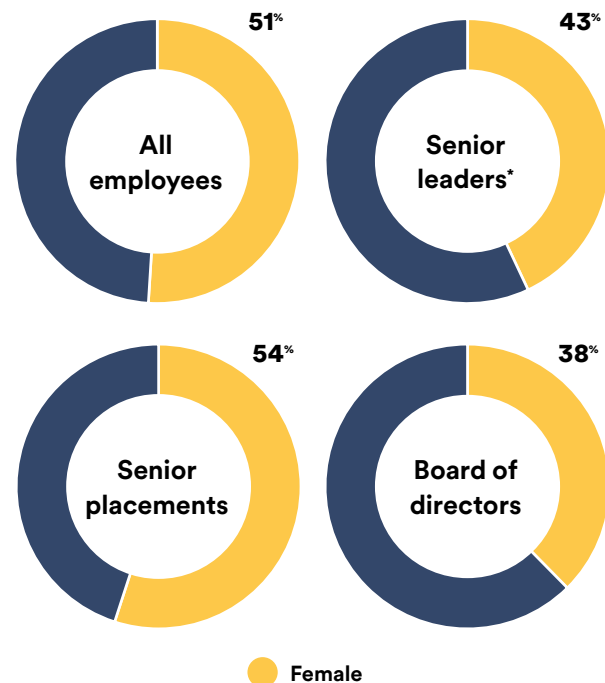
Attract, develop and retain world-class talent

We strive to attract and retain passionate and highly skilled professionals.

Our workforce

We are proud of our diverse and capable global workforce. Our people are based in more than 50 countries around the world with 51% females.

More information about our workforce is in the Sustainability data appendix on page 169 and the Governance and Risk section on page 77.



Talent vision and strategy

To ensure we have the necessary talent, capabilities and culture to enable us to achieve our growth aspirations over the longer term, we have commenced the implementation of our new 'Talent vision and strategy'. The strategy focuses on capability development for all employees to strengthen our culture of innovation, achievement and inclusion.

We recognise that the increasing complexity of the global environment in which we operate will require our leaders to possess new and different skills and attributes to our leaders of today and we need to build this leadership capability internally as well as bring in diverse talent for the future. To do this we will focus on:

- Developing capability in enterprise leadership, where our leaders are better able to navigate and perform horizontally across the broader enterprise;
- Developing and retaining our unique expert talent which is pivotal to the continued success and growth of our business; and
- Building a strong and deep pipeline of emerging talent, to ensure we have the high calibre leadership and expert talent required to support our continued growth over the longer term.

In addition to developing capability across all these areas, we will embed and integrate our talent practices and principles into our recruitment, assessment, reward and retention initiatives to continue building and growing skills and capabilities end to end at both an individual and organisational level.

Hiring and development

We continuously monitor outcomes and metrics to ensure fairness and equity in our talent management activities, including recruitment practices and performance and remuneration review outcomes, while identifying opportunities for further improvement.

For example, our hiring manager learning program, 'Hiring to win', is focused on the removal of unconscious bias from our selection processes. We continue to see pleasing results with females comprising 54% of all senior placements made during the year.

Graduate program and internships

An important element of our talent strategy is to build our relationships with school and university programs so that we continue to grow a diverse pipeline of entry-level talent. Females comprised over 55% of our 2024 Graduate Program intake.

We also partner with CareerTrackers offering multi-year internships to First Nations students. This initiative aligns with our Reconciliation Action Plan commitment to explore opportunities to promote STEM development and career pathways for First Nations peoples.

* For the purposes of this Statement, senior leaders are defined as all employees in Bands 1, 2 and 3; the three most senior levels with Band 1 being the Executive team.



Learning and development

Learning and development are vital for career growth. Cochlear Academy is our learning platform, offering online and classroom courses offered by Cochlear, external courses and on the job training. There are thousands of modules available as well as access to the LinkedIn learning course library. It's a place where everyone can learn, teach and grow, as well as complete all mandatory compliance training.

This year our global workforce completed nearly 94,000 hours of formal training, as recorded in our Learning Management System. Learning included compliance, product and systems training. Additionally, our employees are engaged in informal learning activities such as coaching, mentoring, one-on-one sessions, team learning and external learning opportunities.

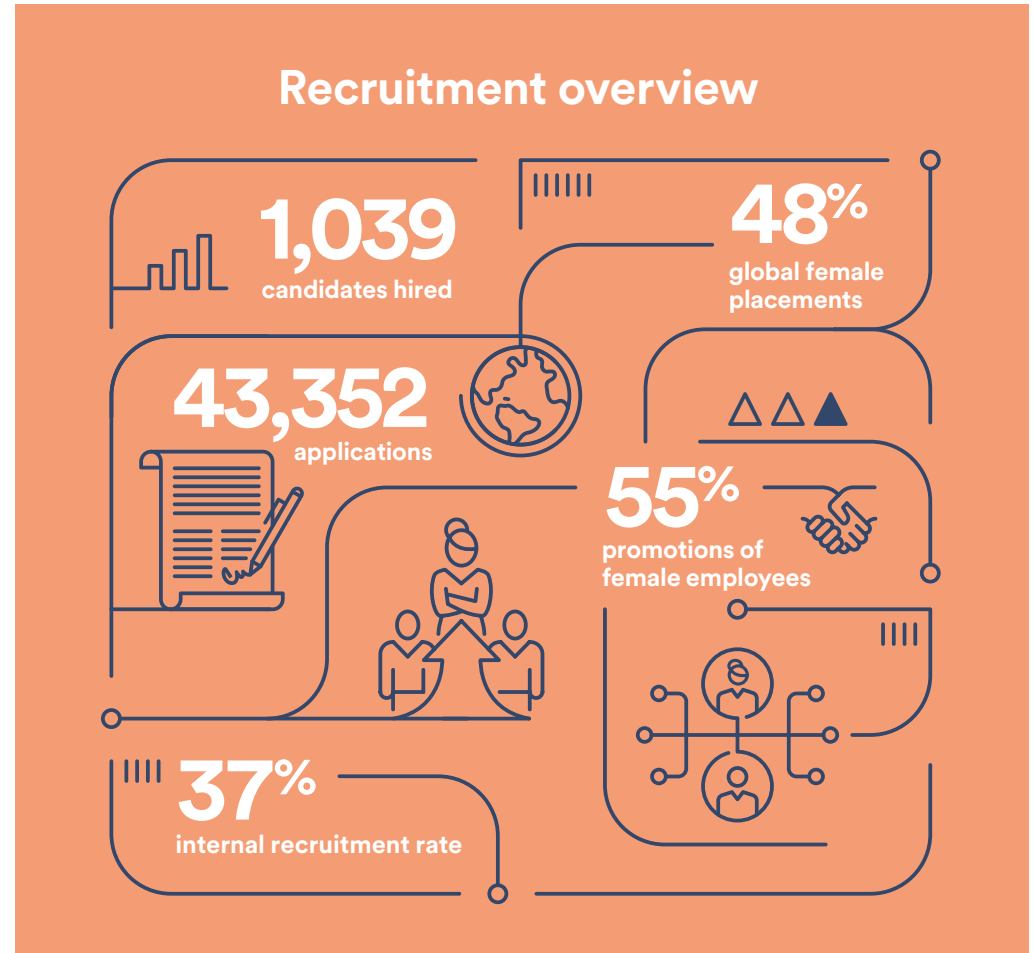
Remuneration and incentive programs

Our remuneration philosophy is to ensure our remuneration frameworks are aligned with our strategic priorities, differentiate and reward for performance and reward individuals equitably based on individual contribution and market value.

Our goal is for our remuneration programs to support the attraction, engagement and retention of talent. We employ a remuneration framework that allows us to compare positions internally to support internal equity. We also assess the size and complexity of roles and benchmark against market-based pay.

Our remuneration and incentive programs remain consistent with last year. Pleasingly, employee sentiment relating to remuneration reviews has improved with employee engagement survey scores for 'At Cochlear, people are rewarded based on their performance' increasing 11 percentage points and 'I am paid fairly for what I do' increasing two percentage points.

We again had strong uptake of our employee share purchase plan, with 41% of eligible employees participating in the third year of the plan offering.





Supporting the wellness and safety of our teams

We are committed to providing safe, healthy and secure workplaces for our employees and all others in our workplaces.

Flexible working

Remote and hybrid working has become an increasingly common way of working for most employees. We continue to support our people leaders and all employees with education and support tools to keep our people connected, enabling them to work in and effectively lead remote and hybrid teams while having efficient, inclusive and safe remote working capabilities.

Our employee engagement survey revealed that 89% of employees believe their manager allows them the flexibility to manage their work and personal responsibilities.

Mental health training

To help our managers recognise and fully support their teams' mental health we have implemented mandatory 'Mental Health for Managers' training and are upskilling the workforce through the provision of Mental Health First Aid training.

Employee assistance program

We are taking a holistic approach to the wellness of our people by maintaining a physically safe and mentally healthy work environment.

Our confidential Employee Assistance Program is available to all employees and their immediate family members offering confidential counselling and advice for those facing emotional, financial, legal or work-life concerns.

Workplace health and safety

Over the past few years, injury and severity rates have increased as a result of musculoskeletal disorders in our ageing manufacturing workforce. As a result, our workplace health and safety program focuses on the prevention and early intervention of musculoskeletal disorders.

We are implementing a series of initiatives focused on reducing physical risk to our manufacturing team. These initiatives include:

- Process changes to improve safe work practices;
- Early intervention with onsite physiotherapy support for education and prevention of chronic injury;

- Implementation of a safety gateway into the product development cycle to ensure design for safety parameters are met, preventing high risk or unsafe processes moving into manufacturing;
- Active and ongoing involvement of manufacturing employees in the continual improvement process for manufacturing operations;
- Workplace exercises focused on the reversal of work postures to allow for active recovery;
- Training of supervisors on appropriate ergonomic postures and postural correction;
- Reviewing pre-employment medical testing to respond to injury performance analysis; and
- Reviewing injury management approaches that accommodate requirements of our higher injury risk demographic, the 50+ age group, and an early intervention focus for the 35-45 age group.

In FY24 our Total Recordable Injury Frequency Rate was 3.6, having increased from 3.3 in FY23.

Looking forward, we continue to look for ways to improve our workplace health and safety practices and aim to introduce further automation into processes.



Environmental responsibility

To be a sustainable business, we aim to minimise the impact of our operations on the environment.



Environmental responsibility

We have a role to play in promoting the sustainable use of natural resources and are implementing initiatives to reduce our environmental footprint.

Sustainability is integrated into our operations, processes and procedures. We consider the environmental impact of our product development, manufacturing, packaging, and logistics and are committed to utilising natural resources in a responsible and efficient manner.

We are implementing initiatives to meet our science-based carbon emissions reduction targets. Our short-term focus is on expanding renewable energy use at our sites and reducing our Scope 1 and 2 emissions. We are reducing our business flight related carbon emissions and have mapped our complete Scope 3 emissions in line with our net-zero strategy.

Addressing climate-related risks is part of our risk management strategy. This year we conducted a qualitative climate-related scenario analysis in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The analysis helps us better gauge the significance of climate-related risks and opportunities to our business.

This section outlines the initiatives and processes we have established to drive our progress towards our targets.

Strategic priorities



Our target

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

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

How the planet benefits

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

Relevant UN Sustainable Development Goals





Our pathway to net-zero emissions

We are committed to taking an active role in the global effort to tackle climate change and are using climate science to better understand our impacts and define our strategy.

Our emission reduction targets

We have established short, medium and long-term Greenhouse Gases (GHG) emission reduction targets from our 2019 baseline. These targets are aligned to the Science Based Target Initiative (SBTi) methodology.

- 2025**
 - 25% reduction in our absolute Scope 1 and Scope 2 emissions
 - 50% reduction in business flight emissions
- 2030**
 - Net-zero emissions in our operations (Scope 1 and 2)
- 2050**
 - Net-zero emissions across our value chain (Scope 1, 2 and 3)

Scope 1 and 2 emissions

We have reduced our Scope 1 and 2 emissions by 70% from our 2019 baseline, primarily through increased renewable energy use at our manufacturing sites, which account for 75% of our total energy consumption.

In FY24, our manufacturing facilities reached 97% renewable energy, using 100% renewable energy in five out of six locations. We expect to expand access to renewable energy at our remaining site in Malaysia in FY25.

We continue to implement initiatives to further reduce our fossil fuel use and energy consumption. For example, we have renovated the air conditioning system at our Macquarie University site with a technology 30% more efficient, representing annual savings of around 6% of the annual consumption.

Our solar system, installed in 2023, is generating approximately 800 MWh annually, which represents around 30% of the site’s annual consumption. We are installing solar panels at our Brisbane site, and expect them to be operational by September 2024, with an average capacity of generating 270 MWh per year.

Our historical emissions and energy use data are available in the Sustainability data appendix.

Scope 3 emissions

This year we completed a Scope 3 emissions inventory, aligned to the GHG protocol, enabling us to better understand the key sources of emissions so that we can focus our reduction initiatives. For Cochlear, the distribution of our products to customers and business travel contribute the vast majority of emissions, representing around 70% of all emissions.

We are already engaged in initiatives to reduce Scope 3 emissions. We have been working with our freight partners to boost low-carbon initiatives and better coordinate freight movements. In FY25, we will be implementing an initiative to optimise shipping routes, significantly reducing the travel distance for certain products.

And while emissions from sourcing and manufacturing our products are relatively small, we have been actively employing initiatives to better manage the environmental impacts of our packaging.

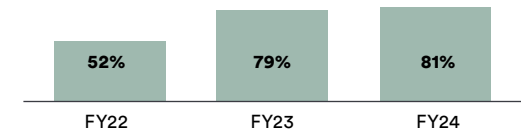
The Scope 3 inventory also underscores the importance of our target of reducing emissions from business flights. We are making steady progress towards reaching our targets. In FY21, we set a target to reduce our business flights per full-time equivalent employee by 20% and our flight-related emissions

by 50% by 2025, from a 2019 baseline.

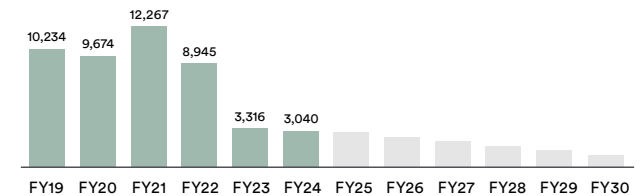
By June 2024, we had reduced the number of flights by full-time employee in 40%, and our flight-related emissions by over 80%, which includes the use of offsets.

Over the coming months we will be refining the processes for measuring our Scope 3 emissions data, minimising reliance on spend-based estimates, to reflect emissions more accurately. We expect to disclose the complete Scope 3 emissions by the end of FY25.

Increasing the use of renewable energy in our operations



Scope 1 and 2 emissions roadmap



Emissions trajectory based on the Science Based Targets initiative (SBTi) methodology and aligned with our initiatives



Managing our climate-related sustainability risks

We recognise that climate change is one of the greatest challenges of our time, significantly impacting human health. This year we completed a qualitative climate-related risk and opportunity assessment to better understand how climate change may impact the business. The assessment is aligned to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

In this first assessment, we identified specific climate-related risks and opportunities and pleasingly, they map closely to our existing enterprise risks.

We will continue to refine and implement this approach in the coming years in line with the upcoming climate disclosures across various jurisdictions.

Strategy

We conducted a qualitative scenario analysis to further address our climate risks and opportunities across three time horizons: short-term (up to 2030), medium-term (up to 2040) and long-term (up to 2050). The analysis considered two different emission scenarios to assess potential impacts on Cochlear’s business and resilience:

- A low emissions scenario, aligned with limiting global temperature rise to below 1.5°C, consistent with an orderly transition towards a decarbonized future and net-zero by 2050; and
- A high emissions scenario, consistent with a conservative estimate of emissions reduction resulting in a temperature rise above 4°C by 2100.

To identify potential physical and transition risks and opportunities across our operations and value chain, we conducted an extensive desktop review, interviews with relevant internal stakeholders and a validation workshop with relevant internal stakeholders.

The identified risks and opportunities were categorised according to our enterprise risk register. A list of the identified risks and opportunities is available in the Sustainability Data Appendix.

Metrics and targets

The main metrics used to assess and manage climate-related risks and opportunities include:

- Scope 1, 2 and 3 emissions;
- Our targets to reach net-zero, in line with the SBTi; and
- Climate-related risks and opportunities.

Refer to Sustainability data index on page 169 for more details.

Governance

The Audit and Risk Committee assists the Board to discharge its responsibilities in monitoring sustainability performance, overseeing the implementation of sustainability initiatives and commitments and reviewing the assessment, management and response to these risks and opportunities.

The Executive Risk Management Committee is responsible for identifying, assessing and appropriately managing risk throughout Cochlear. Key risks are reported to the Audit and Risk Committee. The Global Sustainability Team provides regular updates to the committee on sustainability risks and opportunities.

Please refer to the Sustainability governance section of this Report for more details.

Climate scenarios applied



Low emissions scenario

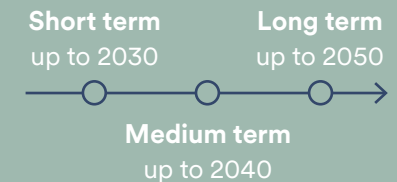
Aligned with achieving net-zero by 2050, assumes an ambitious and orderly rapid transition, aiming to limit global warming to 1.5°C by 2100.



High emissions scenario

With minimal to no additional actions to reduce GHG emissions, potentially leading to a 4°C or more in global temperatures.

Timeframes





Enhancing environmental management and compliance

We continue to integrate environmental considerations into our business, focused on minimising our impact and improving efficiency.

Sustainable design and packaging

We incorporate a sustainability mindset into our product development, packaging and logistic processes. Multidisciplinary teams work on increasing the environmental efficiency of our products, aligned with the medical device regulations which are focused on protecting the safety of patients.

In light of growing environmental regulation related to packaging, we are exploring initiatives to minimise the environmental impact of our packaging while still meeting medical device safety standards. For example, we use recyclable PaperFoam and biodegradable packaging across all our products. We also use paper filler in shipping boxes, avoiding plastic bubble-wrap.

Environmental management

Our Environmental Policy sets out our commitment to managing and reducing our impact on the global environment. Working closely with our partners and suppliers, we monitor our environmental performance across our operations and across the value chain.

Life Cycle Assessment

We have completed a systematic Life Cycle Assessment (LCA) of the Cochlear™ Nucleus® 8 Sound Processor using the SimaPro modelling software, a leading science-based methodology. The LCA measures environmental impacts during all stages of the product's life.

The result is being used to foster sustainable innovation and guide better decisions throughout our products' life cycle. Most lifetime emissions are from manufacturing energy consumption, which reinforces the importance of transitioning our manufacturing sites to renewable energy. The key conclusions are summarised in the following table.

Area	Conclusion
Carbon emissions	The small size of the products contributes to low manufacturing-related emissions. Utilising renewable energy at our manufacturing facilities has significantly reduced emissions related to manufacturing our products.
Batteries and magnets	Due to relatively high emissions, we will focus on efficiency and reuse opportunities.
Waste	Impact not material given the small size of the products.





Resource efficiency

We are identifying ways to improve resource efficiency, reduce waste and drive greater circularity in our operations.

In the US, we have collaborated with the regulator to achieve changes to the labelling process, allowing us to shift from paper-based to digital documents. Last year we implemented electronic labelling for the Nucleus® 8 Sound Processor. This year we expanded the electronic labelling to bone conduction implants.

Since November 2022, we have saved over 14 million paper pages of manual labeling and over 64,000 plastic sleeves. We continue to explore opportunities to implement these changes in other markets.

Our current production processes use limited quantities of water, with the majority consumed through staff kitchens and bathrooms. We encourage responsible water consumption and continuously identify appropriate water-saving initiatives.

Environmental compliance

We comply with the European Union (EU) Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which governs the use of heavy metals and halogenated compounds in electrical and electronic equipment.

We also comply with the EU's regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) for the safe manufacture and use of chemical substances throughout their lifecycle. In addition, we comply with the Directive 2012/19/EU aiming to prevent and reduce waste from electrical and electronic equipment.

In addressing packaging and packaging waste, we comply with the European Parliament and Council Directive 94/62/EC aimed at preventing the production of packaging waste, reusing packaging, recycling and other forms of recovering packaging waste and, hence, at reducing the final disposal of such waste.



Sustained value

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



Sustained value

Financial discipline and commitment to high standards of corporate governance and transparency are central to the creation, maintenance and enhancement of long-term sustainable value.

Cochlear has a long history of delivering growing sales revenue, profits and dividends. This track record can be attributed to our unwavering dedication to our core competency, the development of implantable hearing solutions, and has been supported by a multi-decade philosophy of investing to grow, disciplined management of capital and high standards of corporate governance.

As a business we plan and invest over long timeframes. Our R&D investment horizons span over 10 years, and our ambition to improve the uptake of cochlear and acoustic implants requires long-term planning and consistent investment over many years.

Over the coming years we expect to continue to invest consistently to improve the adoption of our products. We see a significant opportunity to grow by strengthening the clinical pathway for adults and seniors through improving awareness and access for those who would benefit from a cochlear implant. Improving these pathways takes time, requires us to trial novel approaches and adapt quickly as we learn. We need to constantly challenge ourselves on how best to prioritise and optimise this growth investment and measure progress.

We have set high level targets to guide our investment, aiming to balance financial objectives and expectations with the organisation’s capacity to grow at a manageable pace. Over the coming years we aim to grow sales revenue at around 10% per annum, while targeting an investment of 12% of sales revenue in R&D and an underlying net profit margin of 18%. While the outcomes for any individual year may vary as a result of prevailing trading conditions, these guiderails provide us with the ability to grow our investment in market growth activities.

We are also cognisant that to be successful over the long term, we must create value responsibly. We recognise that high standards of corporate governance and transparency are important for the creation, maintenance and enhancement of long-term sustainable value.

Over the coming pages we discuss some of the key elements of our financial and governance objectives aimed at creating sustained value.

Strategic priorities



Our target

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

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

How shareholders benefit

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

Relevant UN Sustainable Development Goals





Delivering sustainable financial returns

Our long-term approach to investing, combined with disciplined capital management, has delivered consistent growth in sales revenue, profits and dividends over many decades.

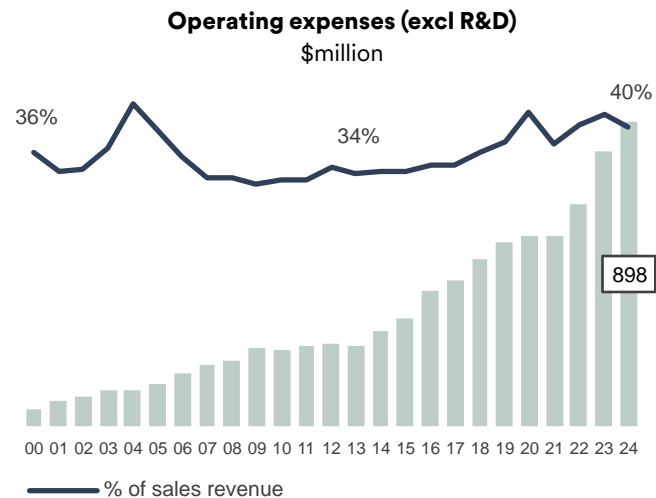
Investing to grow

We take a long-term approach to investing and have consistently invested in growing the market for implantable solutions since listing in 1995.

Consistent investment in sales and marketing

Our investment in sales and marketing is building awareness of and access to implantable solutions and driving market growth.

Over the past few years, we have accelerated our investment in growth activities including direct-to-consumer marketing, standard of care initiatives and market access.



Growing R&D capability

The investment in R&D continues to strengthen our leadership position through the development of market-leading technology.

We have a wide range of fully featured products and a broad patent portfolio that protects our intellectual property. Over \$3 billion has been invested in R&D since listing and we target an annual R&D investment of 12% of sales revenue

Delivering stable net profit margins

We will continue to invest operating cash flows into market growth activities with the objective of delivering consistent revenue and earnings growth over the long term.

Through disciplined investment, we are targeting an 18% net profit margin over the long-term, reinvesting any efficiency gains, currency or tax benefits into market growth activities.

Operational improvement

Disciplined capital investment and optimising cost of production strengthens our competitive position.

Disciplined use of capital

Since listing, operating cash flows have been primarily used to fund dividends, capital expenditure and acquisitions.

The dividend policy has been to target a payout 70% of underlying net profit as dividends to shareholders since FY00. Since listing, we have cumulatively paid out around 70% of operating cash flows as dividends.

Key acquisitions have been focused on building the core implant business and include:

- Sycle – hearing aid practice management software business (FY17);
- Otologics – implantable microphone technology (FY10);
- Brisbane manufacturing facility (FY07);
- Entific – bone conduction implant business (FY05); and
- Demant’s cochlear implant business (FY24).

The innovation fund has invested around \$180 million in companies with novel technologies that may, over the longer term, enhance or leverage our core technology. The innovation fund includes investments in Nyxoah, Precisis, Epiminder, Seer Medical and Sensorion.



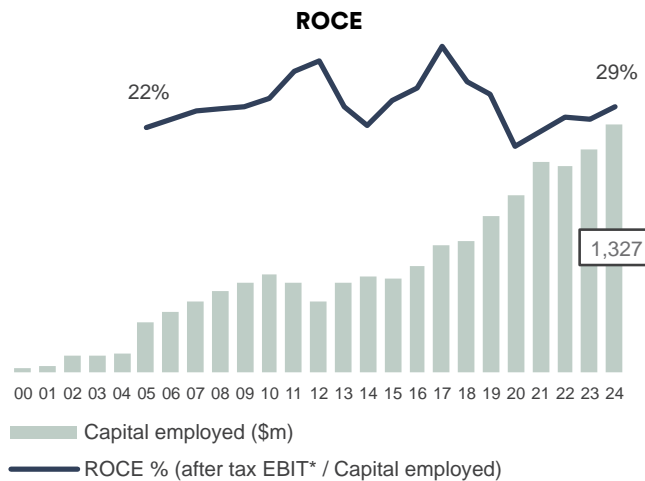
Strong financial position

Strong free cash flow generation provides funding for market growth activities and R&D as well as the ability to reward shareholders with a growing dividend stream.

High return on capital employed (ROCE)

ROCE measures the cash return for each dollar invested in the business. We generate a high ROCE reflecting our competitive position in the market and the high barriers to entry to the cochlear implant industry which have proven to be robust over many decades.

The high ROCE is also a function of the relatively low level of tangible assets employed by the business. Our competitive advantage is driven by our strong product and patent portfolio, a result of investment in R&D over many years, as well as customer knowledge and strong relationships. As R&D investment is expensed through the income statement, no value for this important asset is captured on the balance sheet.



Quality operating cash flows

One of the highlights of our financial history has been the conversion of reported profits to cash. There has been a strong and consistent correlation between underlying net profit and the operating cash flows generated by the business.

Conservative gearing levels

We have a strong balance sheet, with over \$500 million in net cash. We are a growth company that had, until FY20, been able to fund investing activities, dividends, capital expenditure and acquisitions whilst maintaining conservative gearing levels.

A capital raising in FY20 was made to enhance liquidity in response to the significant impact of an adverse litigation judgement combined with the impact of COVID on sales revenue.

A progressive on-market share buyback commenced in February 2023 with the aim of reducing the cash balance to around \$200 million over a number of years.

Being agile and efficient

We are investing in strengthening our business processes and IT platforms to improve efficiency and agility. Successfully executing this transformation program will enable us to scale more effectively and provide even better solutions for our customers.

Our recipient base is fast approaching one million. As we look to the future, we recognise the need for more scalable ways to provide customer service and customer solutions. And with an increasing suite of digital products and services, we must ensure our processes, data and platforms are consistently deployed across the globe.

At the same time, we seek to continue meeting the challenge of increasingly stringent regulatory and security standards that require strong process governance and transparency.

Improving strategy execution and meeting customer needs for digital solutions require greater organisational integration and more consistent business processes. To achieve this, we will invest around \$150 million in cloud-based technology solutions over approximately five years, and to date have invested over \$90 million.

We have been preparing for this transformation over the past few years, simplifying our organisational structure, clarifying decision rights and working to standardise processes across the business. We have established strong governance structures for processes and platforms and will build sustainable continuous improvement processes to capture efficiencies in the years to come.

We have commenced this program, and expect to progressively introduce scalable, flexible platforms and build the capability to support these platforms.



Creating value responsibly

We recognise that high standards of corporate governance and transparency are important for the creation, maintenance and enhancement of long-term sustainable value.

The Board is committed to high standards of corporate governance practice and fostering a culture of compliance which values ethical, lawful and responsible behaviour, personal and corporate integrity, accountability, transparency and respect for others.

The Board and its committees regularly review the governance arrangements and practices to maintain compliance with regulatory requirements and industry practice and to ensure they continue to support business objectives.

Key aspects of our corporate governance framework and practices are set out in the Governance and Risk section of this report (pages 77 to 89), which includes the Corporate Governance Statement.

Our Global Code of Conduct describes our commitment to maintaining the high standard of conduct, business ethics and integrity required of all our people around the world in driving our business forward. We conduct mandatory training on the Global Code of Conduct for all staff and Board of Directors on an annual basis.

In the following section we discuss a few important areas where we have been increasing our governance metrics. These areas include procurement, cyber security and data privacy.

Responsible supply chain

We have a framework of policies, procedures and processes in place to manage risks relating to human rights, labour practices, corporate governance, safety and wellbeing and environmental sustainability in our supply chain.

Our Modern Slavery Statement provides an overview of this framework as it relates to these risks as well as further detail on our global approach to modern slavery and is available on the [website](#).

The cross-functional Responsible Supply Chain Working Group, established in FY23, met quarterly to manage opportunities for improvement in our processes, address emerging trends and monitor our progress. This working group reviews our Supplier Code of Conduct, which is available on our [website](#).

During FY24, we continued to implement our supplier due diligence assessments to support sustainable and ethical procurement. No suppliers have required mitigation action plans.

We are taking action to engage a more diverse range of suppliers with the aim of generating social value beyond the value of goods or services being procured. In FY24, our spending with First Nations suppliers increased by 41% compared to the previous year, generating over \$4.5 million in social value (as calculated by Supply Nation, provider of verified Australian Indigenous businesses).

As a signatory to the voluntary Business Council of Australia Supplier Code, we aim to pay eligible Australian small businesses within 30 days of receiving correct invoices and/or products.

For the 12 months ended 31 December 2023, we procured 13% of our supplies from Australian small businesses with 84% of invoices (by value) paid within 30 days. We continue to drive process improvements to ensure we pay small businesses promptly.



Cochlear's Supplier Code of Conduct, Modern Slavery Statement and Global Code of Conduct



Cyber security

We handle and store personal information, including health information, for our customers and employees. With expanding information privacy and security regulations, we recognise data security as a key element of our relationship with our stakeholders.

We design and implement our information technology systems and applications with security controls in line with industry standards. Our Connected Care products are certified under the ISO 27001 Information Security standard, enhancing our ability to identify emerging threats and manage cyber-risks.

All employees must comply with our policies, standards and procedures to protect our information technology systems and data.

We maintain a defence-in-depth approach to security with multiple layers of controls and countermeasures in place to protect our information technology systems and data.

We have strong resilience controls which are tested regularly and we conduct incident response drills to ensure our teams remain vigilant and ready to respond. Independent third-party specialists conduct regular security assessments of our Information Technology systems.

We conduct regular information security awareness training for all employees to raise awareness of the importance of information security.

The Chief Information Officer is charged with overseeing the organisation's information and cyber security programs and is a member of the Executive team.

The Audit and Risk Committee is responsible for oversight of our Risk Management Framework and risk management practices, including risks associated with the technology and R&D aspects of the business.

Data privacy

Our commitment to privacy is reflected in our Global Code of Conduct and our Privacy Values. As part of our vision and ambition for data, we have made commitments to process and protect the personal information of all our stakeholders in a compliant and ethical way.

Our Global Privacy Program reinforces this commitment and embeds privacy into our business operations. We adopt a privacy-by-design approach in designing our products and services and keep the personal information entrusted to us secure.

Responsibility for privacy matters lie with the Chief Privacy Officer, who leads the Global Privacy Office and is supported by staff globally.

As a multinational company, we operate in many jurisdictions, subject to different laws and regulations. There is a continuous trend of strengthening privacy laws or introducing new privacy laws if none exist.

As digitalisation and new technologies such as artificial intelligence advance, privacy and data protection continues to be increasingly important for our stakeholders and for Cochlear's success. To meet our privacy commitments and evolving stakeholder expectations we have a Global Privacy Program based on internationally recognised privacy and data protection principles that promotes compliance and transparency in data use practices.

We strive to be transparent with individuals in relation to how we process their personal information and to provide them with meaningful control over how their personal information is collected and used, including responding to their requests and complaints. Our Global Privacy Notice explains how we handle personal information across our global operations.

We conduct mandatory web-based privacy training for all staff as part of the onboarding process. We supplement this training with specific web-based or face-to-face training for targeted audiences, as well as general privacy awareness activities.

We ensure proper third-party management and vendor compliance with data protection standards. Our vendors who process personal information are subject to a vendor privacy risk assessment as part of our privacy compliance and vendor management.

We aim to prevent and address privacy issues wherever they occur within the business and across our vendors. If we receive reports of data incidents involving personal information, we investigate allegations and act if there is evidence of wrongdoing. This includes informing customers, employees, regulators and other appropriate stakeholders of a data breach that has a material impact where we are required to do so under local laws or as is otherwise appropriate in the circumstances.

Over the past year, we have not identified any substantial complaints concerning breaches of customer privacy or experienced any leaks, thefts or losses of customer data that required Cochlear to report such an incident to a regulatory authority.

Tax transparency

We have a strong commitment to transparency and compliance from a regulatory and financial perspective and value the principles of being transparent with respect to tax strategy and compliance in Australia and globally.

We support robust tax systems built on the principles of integrity, transparency and sustainability and have published details of our taxes paid globally for ten years. Given our growing investment in Australian based R&D as well as growing the business with broad economic benefits for Australia, the majority of our corporate income tax is paid in Australia.

Our [Tax Contribution Report](#) details our tax strategy and tax governance, taxes paid globally and expenditure on R&D and is available on the website.

The tax residency of Cochlear and its subsidiaries are included in the Consolidated Entity Disclosure Statement on pages 162 to 163.



Public policy engagement

We engage with key stakeholders to enhance the public policy environment with a focus on patient access to appropriate care, public health, and our business operating environment. Through optimising public policy we can better serve patients, healthcare professionals and other customers, along with our representatives and communities.

We engage with governments directly and through participation in industry groups and other forums. We also collaborate with a range of other stakeholders including consumer/patient organisations, professional associations and industry peers on public policy issues at global, national and local levels.

We paid a total of \$2.2 million in membership to industry associations, think-tanks and related organisations across 27 countries including Australia, Canada, Colombia, Denmark, France, Germany, Italy, Korea, Mexico, Panama, Switzerland, Turkey, the UK and the US.

Animal welfare

As a medical device industry, we are required to demonstrate and document both safety and efficacy of our products in accordance with relevant regulations, guidelines and international standards.

Where an assessment of biological safety is required and animal studies are mandated by the regulations or guidelines, we subcontract studies to experienced and accredited contract research organisations.

Our Animal Ethics Policy outlines the core ethical principles in the respectful and humane use of animal subjects when required to be used in product development and research projects.

We apply the 3R principle – replacement, reduction, refinement – limiting animal testing as much as possible. Please refer to our Animal Ethics Policy for more details, which is available on the [website](#).





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Josh,
Baha® System recipient



Business performance

\$m	FY24	FY23	Change % (reported)	Change % (CC [*])	Sales Mix
Cochlear implants (units)	48,040	44,156	↑ 9%		
Sales revenue					
Cochlear implants	1,329.6	1,131.4	↑ 18%	↑ 14%	59%
Services (sound processor upgrades and other)	672.3	584.4	↑ 15%	↑ 12%	30%
Acoustics	256.3	239.9	↑ 7%	↑ 3%	11%
Total sales revenue	2,258.2	1,955.7	↑ 15%	↑ 12%	100%

Sales revenue increased 15% (12% in constant currency^{*}) to \$2,258 million, with growth across all business units.

Cochlear implants

Sales revenue increased 18% (14% in CC) to \$1,329.6 million and cochlear implant units increased 9% to 48,040.

Developed market units grew 11% and average selling price increased 2% in CC. We experienced strong growth in the US and Western Europe driven by market growth and share gains following the launch of the Nucleus[®] 8 Sound Processor. Implant growth has been strongest in the senior's segment, up 15%, with increasing confidence that initiatives to strengthen the referral pathway for adult cochlear implant candidates are having an impact.

The ongoing emergence of the digital savvy senior has opened new communication pathways leading to increased awareness. In the US, our direct-to-consumer (DTC) marketing programs now contribute over 30% of surgeries, with 70% of our lead generation coming from digital engagement with seniors. We are also experiencing a lift in professional referrals into our DTC funnel. As a result, time from awareness to surgery is reducing as candidates are more informed about cochlear implants before having discussions with their hearing care professional.

The children's segment also experienced solid growth across the year, with over 10% growth in the first half moderating, as expected, during the second half to normalise across the year.

Emerging market units grew 5%, with strong growth in the first half offset by a decline in the second half. Units grew strongly in China, Brazil and Central/Eastern Europe with declines in a number of countries including India and Argentina due to a combination of the timing of tenders and the impact of political and economic conditions. As a result of the lower-than-expected tenders, mix skewed to private pay units, increasing the average selling price in the emerging markets for the year.

Services

Services revenue increased 15% (12% in CC) to \$672.3 million, with continuing solid uptake of the new sound processor across the developed markets. Emerging market sound processor upgrade penetration is continuing to improve in a number of markets as funding improves.

Acoustics

Acoustics revenue increased 7% (3% in CC) to \$256.3 million. Growth was weighted to the second half, which was up 15% in CC, with strong demand for the new 3 Tesla MRI compatible Cochlear[™] Osia[®] Implant, launched in the US in December. Osia units grew over 30% across the year driven by a combination of brand preference, market growth and expansion into new markets. Acoustics growth was moderated by lower demand for upgrades to the Cochlear[™] Baha[®] 6 Max Sound Processor following three years of strong demand.

^{*} Constant currency (CC) removes the impact of exchange rate movements and foreign exchange (FX) contract gains/(losses) to facilitate comparability. See Notes on page 76 for further detail.



Profit and loss

\$m	FY24	FY23	Change % (reported)	Change % (CC)
Sales revenue	2,258.2	1,955.7	15%	12%
Cost of sales	562.1	488.0	15%	15%
% <i>Gross margin</i>	75%	75%		
Selling, marketing and general expenses	685.0	606.5	13%	10%
Research and development expenses	277.0	244.9	13%	12%
% of sales revenue	12%	13%		
Administration expenses (excluding cloud investment)	182.3	165.4	10%	10%
Administration expenses (cloud investment)	30.3	38.5	(21%)	(21%)
Operating expenses	1,174.6	1,055.3	11%	9%
Other income	(5.9)	(3.3)		
FX contract gains / (losses)	22.6	19.6		
EBIT (underlying)*	504.8	396.1	27%	16%
% <i>EBIT margin</i> *	22%	20%		
Net finance expense / (income)	(9.8)	(7.1)		
Income tax expense*	128.0	98.0		
% <i>Effective tax rate</i>	25%	24%		
Underlying net profit*	386.6	305.2	27%	15%
% <i>Underlying net profit margin</i> *	17%	16%		
% <i>Underlying net profit margin (pre cloud investment)</i> *	18%	17%		
One-off and non-recurring items (after-tax):				
Innovation fund losses	1.9	4.6		
Oticon Medical integration expenses	27.9	-		
Statutory net profit	356.8	300.6	19%	8%

Sales revenue increased 15% (12% in CC) to \$2,258.2 million and underlying net profit increased 27% (15% in CC) to \$386.6 million. Statutory net profit increased 19% to \$356.8 million.

Key points of note:

- Cost of sales increased 15% (15% in CC) to \$562.1 million. The gross margin was maintained at 75%, with benefits from improved average selling price offsetting inventory write-downs and the commencement of production at Chengdu. A \$22.0 million write-down in the value of inventories largely relates to components for older generation products which are being progressively obsoleted;
- Selling, marketing and general expenses increased 13% (10% in CC) to \$685.0 million, reflecting continued investment in market growth activities, standard of care and market access initiatives;
- Investment in R&D increased 13% (12% in CC) to \$277.0 million, with continued investment made in key R&D projects and development of the product and services pipeline; and
- One-off and non-recurring items primarily relate to restructuring costs for acquired Oticon Medical cochlear implant business.

* Excluding one-off and non-recurring items. See Notes on page 76 for further detail.



Cash flow

\$m	FY24	FY23	Change
EBIT (underlying)	504.8	396.1	108.7
Depreciation and amortisation	84.9	80.9	4.0
Increase in working capital and other	(79.2)	(42.4)	(36.8)
Net interest received	9.8	7.1	2.7
Income taxes paid	(131.5)	(79.3)	(52.2)
Operating cash flow	388.8	362.4	26.4
Capital expenditure	(89.8)	(95.9)	6.1
Other net investments	(15.9)	(29.8)	13.9
Free cash flow	283.1	236.7	46.4
Outlay from exercise of share options and performance rights	(2.8)	(10.7)	7.9
Payments for share buyback	(43.0)	(29.6)	(13.4)
Dividends paid	(245.7)	(197.4)	(48.3)
Payment of lease liability and other	(33.5)	(30.2)	(3.3)
Increase / (decrease) in net cash	(41.9)	(31.2)	(10.7)

Operating cash flow increased \$26.4 million to \$388.8 million, with free cash flow increasing \$46.4 million to \$283.1 million.

Key points of note:

- EBIT (underlying) increased \$108.7 million as a result of strong business performance;
- The increase in working capital and other reflects investment in inventories to support business growth;
- Capital expenditure (capex) of \$89.8 million includes investment in the upgrade of the Lane Cove facility and stay-in-business capex; and
- Payments for share buyback reflects the \$43.0 million outlay for the repurchase of ordinary shares as part of the on-market share buyback.



Capital employed

\$m	Jun24	Jun23	Change
Trade receivables	425.3	388.4	36.9
Inventories	391.6	311.5	80.1
Less: Trade payables	(303.2)	(270.4)	(32.8)
Working capital	513.7	429.5	84.2
<i>Working capital / sales revenue</i>	<i>23%</i>	<i>22%</i>	
Property, plant and equipment	304.8	276.7	28.1
Intangible assets	451.0	444.1	6.9
Investments and other financial assets	181.3	188.1	(6.8)
Other net liabilities	(123.9)	(145.1)	21.2
Capital employed	1,326.9	1,193.3	133.6
Funding sources:			
Equity	1,840.5	1,748.8	91.7
Less: Net cash	(513.6)	(555.5)	41.9
Capital employed	1,326.9	1,193.3	133.6

Capital employed increased \$133.6 million to \$1,326.9 million since June 2023.

Key points of note:

- Working capital increased \$84.2 million, reflecting investment in inventories to support business growth;
- Property, plant and equipment increased \$28.1 million primarily reflecting investment in capacity expansion at the Lane Cove manufacturing facility; and
- Net cash decreased \$41.9 million to \$513.6 million, primarily reflecting the buyback of \$43.0 million in shares.

Dividends

	FY24	FY23	Change %
Interim ordinary dividend (per share)	\$2.00	\$1.55	29%
Final ordinary dividend (per share)	\$2.10	\$1.75	20%
Total ordinary dividends (per share)	\$4.10	\$3.30	24%
% Payout ratio (based on underlying net profit)	69%	71%	
% Franking (final dividend)	80%	70%	

A final dividend of \$2.10 per share has been determined, taking full year dividends to \$4.10, an increase of 24% and representing a payout of 69% of underlying net profit. The interim dividend was 70% franked and the final dividend is 80% franked. The ex-dividend date is 17 September 2024. The record date for calculating dividend entitlements is 18 September 2024 with the final dividend expected to be paid on 10 October 2024.



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.

Reconciliation of constant currency net profit to reported net profit

\$m	FY24	FY23	Change %
Underlying net profit	386.6	305.2	27%
FX contract movement		(3.0)	
Spot exchange rate effect to sales revenue and expenses*		28.6	
Balance sheet revaluation*		5.4	
Underlying net profit (CC)	386.6	336.2	15%
One-off net gains / (losses)	(29.8)	(4.6)	
Statutory net profit (CC)	356.8	331.6	8%

* FY24 actual v FY23 at FY24 rates.



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Julia,
Nucleus System recipient



Our approach to Corporate Governance

High standards of corporate governance and transparency are fundamental to the sustainable, long-term success of our business. Cochlear’s strong governance framework provides a solid structure for effective and responsible decision-making.

The Board is committed to maintaining high standards of effective corporate governance arrangements to help create, protect and enhance shareholder value, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board considers that Cochlear’s corporate governance practices have been consistent with the recommendations contained in the fourth edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Principles) throughout the reporting period from 1 July 2023 to 30 June 2024 (Reporting Period).

This Corporate Governance Statement sets out the corporate governance framework currently in place at Cochlear, is current as at 15 August 2024 and has been approved by the Board.

For more information on Cochlear and our corporate governance, including Company policies as well as the Board Charter and Committee Terms of Reference, please go to the ‘Investors’ section of our website: www.cochlear.com.





Our Board is structured to add value

Cochlear is committed to maintaining a Board comprising directors with the appropriate mix of skills, experience, knowledge, expertise and diversity required to oversee the business.

The role of the Board

The role of the Board is to provide leadership, including setting Cochlear's strategic direction, and to oversee the management of the Company and the implementation of good governance practice.

The Board Charter sets out the Board's role and responsibilities, and describes those matters expressly reserved for the Board's determination. The Board's responsibilities include:

- providing input into Management's development of corporate strategy and performance objectives and approving the corporate strategy;
- succession planning for the Board, CEO & President and the Executive team;
- satisfying itself that Cochlear's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- reviewing, ratifying and monitoring the effectiveness of Cochlear's systems of governance, risk management and internal compliance and control;
- overseeing the integration of ESG into business strategy and operations;
- approving and monitoring the progress of major capital expenditure, capital management, operational budgets, acquisitions, divestments and dividend policy; and
- approving Cochlear's interim and annual reports and financial statements and overseeing the integrity of Cochlear's accounting and corporate reporting systems.

The Board reviewed and updated its Charter during the Reporting Period so that the role, responsibilities and accountabilities of the Board remain appropriate and reflect a high standard of corporate governance.

The CEO & President has responsibility for the day-to-day management of Cochlear and is supported in this function by the Cochlear Executive team. The CEO & President is accountable to the Board and the Board monitors the decisions and actions of the CEO & President and the Group's progress on achieving the short, medium and long-term objectives as set by the Board.

Board meetings

The Board meets for at least eight scheduled meetings each year. Other meetings are called as and when necessary. A summary of Board and committee meeting attendance for FY24 is set out on page 122.

In addition to the scheduled Board meetings each year, the Board has frequent interactions across the Company in different jurisdictions, through site visits and out of cycle sessions with our leaders on topical areas relevant to our global business. In FY24, a multi-day Board strategy session was held and one meeting held offshore to provide detailed local and regional reviews and engagement with offshore employees, customers and research partners.

Members of the Board

The Board is comprised of seven independent Non-executive

Directors and the CEO & President, who is an Executive Director.

A description of each Board member's tenure, qualifications and experience is set out in their respective biography on pages 90 to 92.

Chair of the Board

The Chair is elected from the independent Non-executive Directors. The role of the Chair includes:

- leading the Board in the performance of its duties;
- facilitating and promoting constructive communication between Directors and between the Board and management; and
- setting the Board's agenda and ensuring adequate time is available for discussion of all agenda items.

Board experience and skills

The Board believes that its membership should comprise directors with an appropriate mix and diversity of skills, professional experience, knowledge and expertise that allows the directors individually, and the Board collectively, to effectively discharge their responsibilities and duties.

The Cochlear Board Skills Matrix, on page 80, sets out the mix of skills represented on the Board. The Nomination Committee considers that the Board currently has an appropriate mix of skills, experience, knowledge and expertise.



Board skills matrix

The Board skills matrix sets out the mix of skills that the Board currently has in its membership and is reviewed annually to ensure the prescribed skills address our strategy and operating environment. It is also used to guide the identification of potential director candidates as part of the ongoing Board renewal process and professional development initiatives for existing directors. The Board's collective knowledge is supplemented by briefings from management as well as internal and external subject matter experts, including on topics such as sustainability.

Skills		No. of Directors (8)
	Medical device industry Capability to oversee product commercialisation by applying a deep understanding of the medical device industry.	■ ■ ■ ■ ■ □ □ □
	Healthcare industry Competency in the healthcare industry including international health systems and medical science. Ability to influence public policy development in healthcare.	■ ■ ■ ■ ■ ■ ■ □
	Research and development Ability to develop product innovation to drive long-term business growth through strategic investment in research and development activities.	■ ■ ■ ■ ■ □ □ □
	Technology and digital expertise Ability to leverage new technologies, innovation processes and digital services to drive growth, realise scale benefits and enhance the customer experience.	■ ■ ■ ■ ■ ■ ■ □
	Strategy Ability to develop and implement successful strategies.	■ ■ ■ ■ ■ ■ ■ ■
	Global perspective Ability to manage and oversee an organisation's business and strategic objectives from an international perspective.	■ ■ ■ ■ ■ ■ ■ ■
	Financial acumen Ability to understand and analyse financial statements to assess financial performance and probe the adequacies of internal financial and risk controls. Understanding capital management and capital markets.	■ ■ ■ ■ ■ ■ ■ □
	Public policy and regulatory affairs Ability to manage the implications of public and regulatory policy on product development and commercialisation. Ability to influence public policy development.	■ ■ ■ ■ ■ ■ ■ □
	Risk management Ability to identify and manage key risks to an organisation to ensure the delivery of long-term value to shareholders.	■ ■ ■ ■ ■ ■ ■ □
	Sustainability Ability to oversee the integration of environmental, social and governance into business strategy and operations to support long-term value creation for all stakeholders.	■ ■ ■ ■ ■ □ □ □
	Governance Commitment to the highest standards of governance. Ability to assess the effectiveness of process and procedures, and to manage legal, compliance and reputational risks.	■ ■ ■ ■ ■ ■ ■ ■
	People and culture Understanding of remuneration practices and frameworks. Ability to attract talent, oversee talent management and retention initiatives and develop succession plans. Ability to set and oversee corporate culture ('tone from the top').	■ ■ ■ ■ ■ ■ ■ ■

■ Expert ■ Experienced □ Limited experience



Non-executive Director appointment and election

The Board adopts a structured and rigorous approach to Board succession planning. The Board regularly evaluates and reviews its succession planning process to support the progressive and orderly renewal of Board membership.

In selecting potential new directors, the Nomination Committee considers the Board Skills Matrix, as set out on page 80, as part of assessing the range of skills and experience required to enable the Board to fulfil its responsibilities into the future.

A Non-executive Director appointed to the Board must stand for election at the Company's next Annual General Meeting (AGM). Cochlear provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

New Non-executive Directors receive a letter of appointment that sets out the terms of their appointment as well as a deed of access and indemnity.

The Board has continued to implement and deliver on its orderly renewal process and announced the appointment of Caroline Clarke as a Non-executive Director on 30 July 2024. Caroline Clarke's appointment will be effective on 2 September 2024 and she will stand for election at our 2024 AGM. Further information will be available to shareholders in the notice of meeting.

Director independence

All directors are expected to bring an impartial judgement to bear on Board decisions and are subject to the Board's policy regarding management of conflicts of interest, as well as common law and Corporations Act requirements.

The Board formally assesses director independence annually. The Nomination Committee Terms of Reference outline how Cochlear determines the independence of Directors. The matters to be considered include the factors set out in

the ASX Principles, as well as other facts, information and circumstances that the Board considers relevant.

The Board has determined that each Non-executive Director was independent throughout the Reporting Period.

The term in office of each director is disclosed on pages 90 to 92.

Induction and development

New Non-executive Directors participate in a comprehensive induction program. The program includes the provision of a briefing pack, online and face-to-face product training, one-on-one meetings with the CEO & President and the Executive team and visits to key functional areas.

Directors are expected to maintain the skills required to discharge their obligations to the Company and are encouraged to undertake continuing professional development training.

Directors periodically undertake site visits to Cochlear's operations overseas and in Australia to assist the directors in maintaining an appropriate level of knowledge of the operations of the Company. These visits include interactions with recipients, customers and employees and result in a deeper understanding of our key markets. The directors visited Cochlear's operations in the US this reporting period.

In addition, directors may also approach the Chair with requests to pursue learning related to the fulfilment of Board and Board committee duties, such as attendance at conferences.

The Nomination Committee periodically reviews ways in which the skills, experience, and expertise levels of existing directors can be enhanced through learning and continuing professional development. Recognising the importance of providing continuing education, directors take part in a range of training and continuing education programs which are conducted by internal and external experts. Topics in the program include digital disruption and technology, crisis response table-top exercises and sustainability.

Background checks

Before any potential candidate is appointed as a member of the Executive team or director, or recommended to shareholders as a candidate for election as a director, appropriate background checks are performed including as to the person's criminal record, bankruptcy history, character, experience and education.

Access to information and independent advice

The Board may seek independent professional advice at the expense of Cochlear whenever the Board judges such advice to be necessary for its members to discharge their responsibilities as directors.

Individual directors may also seek independent professional advice at the expense of Cochlear where the Chair agrees (in advance) that separate advice is appropriate.

The Board receives from the Company Secretary copies of all material market announcements promptly after they have been made.

The role of the Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board committees. All directors have access to the services and advice of the Company Secretary.

In accordance with the Company's constitution, the appointment and removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretaries are set out in the Directors' Report on page 122.



Board committees

Cochlear has adopted a Board committee structure as part of our Governance Framework as set out in the diagram on page 78. Each Board committee has an independent director as its Chair and comprises at least three members, majority of whom are independent directors.

Audit and Risk Committee	Medical Science Committee	People and Culture Committee	Product and Services Innovation Committee	Nomination Committee
Members				
Karen Penrose (Chair) Glen Boreham, AM Sir Michael Daniell, KNZM Christine McLoughlin, AM	Prof Bruce Robinson, AC (Chair) Sir Michael Daniell, KNZM Michael del Prado Dig Howitt	Christine McLoughlin, AM (Chair) Glen Boreham, AM Karen Penrose Michael del Prado	Sir Michael Daniell, KNZM (Chair) Glen Boreham, AM Christine McLoughlin, AM Karen Penrose Michael del Prado Prof Bruce Robinson, AC Dig Howitt	Alison Deans (Chair) Glen Boreham, AM Sir Michael Daniell, KNZM Christine McLoughlin, AM Karen Penrose Michael del Prado Prof Bruce Robinson, AC
Responsibilities include:				
<ul style="list-style-type: none"> Review financial statements, corporate reporting processes and external audit reports Review and monitor key policies and procedures to ensure compliance with relevant laws, ASX Listing Rules and reporting requirements Make recommendations to the Board on the appointment and/or removal of the external auditor and review their performance Review the independence and performance of the internal audit function Review the assessment, management and response to ESG risks and opportunities Review risk management practices and effectiveness of Cochlear’s risk management framework at least annually Monitor the establishment of an appropriate internal control framework 	<ul style="list-style-type: none"> Oversee clinical strategy and its implementation by management Oversee regulatory compliance Oversee Cochlear’s quality systems, including institution of critical corrective actions Oversee Cochlear initiated or sponsored clinical studies and literature research Monitor risk management and the adequacy of internal controls with respect to medical risks associated with Cochlear’s activities Make recommendations to the Audit and Risk Committee with respect to medical risks associated with Cochlear’s activities 	<ul style="list-style-type: none"> Review and monitor the strategies that shape organisational culture, ensuring management fosters a healthy culture that promotes legal, ethical and responsible behaviour Oversee the development, maintenance and monitoring of talent management policies, programs and procedures Develop and recommend to the Board workplace health and safety metrics and initiatives to ensure a safe working environment at Cochlear Monitor the implementation of Cochlear’s Diversity Policy and set measurable objectives for achieving diversity Review and make recommendations to the Board on the remuneration of the Chair, Non-executive Directors, the CEO & President and other Executive team members 	<ul style="list-style-type: none"> Oversee the Company’s strategy and implementation for product and related services innovation and business development Oversee resource allocation to support Cochlear’s agreed corporate strategy Monitor risk management and the adequacy of internal controls to manage risks associated with the product and services research and development aspects of Cochlear’s business and liaise with the Audit and Risk Committee when appropriate 	<ul style="list-style-type: none"> Review composition of the Board and mix of expertise, skills, knowledge and diversity Recommend to the Board candidates the Committee considers appropriate for appointment, re-election or removal from the Board Establish and maintain process for performance evaluation of individual directors and the Board as a whole Establish and maintain the selection, appointment and succession planning process for the CEO & President Ensure effectiveness of induction process for individual directors and recommend continuing professional development to the Chair of the Board Assess the independence of directors and review any changes in interests, positions, associations or relationships



Diversity and inclusion

As a global business, our workforce is made up of individuals with diverse skills, values, backgrounds and experiences. Cochlear is committed to providing an inclusive workplace where individual differences are valued.

The People and Culture Committee approves the diversity-related measurable objectives and assesses progress towards achieving those objectives on an annual basis. Progress towards achieving those objectives is outlined below:

Achieve 40 | 40 | 20 gender balance in Senior Leadership roles and minimum of 30% female representation on the Board

Progress achieved:

- Our Board and Senior Leadership targets have been met.
- Females comprise 45% of Growth and High Potential talent, amongst our Senior Leader cohort. Females also comprised 55% of all promotions made during the year.
- We continued to deploy our 'Hiring to Win' program and embed our 'Sound Recruitment' practices to counteract unconscious bias and make fair and equitable decisions. Our sustained attention on attraction and recruitment practices have resulted in 54% of placements in Senior Leader roles being female, significantly higher than FY23 (47%) and FY22 (40%).

All employees embrace diversity and foster an inclusive culture

Progress achieved:

- We continued to deploy our Culture Conversations series to employees through all levels of the organisation.
- In March we launched our Innovate Reconciliation Action Plan (RAP), which builds on our Reflect RAP, demonstrating our vision for reconciliation with Australia's First Nations peoples. The Innovate RAP focuses on three key areas – hearing and ear health equity, cultural safety and understanding, and employment opportunities and outcomes.
- Programs focused on continuing to build an inclusive workplace have been progressed, including Safe to Speak Up, Respectful Workplace training, Mental Health for Managers, Inclusive Leadership and Smarter Meetings.

Create equal access to work to generate a wider pool of talent by making it easier for people to successfully work at Cochlear

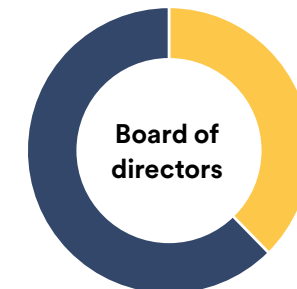
Progress achieved:

- 89% of our people believe they have flexibility to manage their work and personal responsibilities.
- We continue to monitor and review our performance and remuneration outcomes and metrics and educate people managers on making objective, fair and equitable pay decisions.
- Our Recruitment Policy, Career Development Policy, Remuneration Governance Policy and Performance Policy are designed to ensure we attract diverse pools of talent and that opportunities and rewards are provided in a fair and equitable manner.

Cochlear's workplace profile

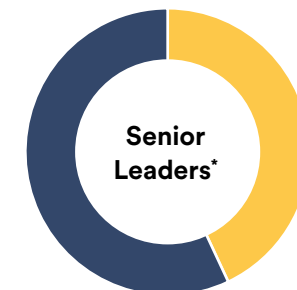
The below summary of Cochlear's workplace profile shows the percentage of females by employment category as of 30 June 2024.

Overall, females represent 51% of Cochlear's workforce and we maintained 43% female representation in Senior Leader roles.



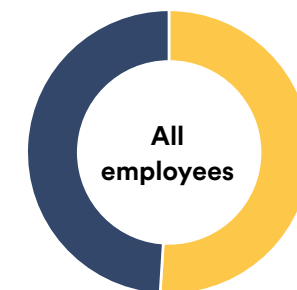
Board of directors

30 June 2020	20%
30 June 2021	30%
30 June 2022	33%
30 June 2023	40%
30 June 2024	38%



Senior Leaders*

30 June 2020	36%
30 June 2021	38%
30 June 2022	41%
30 June 2023	43%
30 June 2024	43%



All employees

30 June 2020	53%
30 June 2021	52%
30 June 2022	52%
30 June 2023	52%
30 June 2024	51%

* For the purposes of this Statement, Senior Leaders are defined as all employees in Bands 1, 2 and 3; the three most senior levels of roles within the Company, with Band 1 being the Executive Team.



Performance evaluation and remuneration

Remuneration

The Board is responsible for Cochlear's remuneration strategy and policy. Cochlear has disclosed its policies and practices regarding the remuneration of directors and executives in the Remuneration Report on pages 98 to 120.

It is the Company's policy that participants in the Cochlear Executive Incentive Plan (CEIP) are not permitted to enter into transactions to limit the economic risk of participating in the CEIP. Our Trading Policy and the CEIP documents include provisions to reflect this position.

Board performance evaluation

The Board (with assistance, where necessary or appropriate, from external consultants) regularly carries out a review of the performance of the Board, its committees, and each director. A detailed and externally facilitated Board review was undertaken during the Reporting Period, which involved the external facilitator holding individual discussions with each director, the Company Secretary and certain Executives.

The review assesses, amongst other things:

- the effectiveness of the Board and its committees and whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- the contribution made by each director at meetings and in carrying out their responsibilities as directors generally; and
- whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them to properly perform their functions.

The Board establishes the procedures for and oversees the assessment program. The results and any key opportunities following the assessment are documented, together with actions to be undertaken in response to those areas for development that are agreed by the Board.

The Board also undertakes regular reviews of its structure and composition, to manage retirements and succession planning in an orderly way and to ensure the Board continues to have the appropriate overall skill set.

Executive performance evaluation

The CEO & President and each member of the Executive team has a written contract with the Company, setting out the terms of their appointment or employment (as applicable) including details of their role, responsibilities, remuneration and their disclosure/compliance obligations.

All employees, including members of the Executive team, participate in annual performance reviews, where achievement of key goals is assessed and future goals are agreed upon. The Chair facilitates the performance evaluation of the CEO & President with ultimate oversight by the Board.

A performance evaluation for the CEO & President and the Executive team took place during the Reporting Period and was carried out in accordance with the above process.



Lawful, ethical and responsible behaviour

Our Company values – as demonstrated through our Global Code of Conduct and our global HEAR behaviours – guide us on our expected behaviours. Our governance policies play a vital role in guiding decision-making and conduct across Cochlear.

Our values and HEAR Behaviours

Our values are the core principles and beliefs that guide our decision-making, behaviour and interactions within our organisation. At our core, we value:

- **Respect:** We value all individuals, regardless of background or beliefs.
- **Integrity:** We are honest, ethical and fact-based.
- **Accountability:** We own our responsibilities, actions and outcomes.

Our HEAR behaviours are integral to the way we behave, our Company’s culture and how we do business by providing a framework for working and interacting together.

Further information about our values, the four pillars of our HEAR behaviours and the micro behaviours of each pillar can be found on page 49.



Our Governance Policies

Global Code of Conduct

Cochlear is committed to acting lawfully, ethically and responsibly, wherever we operate around the world.

This commitment is reflected in our [Global Code of Conduct](#) (Code), which applies to all our employees, officers and directors, contracted staff, contractors and consultants and third parties that conduct business for or on behalf of Cochlear. Cochlear’s stance on anti-bribery and corruption and related guidelines form part of the Code. In addition, the Code also covers topics such as insider trading, competition and consumer laws, human rights and confidentiality.

The Code is available on the Company’s website in English and other languages relevant for our global business.

Any material breaches of the Code, including bribery or corruption, are reported to the Audit and Risk Committee.

Whistleblower Protection Policy

The [Whistleblower Protection Policy](#) empowers eligible persons to report any suspected or actual misconduct in relation to Cochlear. The Cochlear Whistleblower Service is available anywhere in the world, in multiple languages, 24 hours a day and 7 days a week. The Whistleblower Protection Policy is available on the Company’s website in English and other languages relevant for our global business.

All material incidents reported under the Whistleblower Protection Policy are reported to the Audit and Risk Committee.

Continuous Disclosure Policy

Cochlear has obligations under the Corporations Act and ASX Listing Rules to provide shareholders and the market generally with timely, direct and equal access to information which may have a material effect on the price or value of its securities.

Cochlear’s policy is to strictly comply with these requirements as set out in our [Continuous Disclosure Policy](#).

Trading Policy

Cochlear’s [Trading Policy](#) is an important tool in managing the risks associated with dealings in securities. The Policy helps to protect Cochlear’s reputation and assists our people in complying with the laws against insider trading.

Diversity & Inclusion Policy

The [Diversity & Inclusion Policy](#) sets out Cochlear’s commitment to providing an inclusive workplace that is diverse and representative of our customers and the communities in which we operate.

Supplier Code of Conduct

The [Supplier Code of Conduct](#) outlines the standards of behaviour we require our suppliers to maintain in relation to human rights, corporate governance, ethics, safety and environmental sustainability. Cochlear will work with our suppliers to encourage the standards outlined in that Code to be met.

Copies of our Governance Policies summarised on this page are available in the ‘Investors’ section of our website, www.cochlear.com



Shareholder engagement and corporate reporting

Shareholder engagement

Communications with shareholders

Shareholders and other stakeholders are informed of material matters affecting the Company through ASX announcements and the 'Investors' section of our website contains a range of useful information, including a dedicated section on 'Shareholder communications'.

Shareholders have the option to receive communications from, and send communications to, the Company and its share registry electronically.

Information most likely to be of interest to shareholders is available under the 'Investors' section of our website and includes the Company's published reports, presentations and webcasts, shareholder meeting details, company policies and material ASX announcements.

Investor relations program

We have an investor relations program designed to facilitate effective two-way communications with analysts, investors, proxy advisors and the media. This includes regular briefings at interim and full year results announcement, investor days held periodically, and separate one-on-one and/or small group meetings when requested and in compliance with our governance parameters.

The Company will not disclose any information in discussions with analysts and investors that may have a material effect on the price or value of the Company's securities unless such information has already been announced to the ASX. Any new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation and following which, are also made available on our website.

Annual General Meeting

Cochlear is committed to facilitating shareholder participation in shareholder meetings, and to respectfully dealing with shareholder inquiries. Our 2023 AGM was held as a hybrid meeting offering shareholders a choice to either attend the AGM in person or online. All resolutions put to the AGM are voted on by poll.

The Company provides a forum to address individual shareholders' questions at each AGM. In addition to attending the AGM, shareholders may view a webcast of the AGM online. Shareholders who are unable to attend the AGM are able to submit questions and comments to Cochlear in advance of the meeting. Where appropriate, questions submitted will be answered at the AGM.

Corporate reporting

Integrity of disclosures in periodic reports

Cochlear has an internal verification and approval process to support the integrity of the information being disclosed to the market in periodic corporate reports which are not required to be audited or reviewed by our external auditor. The specific process for each periodic corporate report will vary depending on the particular release but may generally involve:

- the individuals with responsibility for the information:
 - validating key information back to the source;
 - confirming to the best of their knowledge and belief that the information is accurate and not misleading;
- the review of the report or document by relevant internal subject matter experts (and in some cases our external advisers); and
- the review by and confirmation from the individual responsible for the corporate report that it is appropriate for release.

Periodic corporate reports released to the market may also, depending on the report, be required to be approved by the Board or the Audit and Risk Committee.

Assurances by management

Before approving the financial statements for each full year and half year, the Board receives from the CEO & President and Chief Financial Officer a declaration that, in their opinion, Cochlear's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of Cochlear's financial position and performance and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



Risk management and assurance

Cochlear is committed to the identification, monitoring and management of material financial and non-financial risks associated with its business activities.

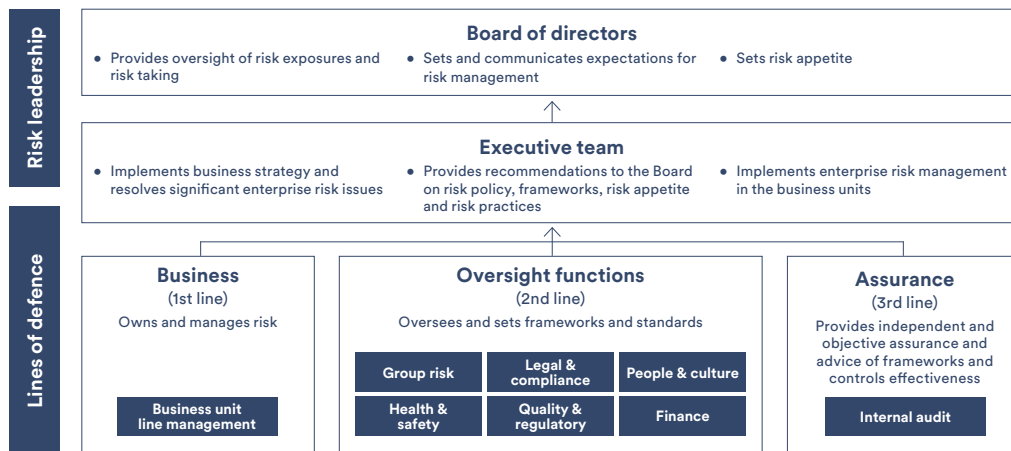
Risk management oversight

The Board sets Cochlear’s appetite for risk and provides oversight of the practices used by management to govern risk, and addresses specific issues escalated by the Audit and Risk Committee or management. Senior leadership across Cochlear are responsible for reinforcing and modelling the key behaviours required to maintain a sound risk culture, including encouraging constructive reporting, challenging and transparency.

Senior leadership also reports to the Board, through the Audit and Risk Committee, on the adequacy of the risk management systems and processes.

The risk management framework has regard to relevant regulations, standards and guidelines including the ASX Principles and the Australian/New Zealand standard AS/NZS ISO 31000:2018 Risk management – Guidelines. The Audit and Risk Committee reviews the effectiveness of Cochlear’s risk management framework at least annually and this review was last conducted in May 2024.

The diagram below sets out a high-level description of how risk governance operates at Cochlear.



Environmental and social risks

Cochlear monitors its exposure to risks, including environmental and social risks. Principal business risks (and how those risks are managed or intended to be managed) are described on pages 88 to 89.

Principal business risks include interruption to product supply, market access and product quality risks. There are no additional material exposures to environmental and social risks in addition to those disclosed in this Report.

Cochlear’s approach to sustainability is outlined on pages 170 to 171.

Internal audit

Cochlear’s Internal audit function is managed by and within the Group Risk and Assurance team and is accountable to the Board. Internal audit provides assurance services to management and the Board in relation to the internal controls, risk management framework and governance of Cochlear. It does so through:

- performing audits in accordance with an Internal Audit Plan. The Plan is formulated using a risk-based approach and approved annually by the Audit and Risk Committee;
- having direct access to the Board through the Audit and Risk Committee, with the right to communicate to it in the absence of management; and
- regular reporting to the Executive team and the Audit and Risk Committee on the results of its audits.

The Audit and Risk Committee reviews and approves the Internal Audit Plan every six months. It also reviews the hiring and performance of the Vice President Group Risk and Assurance and the Internal audit function. This process was followed during the Reporting Period.



Business risks

Cochlear has a sound and robust risk management framework to identify, assess and appropriately manage risks.

Our principal business risks are outlined below. These are risks that may have a material adverse effect on the business strategy, financial position or future performance. It is not possible to identify every risk that could affect the business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise.

Risk	Description and potential consequences	Strategies used to mitigate the risk
Product and services innovation and competition	Increased competition exposes us to the risk of losing market share and lower average selling prices. This risk may be exacerbated by failure to produce innovative products and services that meet the needs of customers. We are also exposed to the risk that our products are superseded by medical, biological and/or technological advancements resulting in alternative products or treatments being commercialised, which may impact new business.	We strategically review our product and services development plans considering market dynamics, the competitive landscape and technological advancements. The creation and protection of intellectual property are a key focus for us. We target an annual investment of 12% of sales revenue on R&D aimed at retaining our market leadership position and growing the hearing implant market.
Misappropriation of Cochlear's know-how and intellectual property infringement	We are exposed to the risk that our proprietary know-how may be misappropriated through hacking of our systems, or by employees, consultants or third parties who may have access to systems. Our market share is at risk of competitors accessing and using this information. We are also exposed to allegations of infringement by third parties, including competitors, which could result in us paying damages and/or receiving injunctions preventing us from selling our products and/or paying royalties to continue selling.	Confidentiality agreements are in place with staff and third parties with access to our know-how. We limit access to key systems by business need and monitor access by individuals. We have an increasing and evolving patent portfolio across our technologies to assert against competitors, and internal and external legal resources to manage litigation, and our internal product development processes include 'freedom to operate' checks.
Interruption to product supply	Our reliance on suppliers for key materials and services carries inherent risk of delay and disruption. This risk is distinct from that where alternative materials/sources and regulatory requirements make substitution costly, time-consuming or commercially unviable. While products are manufactured across six sites globally, supply may be disrupted by a site becoming inoperative. New manufacturing facilities require regulatory approval for products to be saleable. Such approval could take many months or years.	We work closely with our suppliers to mitigate potential interruption or delay to supplies. In addition, purchase quantities of inventory are managed to avoid short-term impacts. Where appropriate, lifetime buys, strategic raw materials purchases, alternate sources and other supply chain interventions are undertaken to mitigate production impacts. We review the business continuity plans for manufacturing and maintain business interruption insurance. Qualitative scenario analysis is conducted to understand the impact of climate risks to our product supply.
Medical device regulations	We operate in a highly regulated industry. Medical devices and the information they produce are strictly regulated in countries where our products are sold. Failure to meet regulations may result in product sanction or recall resulting in loss of sales and reputational harm.	Regulatory uncertainty is assessed as part of product development. We actively monitor the regulatory environment with regulators and incorporate requirements and changes into our product quality assurance system.
Product quality	Delivery of high quality and safe outcomes for our customers is central to our ongoing development of innovative product. As the developer, manufacturer, marketer and distributor, any failure in product quality might lead to injury, litigation, liability, recall and reputational harm.	Our focus on quality throughout the design, testing, manufacture and post-market monitoring of our products ensures high standards of product safety and efficacy. Effective collaboration with customers aligns clinical processes and technology with evidence-based practices. We also maintain product liability insurance.
Pandemics	Pandemics have the potential to impact our markets as elective surgeries may be deferred to reduce the strain on healthcare systems. Travel restrictions, government mandated shutdowns and potential supply chain impacts could also have business impacts.	In addition to developed business continuity and crisis management plans, our geographic spread of customers may mitigate the impact of a pandemic on our business.



Risk	Description and potential consequences	Strategies used to mitigate the risk
Market access	The majority of our developed market customers rely on a level of reimbursement from insurers and government health authorities to fund their purchases. We recognise that macroeconomic pressure on government healthcare budgets may lead to pressure on reimbursement levels, impair access and impact growth. Healthcare-related taxes by government agencies could also impact candidates' ability to access our products.	We continue to work closely with reimbursement and government agencies in the countries where we market our products to emphasise the health and economic benefits of cochlear and acoustic implants. We seek to ensure our pricing reflects the value our products bring, and that it remains competitive and responsible.
Credit and currency	We provide credit to a limited number of governments, government-supported universities and clinics or major hospital chains. The extension of credit creates a risk that borrowers fail to pay resulting in interrupted cash flow and lower earnings. Over 90% of our revenues and over 50% of costs are denominated in currencies other than Australian dollars. We bear exchange rate risk from AUD fluctuation against primarily US dollars, Euros, Japanese yen, Sterling, Swedish kroner and Swiss francs. Long-term permanent changes in market rates may impact earnings.	Credit risk is not significantly concentrated and varies by location and customer type. Credit and receivables management (including identifying high risk customers and potential restrictions on future trading) is executed at a regional level, subject to country limits set by the Chief Financial Officer and overseen by the Audit and Risk Committee. Monthly credit balances and ageing are monitored by the Board. Financial instruments are used to manage foreign exchange risk in accordance with the Board approved policy.
Privacy and information security	We handle and store personal information, including health information, for our customers and employees. The external risk environment continues to increase as the global landscape of regulation develops across areas such as data protection, data sovereignty, privacy and information security as well as the introduction of legislation around the use of AI and Machine Learning. The external risks that may lead to the privacy and security of the data we hold being compromised also continues to rise as our digital footprints evolve, geopolitical conflicts increase and cyber threats mature and become more sophisticated. Minimising this risk is of critical importance to Cochlear.	We have dedicated privacy and information security professionals that provide specialist support. Our information security and privacy frameworks are supported by principles, processes and regular training and awareness programs. Our information security controls are regularly assessed through both management and independent reviews, with mature processes in place to respond to data or privacy-related incidents should they occur. Whilst we maintain cyber insurance as part of our overall risk mitigation strategy, our proactive approach aims to ensure that controls of these risks are prevalent.
Geopolitical risk	Our business is subject to risks associated with doing business internationally. Unexpected geopolitical events in foreign countries in which we operate could adversely affect our supply chain or manufacturing through increased cost or a reduced choice of supply, impacting our ability to execute our strategic plans.	Whilst the international politics which influence the level of risk are, and will remain, outside our control, we closely monitor our key suppliers and assess opportunities to diversify our suppliers and reduce key dependencies. Engagement with governments, experts and regulators enables us to ensure compliance with the latest regulations, economic sanctions and trade rulings.
Legal, regulatory and governance	We are subject to a wide range of legal and regulatory requirements in relation to our products, their sale, privacy and data protection, competition, health and safety, employment and corporate regulation. Failure to comply with any legal and regulatory requirements could negatively impact our operations, customers, employees and shareholders, and expose Cochlear to investigations, litigation or prosecution which may adversely impact our financial performance, our ability to operate in certain markets or reputation.	Our risk exposure is stable due to our internal systems, processes and monitoring to ensure proactive and timely response to regulatory changes. We have a dedicated legal team, supported by Risk and Compliance teams, to support our business in the provision of advice on, and monitoring of, legal, regulatory and policy changes. Our compliance framework and assurance programs are evolving to support the changing nature and complexity of our compliance obligations.
Talent management	Our employees are critical to our success. We operate in a competitive environment in relation to attracting, retaining and developing scientific, technology and engineering talent. The absence of this talent may cause key positions to be unfilled, impacting our ability to innovate and grow.	Talent management programs are in place, both within Australia and in our key international markets. These programs develop the longer-term capabilities required for us to achieve our strategic goals. We perform regular employee surveys to obtain feedback that enables us, along with other mechanisms, to adapt and refine our existing people strategies and continuously improve employee experience.



Board of directors



Alison Deans
Chair

Appointed to the Board 1 January 2015 and as Chair 21 August 2021: Chair of the Nomination Committee.

Background: Extensive experience leading technology-enabled businesses across e-commerce, media and financial services. Former Chief Executive Officer of netus, Hoyts Cinemas, ecorp and eBay Australia and New Zealand.

Other boards: Director, Ramsay Health Care Limited, Calix Limited, Deputy Group Pty Ltd and Fitness Passport Pty Ltd. Director of The Observership Program.

Former directorships: SCEGGS Darlinghurst Limited, Westpac Banking Corporation, Insurance Australia Group Limited and Social Ventures Australia. Former Member of AICD Corporate Governance Committee.

Qualifications: BA, MBA, GAICD



Dig Howitt
CEO & President and Managing Director

Appointed to the Board 14 November 2017 and as CEO & President 3 January 2018: Member of the Medical Science and Product and Services Innovation Committees.

Background: Joined Cochlear in 2000 and has a wealth of experience across the Company in roles including Chief Operating Officer, President, Asia Pacific and SVP, Manufacturing and Logistics. Prior to joining Cochlear, worked for Boston Consulting Group and held a General Management role at Boral. Dig is a member of the Champions of Change Coalition, STEM group and a Fellow of Engineers Australia. He was appointed as President of Cochlear on 31 July 2017 and became CEO & President on 3 January 2018.

Qualifications: BE (Hons), MBA



Glen Boreham, AM
Non-executive Director

Appointed to the Board 1 January 2015: Member of the Audit & Risk, Nomination, People and Culture and Product and Services Innovation Committees.

Background: Led organisations in information technology, new media and the creative industries through periods of rapid change and innovation. Former Managing Director of IBM Australia and New Zealand.

Other boards: Strategic Advisor, IXUP.

Former directorships: Southern Cross Media Group, Data#3 and Link Group. Chairman of Screen Australia, Advance (Global Australian Network), Business School and Industry Advisory Board for the University of Technology, Sydney and Advisory Board IXUP.

Qualifications: BEc, FAICD



Sir Michael Daniell, KNZM

Non-executive Director

Appointed to the Board 1 January 2020: Chair of the Product and Services Innovation Committee. Member of the Audit and Risk, Nomination and Medical Science Committees.

Background: Over 40 years' experience in the medical device industry with extensive executive leadership experience. Former Managing Director and CEO of Fisher & Paykel Healthcare Corporation Limited responsible for the global business and operations including the design, manufacture and marketing of innovative products and systems for use in respiratory care, acute care and the treatment of obstructive sleep apnea.

Other boards: Director, Fisher & Paykel Healthcare Corporation Ltd. Director, Tait International Limited. Director, Medical Research Commercialisation Fund.

Former directorships: Advisory Board Chair, Te Titoki Mataora (NZ).

Qualifications: BE (Hons), Electrical, CMIInstD (NZ)



Michael del Prado

Non-executive Director

Appointed to the Board 1 January 2022: Member of the Medical Science, Nomination, People and Culture and Product and Services Innovation Committees.

Background: Over 34 years' global experience in the medical device and pharmaceutical industries with senior executive leadership roles in Johnson & Johnson medical device businesses in the US, Asia-Pac and EMEA. Former Company Group Chairman of Ethicon, the world's largest and most comprehensive surgical company.

Other boards: Ambu A/S

Former directorships: Co-lead Director, Verb Surgical. Advisory Board, Singapore Management University Lee Kong Chian School of Business.

Qualifications: BSc Industrial Engineering, MBA, MA



Karen Penrose

Non-executive Director

Appointed to the Board 1 July 2022: Chair of the Audit and Risk Committee. Member of the People and Culture, Nomination and Product and Services Innovation Committees.

Background: Extensive executive career in senior leadership and Chief Financial Officer roles in financial services. An experienced company director, having served on the boards of a number of ASX100 companies and experienced across health care, financial services, property and infrastructure industries.

Other boards: Director, Ramsay Health Care Limited, Bank of Queensland Limited and Reece Limited. Director, Ramsay General De Sante (associated with Karen's directorship of Ramsay Health Care Limited), Marshall Investments Pty Limited, NSW Waratahs Ltd and Waratahs Rugby Pty Ltd.

Former directorships: Vicinity Centres, Estia Health Ltd, Rugby Australia Limited.

Qualifications: BCom, CPA, FAICD



Christine McLoughlin, AM

Non-executive Director

Appointed to the Board 1 November 2020: Chair of the People and Culture Committee. Member of the Audit and Risk, Nomination and Product and Services Innovation Committees.

Background: Extensive experience as a director on the boards of ASX Top 50 Companies in financial services (including banking, life insurance, superannuation, asset management and general insurance), resources, health insurance and infrastructure sectors over the past 14 years. She is a Fellow of the Australian Institute of Company Directors, and a member of Chief Executive Women. She has been active in the not-for-profit sector over her entire career.

Other boards: Chairman of the Suncorp Group Limited. Co-founder and Chairman of the Minerva Network.

Former directorships: Chairman and Director of Venues NSW and Chairman of Destination NSW. Director, nib Holding Limited, Whitehaven Coal Limited, Spark Infrastructure, the McGrath Foundation and more recently the Chancellor of the University of Wollongong.

Qualifications: BA, LLB (Hons), FAICD



Prof Bruce Robinson, AC

Non-executive Director

Appointed to the Board 13 December 2016: Chair of Medical Science Committee. Member of the Nomination and Product and Services Innovation Committees.

Background: Over 20 years' leadership experience as an academic physician/scientist across research, healthcare and medicine, and tertiary education. Co-Head of the Cancer Genetics Laboratory at the Kolling Institute for Medical Research and Chair of Research, North Sydney Local Health District. Former Dean, The University of Sydney's Sydney Medical School and Head of Medicine at Sydney's Royal North Shore Hospital.

Other boards: Director, MaynePharma, QBiotics, Ecofibre and EOF BIO LLC (associated with the Ecofibre directorship). Deputy Chairman (former Chairman), Hoc Mai Foundation. Senior Advisor to McKinsey & Company and Advisor to MinterEllison.

Former directorships: Chairman, National Health and Medical Research Council. Chairman, Medical Benefits Schedule Review Taskforce. Director, Lorica Health Pty Limited, Firefly and Digital Health Agency CRC and Woolcock Institute of Medical Research.

Qualifications: MD, MSc, FRACP, FAAHMS, FAICD



Executive team



Dig Howitt CEO & President

Dig was appointed Chief Executive Officer and President of Cochlear in January 2018. He joined Cochlear in 2000 and has held several positions in both Manufacturing and Logistics and the Asia Pacific Region.

Prior to joining Cochlear, Dig worked as a consultant for the Boston Consulting Group and held general management positions in Boral and Sunstate Cement.

Dig is a member of the Champions of Change Coalition, STEM group and is also a Fellow of Engineers Australia.

Qualifications: BE (Hons), MBA



Stu Sayers Chief Financial Officer

Stu was appointed as Chief Financial Officer in February 2021. Stu joined Cochlear in July 2016 as inaugural President, Services.

Stu has a strong financial background and a wealth of experience in establishing and building customer focused technology and online businesses. Stu ran Amazon's subsidiary Audible in Asia Pacific, as well as E*TRADE and Yahoo!7 in Australia and New Zealand. He previously held senior roles with ANZ and McKinsey.

Stu will be appointed President, Asia Pacific & Latin America from 1 January 2025.

Qualifications: BEc (Hons), MBA



Jan Janssen Chief Technology Officer

Jan joined Cochlear in 2000 and was appointed Senior Vice President Research & Development in 2005.

Jan leads a team of over 600 highly qualified engineers and scientists who implement the R&D strategy with responsibility for identifying and developing cutting-edge technology and bringing these innovations through to commercialisation.

In 2017 Jan was appointed Chief Technology Officer and took on the additional accountability for Business Development. Since 2019 he has also been accountable for Quality and Regulatory Affairs.

Jan holds 12 granted patents in the field of implantable hearing technology.

Qualifications: MScEE



Lisa Aubert

President, North America

Lisa is responsible for the development and execution of the strategic direction for our North America operations.

Lisa was appointed as President, Americas Region in April 2022. Lisa joined Cochlear in 1994 and has deep experience across the Company in roles in Europe and the United States, including General Manager of UK/Ireland/South Africa, Regional Director of Europe North and most recently Vice President of Sales for Cochlear North America and Chair of Cochlear's Global Sales Council.

Lisa has been working in the cochlear implant specialty for over 25 years and was once a customer of Cochlear's. She was the primary research audiologist on one of the first cochlear implant programs in the UK and was part of the team that lobbied the government for funding.

Qualifications: BA Communication Disorders, MA in Audiology, MBA



Richard Brook

President, EMEA

Richard is responsible for the development and execution of the strategic direction for all our operations in Europe and Middle East and Africa (EMEA).

Before joining Cochlear in 2003, Richard held senior roles in Guidant Corporation and Alaris Medical Systems. He has over 30 years' experience in the medical device industry.

Richard will be stepping down as President, EMEA at the end of December 2024.

Qualifications: BSc Management, MBA



Anthony Bishop

President, Asia Pacific & Latin America

Anthony was appointed President, Asia Pacific in July 2016 and took on responsibility for Latin America in June 2021. Anthony is responsible for the development and execution of the strategic direction for all our operations in Australia, Asia, the South Pacific and Latin America.

With nearly 30 years of experience in the MedTech industry, including over 20 years at Johnson & Johnson Medical, Anthony has held various roles in general management and sales & marketing across country, regional, and global contexts. Anthony's professional journey has taken him to Australia, NZ, Singapore, the UK, China, and the USA.

Anthony will be appointed President, EMEA from 1 January 2025.

Qualifications: BBus (Hons), MManagement, GAICD



Dean Phizacklea

Senior Vice President, Global Strategic Marketing

Dean joined Cochlear in June 2016 and is responsible for product and services planning, marketing and commercialisation, customer acquisition, consumer marketing, innovation, market access, insights, brand, and corporate communications.

Dean has more than 20 years' experience in medical devices and pharmaceuticals, covering a range of senior commercial roles in the US, Japan, Europe and Australia. Prior to joining Cochlear, Dean led Global Strategic Marketing for Abbott Diabetes Care. Other roles include General Manager for Abbott's pharmaceutical and diabetes care businesses in Australia/New Zealand and commercial roles in Asia with AstraZeneca.

Qualifications: BSc Microbiology, MBA



Karen O'Driscoll

Chief Information Officer

Karen has global responsibility for Cochlear's information technology strategy and management. She leads a team of more than 350 information technology professionals and is responsible for strengthening business processes and systems to improve efficiency and agility, enabling the business to be more scalable and provide even better solutions for customers.

Karen joined Cochlear in February 2023. Prior to Cochlear, Karen was Group Executive for Digital Services for Ventia Ltd and brings over 20 years of experience across pharmaceuticals and infrastructure industries.

Qualifications: BSc (Hons), GAICD



Greg Bodkin

Senior Vice President, Global Supply Chain

Greg has functional responsibility for new product industrialisation, sourcing & procurement, global manufacturing and logistics. These functions enable the technologies developed in design and development to be supplied as commercial products in Cochlear's global markets. In addition, he leads the management of Cochlear's Global Property, facilities and corporate procurement functions.

Greg joined Cochlear in 2007 as Head of Supply with 20 years' prior experience in supply chain management and operations consulting positions, including appointments at Taylor Ceramic Engineering, Warman International Ltd, Weir Minerals PLC and National Australia Bank.

Qualifications: BE (Hons), MComm



Jennifer Hornery

Senior Vice President, Global People & Culture

Jennifer joined Cochlear in 2008 working in senior HR business partnering roles until her appointment as SVP, Global People & Culture in 2017. Her focus is to ensure the right strategic capabilities, organisation and culture are in place to support Cochlear's performance and growth aspirations.

Prior to Cochlear, Jennifer worked in commercial, finance, strategy and HR leadership roles across a number of industries in Australia and the US, including senior positions at Campbell Arnott's and Booz & Company.

Qualifications: BComm, MBA, GAICD



Brian Kaplan

Senior Vice President, Global Clinical Strategy and Innovation

Brian joined Cochlear in 2016 and manages clinical strategy and innovation for Cochlear. He is responsible for the clinical data to support present and future products and services. Brian dedicates two-thirds of his time to his role at Cochlear, while continuing to direct a cochlear implant surgical practice at the Greater Baltimore Medical Center.

Brian's past research interests have included hearing loss, balance disorders, and hair cell regeneration. His current practice focuses on adult and paediatric otology, with an emphasis on hearing restoration. Brian is board-certified in Otolaryngology and is a Fellow of the American College of Surgeons.

Qualifications: BNeuroSci, BA, MD, FACS



Rob McGroary

Group General Counsel & Company Secretary

Rob was appointed as Group General Counsel in September 2023 and as Company Secretary in April 2024. Rob is responsible for Cochlear's corporate legal and governance functions.

Rob has more than 25 years of experience as in-house lawyer working across diverse industries from electricity generation, energy trading, and financial services. Most recently Rob was a General Counsel at Westpac Group.

Qualifications: BBus (Accountancy), LLB, LLM, Grad Dip in Legal Practice.



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The information provided in this Remuneration report (except for section 2 and section 8.3) has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth).



Letter from the Chair of the People and Culture Committee

Dear Shareholders,

As the newly appointed Chair of the People and Culture Committee, I am pleased to present, on behalf of the Board, Cochlear's Remuneration report for 2024.

This year, we have made great progress in our mission to help more people to hear, delivering financial and operational results that exceeded expectations. We continued to make good progress across our strategic priorities, balancing short-term and long-term investment to support our ambition to deliver consistent growth over the long-term. Highlights included the launch of the Cochlear™ Osia® OSi300 Implant, helping over 50,000 recipients to hear better with latest generation sound processor technology and delivering strong growth in the seniors segment.

As a Board, an important focus is on building a stronger organisation to enable us to grow and deliver for our customers over the long term. To continue to ensure we have the necessary talent, capabilities and culture to enable Cochlear to achieve its growth aspirations, we have commenced the implementation of our new Talent Vision and Strategy. This approach will focus Cochlear on strengthening the capabilities of all employees to deliver our growth ambitions over the next 10 years, and further enhance our culture of innovation, achievement and inclusion.

We recognise leadership is one of the most powerful levers for culture development and that the increasing complexity of the global environment will require leaders to continue to acquire new skills and demonstrate a broader set of leadership attributes. To meet this challenge, we took further steps towards developing both enterprise and expert leadership capability so that our leaders are better equipped to navigate these complexities.

Diversity, equity and inclusion continue to be key priorities as they are fundamental to our success and in FY24 we continued to make progress towards the achievement of our diversity, equity and inclusion goals. This focus is particularly critical for Cochlear as an innovation leader and a global Australian ASX listed business selling to customers in over 180 countries.

FY24 performance and reward outcomes

Cochlear's remuneration strategy is designed to provide competitive and equitable remuneration that reflects a globally integrated business, rewards responsible behaviours and aligns to the required level of performance to create long-term stakeholder value. Every year we invest in activities that lay the foundations for long-term success and we want Executives to focus appropriately on these long-term goals. As such, our variable Short-Term Incentive (STI) is structured to have an appropriate weighting to strategic measures given the importance of consistent investment every year and over long timeframes and our ambition to be here to support a lifetime of hearing for our recipients.

We employ a combination of qualitative and quantitative performance measures to assess achievement each year. Longer-term initiatives are, by nature, more difficult to measure on an annual basis and the Board needs to use some judgement to assess progress against specific qualitative milestones. Nevertheless, we continue to refine our approach each year on our STI strategic measures.

Our remuneration strategy is also designed to ensure remuneration meets the expectations of our customers, shareholders, and the community. The Terms of Reference of the People and Culture committee has been updated to reflect the importance of stakeholder interests in decisions related to Executive remuneration.

The Board is satisfied that the reward outcomes for FY24 reflect our remuneration strategy and the Company's performance. In FY24 we delivered a record \$2,258 million in sales revenue, increasing 15.5% (12.1% in constant currency), and underlying net profit increased 27% (15% in constant currency) to \$387 million, alongside retaining market leadership with gains in key markets.

The performance of Executive KMP, in line with company performance and their FY24 objectives, was assessed by the Board who awarded an average STI outcome for KMP of 115.9% of target. The CEO & President was awarded an STI payment of 115.9% of target, of which 40% is deferred as service rights for two years. For long-term incentives (LTIs), relative total shareholder return (TSR) against the ASX 100 was above median (at the 63.6th percentile) and basic earnings per share (EPS) represented a 23.9% compound annual growth rate over the last four years. This resulted in 86.3% vesting under the FY21-24 LTI plan.

Further details on this year's remuneration outcomes are provided in this report.



Non-executive Directors

On an ongoing basis, the Board seeks to ensure renewal and diversity across management and the composition of Board committees, and in FY24 we rotated the role of Chair of the People and Culture committee. Additionally, I would like to take this opportunity to welcome Caroline Clarke who will join the Board and this committee on 2 September 2024.

Our executive remuneration framework

There were no major changes to our executive reward framework during FY24. As per last year's remuneration report we adjusted the FY24 LTI grant to use face value as the basis for the allocation of performance rights noting the greater alignment this provides between Executives and shareholders. We will continue this approach for the FY25 LTI grant, as well as service rights granted as part of our deferred STI. Whilst no further changes to the executive remuneration framework are planned for FY25 at this point, the Board recognises the ongoing strong competition for talent across many of the markets in which we operate and is focused on best positioning Cochlear to operate with a highly capable group of Executives to deliver our business priorities into the future.

Thank you for your support in FY24, and I welcome your feedback on our remuneration report.

Christine McLoughlin, AM
Chair, People and Culture Committee



1. Key management personnel

This report covers key management personnel (KMP) who have authority for planning, directing, and controlling the activities of Cochlear and comprises Non-executive Directors (NEDs) and executive KMP as outlined in the table below.

Name	Position	Term as KMP
Non-executive Directors¹		
Alison Deans	Chair	Full year
Glen Boreham, AM	Non-executive Director	Full year
Sir Michael Daniell, KNZM	Non-executive Director	Full year
Michael del Prado	Non-executive Director	Full year
Christine McLoughlin, AM	Non-executive Director	Full year
Bruce Robinson, AC	Non-executive Director	Full year
Karen Penrose	Non-executive Director	Full year
Yasmin Allen, AM	Non-executive Director	1 July 2023 to 31 March 2024
Andrew Denver	Non-executive Director	1 July 2023 to 17 October 2023
Executive KMP		
Dig Howitt	CEO & President (CEO&P)	Full year
Jan Janssen	Chief Technology Officer (CTO)	Full year
Stu Sayers	Chief Financial Officer (CFO)	Full year

¹As per the ASX announcement dated 30 July 2024, a new Non-executive Director (Caroline Clarke) will be appointed to the Cochlear Board on 2 September 2024.

There are no other changes to KMP after the reporting date and before the date the Directors' report was authorised for issue.



2. Our remuneration strategy and framework

Cochlear’s executive remuneration strategy is designed to attract, motivate, and retain a highly qualified and experienced group of executives employed across diverse geographies. The following diagram links each of the executive team remuneration components to Cochlear’s mission and strategy.

Our mission

We help people hear and be heard.

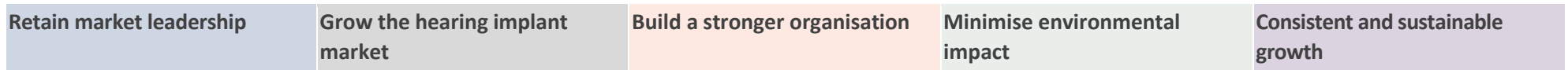
We empower people to connect with others and live a full life. We help transform the way people understand and treat hearing loss. We innovate and bring to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.

Our strategy

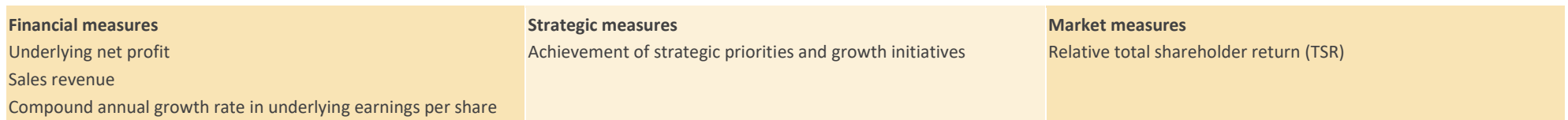
Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society. Our strategy is focused on improving awareness of and access to implantable hearing solutions for people indicated for our products, creating value across five pillars.



Our **strategic priorities** determine how we focus our time and resources to create value.



The **performance measures** across our incentive plans reflect achievement of both financial and strategic objectives.



With actual outcomes directly driving executive remuneration.






2.1 FY24 remuneration framework

Our executive remuneration framework supports the Corporate strategy and is guided by our remuneration principles.

The total remuneration for executives is made up of both fixed and variable remuneration. Variable remuneration is provided through the short-term incentive (STI) and long-term incentive (LTI) plans.

Fixed remuneration 

Fixed remuneration comprises base salary, superannuation, annual leave loading and non-monetary benefits (insurances).

It is set at a level to attract and retain executive talent with the appropriate capabilities to deliver Cochlear’s objectives.

Fixed remuneration is generally positioned at the median of the relevant market and is reviewed annually to ensure alignment with local market benchmarks.

Market benchmarks are typically set with reference to market capitalisation and include organisations within Cochlear’s industry sector and/or similar in global operations and complexity as determined by the People and Culture Committee (P&CC).

Short-term incentive (STI) 

Short-term incentive opportunity that awards against business and individual performance objectives.


Business performance is measured through a balanced scorecard, with 60% weighted on financial measures and 40% on following strategic measures:

- Retain market leadership
- Grow the hearing implant market
- Build a stronger organisation
- Minimise environmental impact
- Consistent and sustainable growth

Individual performance includes assessment against business outcome, strategic priorities, and ways of working goals.

60% of the STI is delivered in cash and the remaining 40% is deferred as share rights for two years.

Further details on STI are provided on page 104 (Table 2.3)

Long-term incentive (LTI) 

Long-term incentive opportunity focused on growth strategy, long-term priorities, and alignment with shareholder value creation over a four-year performance period.

Share rights are granted at the start of the performance period with value realised at time of vesting.

The LTI aligns executives to overall company performance through two measures focused on strategic business drivers and long-term shareholder return:

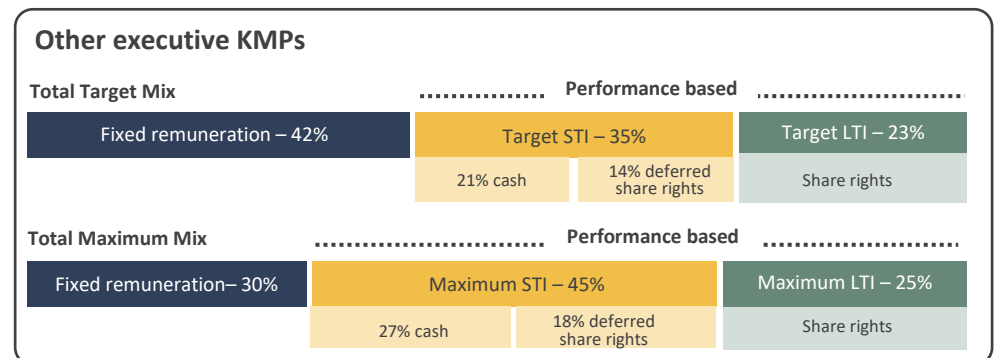
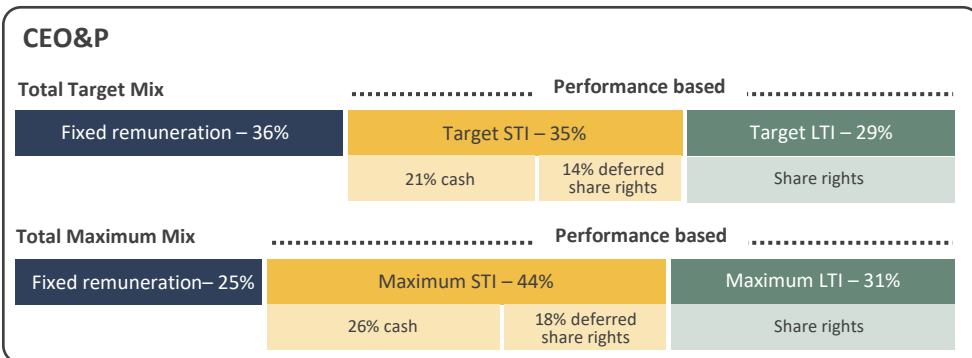
- Relative TSR performance – 50% weighting
- Basic EPS – 50% weighting

Further details on LTI are provided on page 105 (Table 2.4)

2.2 FY24 remuneration mix

A revised executive remuneration mix is effective from 1 July 2023. The remuneration mix for executive KMP is strongly weighted towards at-risk performance-based remuneration to ensure a strong focus on short, medium and long-term performance. A portion of executive remuneration is delivered in equity (deferred STI and LTI), to align our executives with shareholder interests.

The following diagrams set out the maximum and target remuneration mix for executive KMP in FY24.





2.3 Short-term incentive (STI)

Purpose	To align and reward executives for the achievement of Cochlear group and regional (for regional executives) performance targets set by the Board at the beginning of the performance period.	
Performance measures	Performance measure and weighting	Description
	Performance Gateway	<ul style="list-style-type: none"> Group Performance Gateway (minimum underlying net profit threshold) to drive global alignment.
	Sales revenue (60%)	<ul style="list-style-type: none"> Sales revenue growth is critical to short and longer-term shareholder returns. Financial targets are set by the Board, having regard to prior year performance, global market conditions, competitive environment, future prospects and Board approved budgets. The targets incorporate a significant amount of stretch to ensure executives are engaged and incentivised to appropriately deliver results. The specific targets are not disclosed to the market due to their commercial sensitivity.
	Strategic measures (40%)	<p>Every year we invest in activities that lay the foundations for long-term success and we want management to focus appropriately on these long-term goals. As such, our reward structure is designed to have a relatively high weighting to strategic measures given the importance of consistent investment over long timeframes. Our strategic measures recognise that to build:</p> <ul style="list-style-type: none"> A lifetime of hearing solutions takes more than ten years of investment in R&D to commercialise new implants; A healthier and more productive society requires long-term investment to establish a consistent process for diagnosing and referring adult cochlear implant candidates. This long-term goal is dependent on our ability to work with professionals, researchers and other industry participants to build the evidence to support bringing about a change in referring behaviour; Thriving people is a journey of culture, capability and enterprise leadership development; and Environmental responsibility involves targeting environmental outcomes that extend out to 2050. <p>We have developed a set of milestones and metrics to assess progress each year. Some of these targets are easier to quantify, for example, employee engagement and carbon emission levels, while others require qualitative assessment on progress against specific milestones. The performance outcome balances both quantitative and qualitative measures. We continue to refine our process each year, providing more disclosure on this process. We note however that many components of our strategic measures relate to building competitive advantage for the future. It is therefore not in the best interests of the company to be specific about these activities and the milestones achieved, with examples including product development and some market development activities.</p>
Individual contribution	<ul style="list-style-type: none"> Each executive’s contribution against performance objectives and HEAR behaviours is assessed at an individual level at the end of the performance period. <p>Validation of performance against the measures set for:</p> <ul style="list-style-type: none"> the CEO&P involves a review by the Board based on financial inputs from the CFO, and approved by the P&CC and Board each year; and other executive KMP involves a review by the CEO&P based on inputs from the CFO and approved by the P&CC. <p>Any anomalies or discretionary elements are validated and approved by the Board.</p>	
Opportunity	<p>CEO&P: target opportunity is 100% of base salary, and maximum (based on exceeding the performance measures and at the discretion of the Board) is up to 180% of base salary.</p> <p>Other executive KMP: target opportunity is 90% of base salary, and maximum is up to 162% of base salary.</p>	
Delivery	60% of the award is paid in cash annually, with 40% deferred into service rights for a period of two years (subject to a service condition) to reinforce alignment to longer-term shareholder interests and for retention purposes. The number of service rights to be allocated is determined by dividing the value of 40% of the STI outcome by the face value of a service right. The face value is the five-day volume-weighted average share price, from the next business day following the announcement of the full year results in August each year. Each vested service right entitles executive KMP to receive a share plus additional shares equal to the dividends paid by Cochlear from the grant date to the exercise date, however no additional shares will be allocated to any service rights that do not vest.	
Cessation of employment	<p>Prior to STI payment date: if an executive ceases employment with Cochlear prior to any cash being paid, or service rights being granted, the executive will forfeit any awards to be paid for the performance period, unless the Board determines otherwise.</p> <p>Post STI payment date: if an executive is dismissed for serious misconduct or resigns from their position after service rights have been granted, but prior to the relevant vesting date, any unvested rights will generally be forfeited, unless the Board determines otherwise.</p>	



2.4 Long-term incentive (LTI)

Purpose	To align the remuneration opportunity for the executive team with shareholder value and provide a stimulus for the retention of executives within the Company.																										
Award vehicle	LTI is delivered as 50% options and 50% performance rights.																										
Opportunity	<p>CEO&P: maximum opportunity is 125% of base salary.</p> <p>Other executive KMP: maximum opportunity is 90% of base salary.</p>																										
Allocation method	<p>The award is calculated by dividing the value of the LTI opportunity by the value of the options and performance rights.</p> <p>The value of an option and a performance right is determined by taking account of the present value of each award, the fact that dividends are not payable on options, and is based on Cochlear's share price at five business days following the announcement of the full year results in August each year.</p>																										
Performance period	<p>Performance is measured over a four-year performance period.</p> <p>There is no retesting of performance hurdles under the LTI plan.</p>																										
Exercise period	<p>Options: Post vesting, options expire 25 months after the vesting date if they have not been exercised.</p> <p>The Board also has discretion to extend the exercise period for vested options by a further 12 months (up to 37 months) if an option holder is in possession of inside information in a trading window and is unable to exercise their vested options before expiry.</p> <p>Performance Rights: Post vesting up to 15 years from the date of grant.</p>																										
Performance measures and hurdles	<p>Awards are subject to:</p> <ul style="list-style-type: none"> 50% weighting on relative TSR against the constituents of the ASX 100 index as at the start of the performance period; and 50% weighting on compound annual growth rate (CAGR) in underlying basic EPS. <p>The proportion of awards that vest for performance is:</p> <table border="1"> <thead> <tr> <th colspan="2">Relative TSR</th> <th colspan="2">Underlying Basic EPS</th> </tr> <tr> <th>Performance</th> <th>% of instruments that vest</th> <th>Performance (CAGR)</th> <th>% of instruments that vest</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile</td> <td>0%</td> <td>Less than 7.5%</td> <td>0%</td> </tr> <tr> <td>At the 50th percentile</td> <td>40%</td> <td>7.5%</td> <td>50%</td> </tr> <tr> <td>50th percentile to 75th percentile</td> <td>40% to 100% (pro-rata)</td> <td>7.5% to 12.5%</td> <td>50% to 100% (pro-rata)</td> </tr> <tr> <td>Above 75th percentile</td> <td>100%</td> <td>Above 12.5%</td> <td>100%</td> </tr> </tbody> </table> <p>These measures have been selected to incentivise the executive team towards long-term sustainable growth of the business and are generally accepted proxies for the creation of shareholder value.</p>			Relative TSR		Underlying Basic EPS		Performance	% of instruments that vest	Performance (CAGR)	% of instruments that vest	Less than 50 th percentile	0%	Less than 7.5%	0%	At the 50 th percentile	40%	7.5%	50%	50 th percentile to 75 th percentile	40% to 100% (pro-rata)	7.5% to 12.5%	50% to 100% (pro-rata)	Above 75 th percentile	100%	Above 12.5%	100%
Relative TSR		Underlying Basic EPS																									
Performance	% of instruments that vest	Performance (CAGR)	% of instruments that vest																								
Less than 50 th percentile	0%	Less than 7.5%	0%																								
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Above 75 th percentile	100%	Above 12.5%	100%																								
Dividends	Options do not carry an entitlement to dividends. Each vested performance right entitles executive KMP to receive a share plus additional shares equal to the dividends paid by Cochlear from the grant date to the exercise date, however no additional shares will be allocated to any performance rights that do not vest.																										
Cessation of employment	If an executive ceases employment with Cochlear before the end of the performance period, unvested LTI awards will generally be forfeited. In exceptional circumstances (including, but not limited to, redundancy and retirement), the Board may, in its discretion, determine that all or a portion of the award will vest in line with the original performance criteria and vesting date.																										



3. Executive KMP remuneration received in FY24 (unaudited)

The table below presents the remuneration paid to, received by, or vested to each executive KMP during the year. Fixed remuneration and cash STI relate to amounts earned during the year and vested deferred STI and vested LTI represent equity vesting from prior years.

The figures presented below are different to the statutory disclosures in section 5 which are prepared in accordance with the accounting standards and therefore include the accounting value for all unvested deferred STI and LTI awards expensed in the year. The table below has been provided voluntarily to ensure shareholders are able to clearly understand the remuneration outcomes and actual 'take-home pay' of executive KMP for FY24.

Executive KMP	Year	Fixed remuneration ¹	Cash STI ²	Vested deferred STI ³	Vested LTI ⁴	Total
D Howitt	FY24	2,101,129	1,415,888	948,116	611,090	5,076,223
	FY23	2,034,343	1,866,877	–	–	3,901,220
J Janssen	FY24	1,055,012	633,394	348,373	182,405	2,219,184
	FY23	1,006,581	750,611	–	–	1,757,192
S Sayers	FY24	946,651	566,425	243,738	43,605	1,800,419
	FY23	893,594	699,799	–	–	1,593,393

¹ Fixed remuneration earned in the year (base salary, superannuation, and non-monetary benefits)

² Cash STI earned and relating to performance during the financial year. For example, FY24 is reported as STI payments which are accrued at year end, and received in September 2024, after the reporting year end.

³ Vested deferred STI is the value of the deferred STI from prior years that vested in August of the reported financial year (calculated as the number of rights that vested multiplied by the share price on the vesting date). For example, FY24 is reported as the FY21 deferred STI grant which vested in August 2023.

⁴ Vested LTI is the value of performance rights and options that vested in August of the reported financial year (rights are calculated as the number of rights that vested multiplied by the share price on the vesting date and options are calculated as the number of options multiplied by the share price on the date of exercise less the exercise price). FY24 is reported as the second tranche of the FY20 LTI grant which vested in August 2023 (26.12% of awards vested due to performance).



4. Executive KMP remuneration and link to performance

4.1 FY24 STI outcomes

STI is based on meeting a Group Performance Gateway of underlying net profit, and performance against financial measures (60%) and strategic measures (40%).

When reviewing financial performance, the Board excludes revaluation gains and losses from non-core investments (the innovation fund) and the impact of one off and non-recurring items from the calculation of STI. For FY24, sales revenue grew 15.5% (12.1% in constant currency) over prior year, 2.1 percentage points above the constant currency STI target of 10.0% growth. Underlying net profit (\$387 million) was above the Group Performance Gateway, which for FY24 was set at \$355 million. Each year the committee sets a Group Performance Gateway which is designed to deliver positive performance results for our stakeholders in line with stretching, but achievable, targets for management. In addition to financial measures, the Board also considered progress against strategic measures which are critical to the achievement of Cochlear's longer-term goals.

Validation of performance against the measures set for:

- the CEO&P involves an independent review and endorsement by the CFO, reviewed and approved by the P&CC and Board; and
- other executive KMP involves a review by the CEO&P based on inputs from the CFO with a final review undertaken by the P&CC.

Any anomalies or discretionary elements are validated and approved by the Board.

Key performance targets were met for FY24 resulting in an average actual STI of 115.9% of target and 64.4% of maximum for executive KMP. The following STI payments were made as outlined in the table below. 60% of the actual STI will be delivered in cash in September 2024, and 40% will be deferred into service rights and subject to service conditions until August 2026.

Executive KMP	STI target as a % of base salary	STI maximum as a % of base salary	Actual STI ¹ as a % of target	Actual STI ¹ as a % of maximum	STI forfeited as a % of maximum	Actual STI ¹ (\$)
D Howitt	100%	180%	115.9%	64.4%	35.6%	2,359,813
J Janssen	90%	162%	115.9%	64.4%	35.6%	1,055,657
S Sayers	90%	162%	115.9%	64.4%	35.6%	944,041

¹ Please refer to page 104 which illustrates how the STI award is calculated combining factors of both corporate (114.5%) and individual performance, with individual performance variations associated with the Executive's achievements against their performance objectives and adherence to Cochlear's HEAR behaviours. (HEAR behaviours reflect organisational values linked to Cochlear's mission: Hear the customer, Embrace change & innovate, Aspire to win, and Remove boundaries).

4.2 FY24 STI performance summary

The table below (unaudited) provides a summary of achievement against each of the financial and strategic measures of the STI plan. Measures are agreed with the P&CC at the commencement of each financial year and are aligned to the delivery of initiatives that support Cochlear's strategic priorities. While annual financial results are critical for dividends and funding development and growth, they are just one part of what is necessary each year for sustained performance. This is why we emphasise achieving on non-financial strategic measures (some of which are not amenable to a quantitative scale), as well as financial indicators of annual STI performance.



How we create value		Strategic priorities		Performance Outcome	
		Strategic measures (40%)		Threshold 0% Target 105.0% Stretch 125%	
<p>A lifetime of hearing solutions</p>	Retain market leadership	<ul style="list-style-type: none"> 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 	<p>Exceeding Expectations</p>	FY24 highlights <ul style="list-style-type: none"> Milestones reached on product and services pipeline Launched the 3T MRI compatible Cochlear™ Osia® Implant Retained market share >60% Retained cochlear implant reliability >99%¹ Delivered >50,000 latest generation sound processors to prior generation cochlear implant recipients Achieved connected care rollout targets 	
	Grow the hearing implant market	<ul style="list-style-type: none"> Strengthen the referral pathway for adults Develop the acoustic implant segment Broaden reimbursement and improve indications Expand access in emerging markets 	<p>Exceeding Expectations</p>		
<p>A healthier and more productive society</p>	A stronger organisation	<ul style="list-style-type: none"> 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 	<p>On Track</p>	FY24 highlights <ul style="list-style-type: none"> Employee engagement maintained at 80% and improved Culture Index to 82% Continued to exceed gender targets with 43% women in senior leader roles and 38% women on the Board of Directors 74% of leaders completed inclusive leadership program Achieved transformation program milestones (embedding new CRM and HCM systems and operating model updates for marketing) 	
	Minimise environmental impact	<ul style="list-style-type: none"> 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 	<p>Exceeding Expectations</p>		
		Financial measures (60%)		Threshold 0% Target 120.9% Stretch 200%	
<p>Sustained value</p>	Consistent and sustainable growth	<ul style="list-style-type: none"> 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 	<p>On Track</p>	FY24 highlights <ul style="list-style-type: none"> Delivered record sales revenue of \$2,258m, up 15.5% (12.1% in CC)² on prior year, 2.1 percentage points above the CC STI target of 10.0% growth Delivered underlying net profit³ of \$387m, up 27% (15% in CC) on prior year and above the group performance gateway of \$355m 	
			STI Payout % on corporate performance		114.5%

¹ Based on the cumulative survival percentage of the Nucleus® Profile Plus Series implant over five years

² Constant currency

³ Excluding one-off and non-recurring items

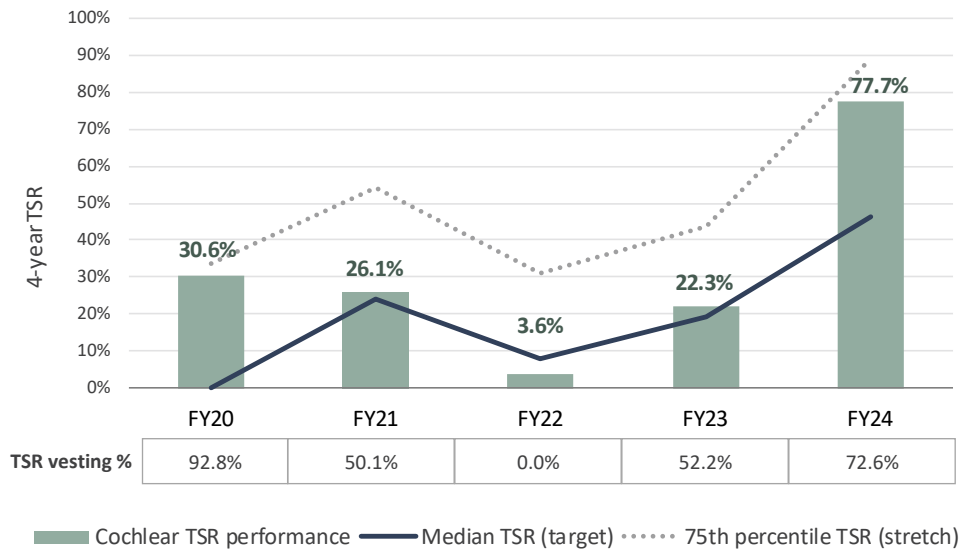


4.3 FY20-24 LTI vesting outcomes

LTI is based on performance against relative TSR (50%) and basic EPS growth (50%) over a four-year performance period. The graphs below illustrate Cochlear’s relative TSR and underlying basic EPS performance over the past five years.

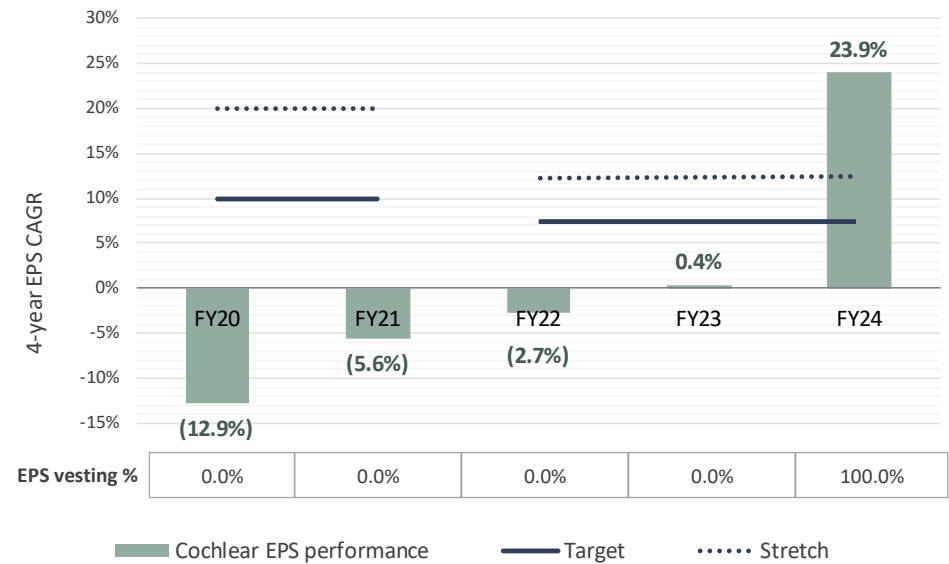
Cochlear’s TSR for the performance period 1 July 2020 to 30 June 2024 was 77.7%, which was ranked at the 63.6th percentile of the ASX 100 comparator group. This resulted in performance above target, and as a result, 72.6% of the TSR portion of the LTI vested.

Cochlear TSR performance against targets



Cochlear’s underlying basic EPS¹ for the performance period 1 July 2020 to 30 June 2024 was 589.8 cents, which is a 23.9% CAGR over the four-year performance period. This resulted in performance above target² and as a result, 100% of the EPS portion of the LTI vested.

Cochlear EPS performance against targets



¹ For the purpose of the FY20-24 LTI, EPS is determined based on underlying net profit which excludes non-cash after tax gain/loss from the revaluation of innovation fund investments and the impact of one off and non-recurring items.

² EPS targets were revised in FY20 to ensure targets remained aligned to the Company’s growth targets and current market conditions. Refer to Cochlear’s 2019 Annual Report for further detail.



4.4 Financial performance history (FY20 to FY24)

	FY20	FY21 ¹	FY22	FY23	FY24
Sales revenue (\$million) ²	1,352.3	1,493.3	1,641.1	1,955.7	2,258.2
Earnings/(loss) before interest and tax (EBIT) (\$million)	(262.2)	370.2	400.0	389.5	475.0
Underlying EBIT (\$million)	206.9	326.3	382.7	396.1	504.8
Reported EPS					
Net profit/(loss) after tax (NPAT) (\$million)	(238.3)	323.8	289.1	300.6	356.8
Basic earnings/(loss) per share (EPS) (cents) – reported	(399.6)	492.6	439.6	457.0	544.5
EPS growth ⁴	(200.8%)	4.9%	(2.9%)	(1.2%)	n/a
Underlying EPS					
Underlying NPAT (\$million) ³	149.1	234.0	277.0	305.2	386.6
EPS (cents) ³	250.0	356.0	421.1	464.1	589.8
EPS growth ⁴	(12.9%)	(5.6%)	(2.7%)	0.4%	23.9%
Share price and dividends					
Total dividend per share (\$)	1.60	2.55	3.00	3.30	4.10
Shares bought back and cancelled (\$million)	–	–	–	26.4	46.2
Share price as at 30 June (\$)	188.93	251.67	198.70	229.07	332.15
Relative total shareholder return (TSR)	30.6%	26.1%	3.6%	22.3%	77.7%
TSR percentile ranking ⁵	72 nd	54 th	42 nd	55 th	64 th

¹ Except for EPS growth (3-year CAGR), FY21 has been restated for the accounting policy change in relation to cloud computing.

² Excludes foreign exchange gain/(loss) on hedged sales.

³ Underlying NPAT and EPS for FY20 and FY21 has been restated for the accounting policy change in relation to cloud computing as they relate to LTI awards vesting in current and future years.

⁴ EPS growth for FY20 to FY22 is as reported in prior Remuneration Reports, as it relates to LTI awards that have already vested in prior years. EPS growth for FY20 to FY22 is based on 3-year CAGR and EPS growth for FY23 and FY24 is based on 4-year CAGR. EPS growth has been calculated based on the reported basic earnings per share adjusted for restatements for the accounting policy change in relation to cloud computing. For FY24, Reported EPS growth from a negative starting EPS on FY20.

⁵ TSR percentile ranking for FY20 to FY22 is shown over three financial years to 30 June. TSR percentile ranking for FY23 and FY24 is shown over four financial years to 30 June. For LTI, performance is compared to the TSR of the constituents of the ASX 100 as at the start of the relevant performance period.

For further explanation of details on Cochlear performance, see the Operational review and Financial review section on pages 71 to 76.



5. Executive KMP statutory remuneration disclosure

The table below presents the total remuneration for executive KMP in accordance with the accounting standards.

Executive KMP	Year	Short-term benefits			Post-employment	Other long-term benefits	Share-based payments			Total	% of performance related remuneration
		Salary ¹	Cash STI	Non-monetary benefits ²	Superannuation contributions ³	Long service leave	Deferred STI ⁴	LTI performance rights ⁵	LTI options ⁵		
D Howitt	FY24	2,072,022	1,415,888	1,709	27,399	(27,757)	852,783	986,454	1,118,358	6,446,856	67.84%
	FY23	2,007,343	1,866,877	1,709	25,292	47,439	826,481	700,726	833,498	6,309,365	67.00%
J Janssen	FY24	1,025,904	633,394	1,709	27,399	(69,025)	343,330	328,957	372,548	2,664,216	62.99%
	FY23	979,580	750,611	1,709	25,292	(29,683)	308,548	214,348	252,376	2,502,781	60.97%
S Sayers	FY24	918,227	566,425	1,025	27,399	29,920	316,319	279,683	316,648	2,455,646	60.23%
	FY23	867,277	699,799	1,025	25,292	16,456	264,637	170,594	199,533	2,244,613	59.46%
Total	FY24	4,016,153	2,615,707	4,443	82,197	(66,862)	1,512,432	1,595,094	1,807,554	11,566,718	65.11%
	FY23	3,854,200	3,317,287	4,443	75,876	34,212	1,399,666	1,085,668	1,285,407	11,056,759	64.11%

¹ Salary includes annual base salary of \$2,036,000 to D Howitt, \$1,012,670, to J Janssen and \$905,000 to S Sayers.

² Non-monetary benefits represent insurance (Salary Continuance) premiums for all executive KMP.

³ Superannuation contributions are paid on earnings up to the Maximum Superannuation Contribution Base.

⁴ Deferred STI is granted in service rights and deferred for a further two years. The cost of the plan is expensed across three years. The FY24 amount represents the portion of the FY22, FY23 and FY24 deferred STI expensed in FY24. The FY23 amount represents the portion of the FY21, FY22 and FY23 deferred STI expensed in FY23.

⁵ LTI granted in performance rights and options are expensed evenly over the period from grant date to vesting date. The value is calculated at the date of grant using the Black-Scholes-Merton pricing model discounted for vesting probabilities of non-market performance criteria. The amount expensed each reporting period includes adjustments to the life-to-date expense of grants based on the reassessed estimate of achieving non-market performance criteria and final vesting amounts for the non-market performance criteria of performance rights and options. The value disclosed above is the portion of the value of the performance rights and options recognised as an expense in the financial year. The ability to exercise the performance rights and options is conditional on Cochlear achieving certain performance hurdles. Further details of performance rights and options granted during the financial year are set out in this report.



6. Executive service agreements

Cochlear does not enter into (limited) service contracts for executive KMP. The terms of employment for executive KMP meet local employment law requirements. Key provisions are similar but do, on occasion, vary to suit different needs.

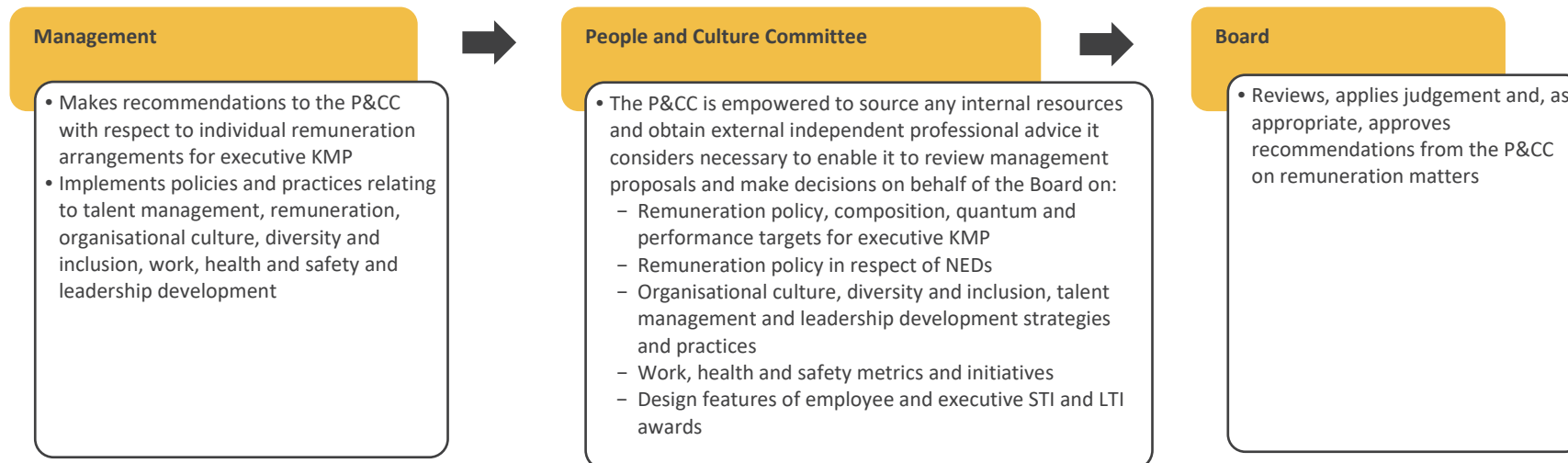
The following sets out details of the employment agreements relating to executive KMP.

Length of contract	Permanent contract until notice is given by either party.
Notice periods	CEO&P: 12 months’ written notice by either party. Other executive KMP: between 12 weeks to 6 months’ written notice by either party (exact period specified in each contract).
Post-employment restraints	All executive KMP are subject to post-employment restraints for up to 12 months.

7. Remuneration governance

7.1 Governance framework for remuneration at Cochlear

The Board is responsible for defining Cochlear’s purpose, strategic direction and satisfying itself that Cochlear’s remuneration policies are aligned with Cochlear’s purpose, value, strategic objective and risk appetite. Consistent with this responsibility, the Board has established the P&CC which comprises solely of independent NEDs.





7.2 Advice from external advisors

To inform decisions, the P&CC sought advice and (at times) recommendations from the CEO&P and other management throughout the year. During FY24, the P&CC engaged Guerdon Associates to provide information used as an input to the annual review of NED and executive KMP remuneration.

No remuneration recommendations (as defined by the Corporations Act 2001 (Cth)) were provided by Guerdon Associates or any other advisor during the year.

The P&CC is satisfied that the information received from Guerdon Associates is free from undue influence in accordance with the Corporations Act 2001.

7.3 Share ownership requirements

Executive KMP are required to retain vested equity until they hold and maintain a holding of Cochlear shares equivalent to their annual salary in the previous year. Until this requirement is met, executive KMP must retain shares derived from participation in incentive plans, except sales to meet the cost of exercising any options and sales to meet tax on participation in the plan. NEDs are required to hold shares equivalent to the value of their previous year's total annual fees (including both Board and committee fees). The Board considers the minimum shareholding guidelines to be best practice to strengthen the alignment of executives and NEDs' interests to those of shareholders. The table in section 8.2 details the current holdings of executive KMP and table 9.3 details the minimum shareholding requirements for NEDs. A copy of our Share Ownership Policy is available in the 'Investor's section of the Company's website.

7.4 Clawback Policy and discretion

All participants of the deferred STI and LTI plans are subject to the Clawback Policy, available in the 'Investors' section of the Company's website. The policy enables the Board to clawback remuneration outcomes in the event of a material non-compliance with any financial reporting requirement, misconduct, or following inappropriate behaviour post-employment in cases where the Board has exercised its discretion to allow retention of equity following termination of employment. The policy is designed to further align the interests of participants with the long-term interests of Cochlear and shareholders, and to ensure that excessive risk taking, or inappropriate post-employment actions, are not rewarded.

The Board retains discretion to adjust remuneration outcomes upwards or downwards to ensure incentives are not provided where it would be inappropriate or would provide unintended outcomes. The exercise of appropriate discretion may be used where a formulaic outcome does not align with the overall shareholder experience or reflect overall business performance and intended outcomes; or leads to retention risk for key talent. The Board balances judgement on remuneration outcomes with consideration to all stakeholders.

8. Executive KMP equity disclosures

Executive KMP participate in the deferred STI and LTI plans which offer equity under the Cochlear Equity Incentive Plan (CEIP). The purpose of the CEIP is to encourage executives to hold Cochlear shares and to align their interests to shareholders' interests.

Under the LTI plan, vesting of options or performance rights only occurs if Cochlear achieves challenging and market competitive hurdles related to relative TSR and EPS growth. Under the deferred STI plan, grants are based on performance in the first year, and are then deferred for a further two years.



8.1 Equity granted as remuneration

The table below presents the number of options and performance rights granted to executive KMP and the number of instruments that vested or were forfeited during the year. Equity granted in FY24 under the CEIP has been approved by shareholders for the CEO&P in accordance with ASX Listing Rule 10.14. No options or rights vest if the conditions are not satisfied; hence, the minimum value is nil. The maximum value of the grants has been determined as the fair value of awards at grant date that is yet to be expensed.

Executive KMP	Plan	Grant date	Options		Performance rights		Vesting date ³	Expiry date (Options) ³	Expiry date (Rights) ³	Vested	Forfeited
			Number	Maximum value to be expensed (\$)¹	Number	Maximum value to be expensed (\$)¹					
D Howitt	FY20 LTI (Grant 2) ⁴	25-Oct-19	24,041	–	4,432	–	16-Aug-23	16-Mar-24	16-Aug-23	26%	74%
	FY21 LTI	21-Oct-20	21,217	–	4,782	–	16-Aug-24	21-Mar-25	16-Aug-24	86%	14%
	FY21 deferred STI	30-Sep-21	–	–	3,851	–	16-Aug-23		16-Aug-23	100%	0%
	FY22 LTI	20-Oct-21	21,808	272,352	5,341	232,340	20-Aug-25	20-Mar-26	20-Aug-25		
	FY22 deferred STI	29-Sep-22	–	–	3,257	–	16-Aug-24		16-Aug-24		
	FY23 LTI	19-Oct-22	19,087	565,290	6,041	504,652	18-Aug-26	18-Sep-28	18-Aug-26		
	FY23 deferred STI	18-Sep-23	–	–	3,622	314,211	18-Aug-25		18-Sep-38		
	FY24 LTI	18-Oct-23	14,089	907,441	4,938	808,876	18-Aug-27	18-Sep-29	18-Oct-38		
Total			100,242	1,745,083	36,264	1,860,079					
J Janssen	FY20 LTI (Grant 2) ⁴	08-Nov-19	4,413	–	813	–	16-Aug-23	16-Mar-24	16-Aug-23	26%	74%
	FY21 LTI	21-Oct-20	5,197	–	1,171	–	16-Aug-24	21-Mar-25	16-Aug-24	86%	14%
	FY21 deferred STI	30-Sep-21	–	–	1,415	–	16-Aug-23		16-Aug-23	100%	0%
	FY22 LTI	17-Sep-21	7,685	95,975	1,882	81,869	20-Aug-25	20-Mar-26	20-Aug-25		
	FY22 deferred STI	29-Sep-22	–	–	1,112	–	16-Aug-24		16-Aug-24		
	FY23 LTI	16-Sep-22	6,726	199,201	2,129	177,852	18-Aug-26	18-Sep-28	18-Aug-26		
	FY23 deferred STI	18-Sep-23	–	–	1,456	126,309	18-Aug-25		18-Sep-38		
	FY24 LTI	18-Sep-23	5,042	324,744	1,767	289,446	18-Aug-27	18-Sep-29	18-Sep-38		
Total			29,063	619,920	11,745	675,476					
S Sayers ²	FY21 deferred STI	30-Sep-21	–	–	990	–	16-Aug-23		16-Aug-23	100%	0%
	FY22 LTI	17-Sep-21	7,636	95,363	1,870	81,347	20-Aug-25	20-Mar-26	20-Aug-25		
	FY22 deferred STI	29-Sep-22	–	–	1,060	–	16-Aug-24		16-Aug-24		
	FY23 LTI	16-Sep-22	6,010	177,995	1,902	158,889	18-Aug-26	18-Sep-28	18-Aug-26		
	FY23 deferred STI	18-Sep-23	–	–	1,357	117,721	18-Aug-25		18-Sep-38		
	FY24 LTI	18-Sep-23	4,509	290,415	1,580	258,814	18-Aug-27	18-Sep-29	18-Sep-38		
Total			18,155	563,773	8,759	616,771					

¹ The options granted in FY24 have an exercise price of \$257.69, and an expiry date of 18 September 2029. Fair values (AASB 2) of FY24 options and performance rights under the LTI plan as at the date of grant are as follows: options (EPS growth: \$90.32; relative TSR: \$81.44) and performance rights (EPS growth: \$257.69; relative TSR: \$158.37). This valuation is for accounting purposes only and forms the basis of the expense in future years. Further detail on the allocation methodology is provided in section 2.4.

² LTI reported for S Sayers relates to his KMP role only and includes a pro-rated LTI to reflect his appointment to the CFO role during FY21. His FY21 deferred STI grant relates to his executive role for the period from 1 July 2020 to 31 December 2020, and his KMP role from 1 January 2021 to 30 June 2021.

³ Vesting and expiry dates are indicative only and subject to change based on the full year results release dates.

⁴ Grant date for FY20 LTI plan has been corrected to 25 October 2019 (from 23 October 2019) for D Howitt and 8 November 2019 (from 23 October 2019) for J Janssen.



8.2 Executive KMP equity holdings and minimum shareholding

This section details the movement in equity holdings during the financial year.

Shares held during the year

During the year, the FY21 deferred STI plan and FY20 LTI plan (Grant 2) vested in August 2023, and executives' options/rights converted into shares under these plans.

Executive KMP	Balance 1 July 2023	Received on exercise of options/rights ¹	Purchases and sales	Balance 30 June 2024
D Howitt	48,786	11,287	(6,000)	54,073
J Janssen	7,093	2,022	(3,022)	6,093
S Sayers	2,842	1,146	(580)	3,408

¹ Shares received after cashless exercise for all KMP except D Howitt (a reduced number of fully paid Cochlear shares reflecting the "net" value of the options at the time of exercise in lieu of paying the Exercise Price to Cochlear).

Rights held during the year

Rights are acquired by executive KMP under the deferred STI and LTI plans. During the year:

- Granted: FY24 LTI awards were granted in September/October 2023 and FY23 Deferred STI awards were granted in September 2023; and
- Vested: 26.12% of the FY20 LTI (Grant 2) award and 100% of the FY21 deferred STI award was vested in August 2023.

Executive KMP	Balance 1 July 2023	Deferred STI service rights			LTI performance rights			Balance 30 June 2024
		Granted	Vested	Forfeited	Granted	Vested	Forfeited	
D Howitt	27,704	3,622	(3,851)	–	4,938	(1,157)	(3,275)	27,981
J Janssen	8,522	1,456	(1,415)	–	1,767	(212)	(601)	9,517
S Sayers ¹	6,622	1,357	(990)	–	1,580	(85)	(243)	8,241

¹ For S Sayers vested and forfeited awards also relate to roles prior to appointment as KMP.



Options held during the year

Options over ordinary shares are acquired by executive KMP under the LTI plan. During the year, FY24 LTI awards were granted in September/October 2023 and 26.12% of the FY20 LTI (Grant 2) award was vested. All options held at the end of the year are unvested.

Executive KMP	Balance 1 July 2023	LTI options				Balance 30 June 2024	Vested and exercisable at 30 June 2024
		Granted	Vested and exercised	Vested and lapsed	Forfeited		
D Howitt	86,153	14,089	(6,279)	–	(17,762)	76,201	–
J Janssen	24,021	5,042	(1,152)	–	(3,261)	24,650	–
S Sayers ¹	17,525	4,509	(465)	–	(1,317)	20,252	–

¹ For S Sayers, vested and forfeited options also relate to roles prior to appointment as KMP.

Executive minimum shareholding

As at 30 June 2024, the Board is satisfied that the executive KMP are compliant with the Share Ownership Policy. The table below presents a summary of executive KMP holdings and compliance with minimum shareholding requirements, which they have confirmed through the executive KMP disclosures for FY24.

Executive KMP	Ordinary shares held	Policy value of Cochlear shares at year end (\$)¹	% of base salary²
D Howitt	54,073	15,593,572	766%
J Janssen	6,093	1,757,099	174%
S Sayers	3,408	982,799	109%

¹ In line with the Share Ownership Policy, the value has been calculated as the average daily share price over the previous 12 months (\$288.38), as at closing on the ASX up to 30 June 2024, times the number of shares.

² The % of base salary is calculated as the value of shares divided by the contractual base salary as at 30 June 2024.



8.3 Potential dilution if options vest and ordinary shares issued (unaudited)

The Board encourages employee ownership of Cochlear shares. To restrict dilution of shareholders' interests, the total employee interests in invested equity cannot exceed 5% of share capital.

At the date of this report, the number of ordinary shares that would be issued if all options were vested (having met the service and performance conditions) and exercised and assuming ordinary shares were issued, is as follows.

	Grant date	Number of options			Exercise price per share (\$)	Exercise period	Current net value of outstanding options as at 30 June 2024 (\$) ²
		Issued	Forfeited/ lapsed ¹	At report date			
FY21 LTI	21-Oct-20	55,729	(998)	54,731	206.06	Aug-24 to Mar-25	6,901,032
FY22 LTI	17-Sep-21 (Executives) 20-Oct-21 (CEO&P)	80,240	(11,105)	69,135	232.52	Aug-25 to Mar-26	6,887,920
FY23 LTI	16-Sep-22 (Executives) 19-Oct-22 (CEO&P)	67,487	–	67,487	216.33	Aug-26 to Sep-28	7,816,344
FY24 LTI	18-Sep-23(Executives) 18-Oct-23 (CEO&P)	58,805	–	58,805	257.69	Aug-27 to Sep-29	4,378,620
Total		262,261	(12,103)	250,158			25,983,916

¹ Forfeited/lapsed options from invested grants relate to plan participants who have departed Cochlear.

² Represents the number of options as at report date multiplied by the value of an option as at 30 June 2024 (exercise price less the closing share price as at 30 June 2024 of \$332.15).

Total unvested equity currently accounts for approximately 0.64% of the total number of issued shares, as set out below.

Instrument	Number of equivalent shares at 30 June 2024
Unvested LTI options	250,158
Unvested LTI rights	71,224
Unvested deferred STI rights	74,107
Service rights	21,429
Total	416,918
As % of total issued shares	0.64%
Number of issued shares	65,494,161

8.4 Transactions and loans with KMP

No transactions or loans involving Directors or executive KMP, their close family members or entities they control or have significant influence over, were made during the year.



9. Non-executive Director fees

NEDs are paid from an aggregate annual fee pool of \$3,500,000 for FY24 (approved at the 2022 Annual General Meeting). Total remuneration paid during the year was \$2,649,925, which is within the fee pool limit (represented 75.7% of the fee pool).

NEDs do not receive any performance-related remuneration, options or performance rights.

9.1 Fee policy and changes during the year

Board fees must recognise the effort required to fulfil the responsibilities of a director. Reflecting the increasing governance requirements and the work of the Board, the Board considered it appropriate to increase annual Chair and base Member fees by 3.5%, effective 1 July 2023. Committee fees remain unchanged, and will remain unchanged through FY25. This decision was made with reference to external remuneration benchmarking of companies of a similar market capitalisation to that of Cochlear.

The table below outlines the policy base and committee fees for FY23 and FY24.

Amounts \$ ¹	FY23		FY24	
	Chair	Member	Chair	Member
Cochlear Board	550,126	182,022	569,380	188,393
Committees²				
Audit and Risk	50,000	25,000	50,000	25,000
People and Culture	40,000	20,000	40,000	20,000
Product and Services Innovation	40,000	20,000	40,000	20,000
Medical Science	30,000	15,000	30,000	15,000
Nomination	No fee	No fee	No fee	No fee

¹ Superannuation contributions have been made in accordance with Australian superannuation legislation at a rate of 11% up to the Australian Government's prescribed maximum contributions limit. Fees are presented exclusive of superannuation.

² Committee fees are not paid to the Chair.

NEDs are entitled to reimbursement for costs directly related to Cochlear business including reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees, or shareholders, or while engaged on company business.

It is recognised that as an Australian headquartered business, for some overseas-based Non-executive Directors substantial additional travel may be required to attend meetings or other Board-related matters in Australia. Currently a travel allowance of \$10,000 per return trip is in place for internationally based Non-executive Directors who travel to and from Australia to attend Board and/or committee meetings or other Board-related matters (when air travel exceeds 10 hours). The allowance is paid on a per return trip basis and is in addition to the reimbursement of travel costs. In FY24, one NED based in the United States received a travel allowance of \$50,000 to reflect five trips to Australia to attend Board meetings.



9.2 NED statutory remuneration

The table below presents the total remuneration for NEDs.

	Year	Short-term benefits		Post-employment benefits	Total
		Fees	Travel allowance	Superannuation	
Non-executive Directors					
A Deans (Chair)	FY24	569,380	–	27,399	596,779
	FY23	552,242	–	25,292	577,534
G Boreham, AM	FY24	266,008	–	27,350	293,358
	FY23	268,049	–	25,292	293,341
M Daniell, KNZM	FY24	268,393	–	27,326	295,719
	FY23	263,030	–	25,292	288,322
M del Prado ¹	FY24	264,992	50,000	–	314,992
	FY23	240,737	50,000	–	290,737
C McLoughlin, AM ²	FY24	287,652	–	–	287,652
	FY23	272,591	–	–	272,591
B Robinson, AC	FY24	242,701	–	26,310	269,011
	FY23	252,991	–	24,860	277,851
K Penrose	FY24	278,393	–	27,480	305,873
	FY23	244,510	–	24,212	268,722
Former Non-Executive Directors					
A Denver	FY24	73,563	–	8,092	81,655
	FY23	242,953	–	24,375	267,328
Y Allen, AM	FY24	185,172	–	19,714	204,886
	FY23	263,837	–	25,292	289,129
Total	FY24	2,436,254	50,000	163,671	2,649,925

¹ M del Prado is a tax resident of the US and a non-resident of Australia for income tax purposes and is exempt from Australian superannuation guarantee obligations. An equivalent amount of \$25,907 was paid over the period from 1 July 2023 to 30 June 2024 as fees in lieu of superannuation guarantee payments which would have been received.

² C McLoughlin has opted out of receiving superannuation guarantee payments in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth). An equivalent amount of \$26,874 was paid over the period from 1 July 2023 to 30 June 2024 as fees.



9.3 Minimum shareholding requirement for NEDs

NEDs are required to hold shares equivalent to the fees (including both Board and committee fees) received in the previous 12 months. The share ownership requirement must be satisfied within three years of appointment to the Board.

As at 30 June 2024, all NEDs are compliant with the Share Ownership Policy, which allows three years to build their shareholdings. The table below presents Cochlear Limited shareholdings for each NED, which they have confirmed through the NED disclosures for FY24.

	Balance 1 July 2023	Purchases	Sales	Balance 30 June 2024	Policy value of shares as at 30 June 2024 (\$) ¹	% of fees ²
Non-executive Directors						
A Deans	4,500	–	–	4,500	1,297,710	228%
G Boreham, AM	3,014	–	–	3,014	869,177	343%
M Daniell, KNZM	1,414	200	–	1,614	465,445	173%
M del Prado	582	264	–	846	243,969	100%
C McLoughlin, AM	1,900	250	–	2,150	620,017	227%
B Robinson, AC	1,185	–	–	1,185	341,730	143%
K Penrose	955	268	–	1,223	352,689	127%
Former Non-Executive Directors						
A Denver	4,214	–	–	n/a	n/a	n/a
Y Allen, AM	3,714	–	–	n/a	n/a	n/a

¹ In line with the Share Ownership Policy, available in the 'Investors' section of the Company's website, the value of Cochlear Limited ordinary shares is calculated using the average daily share price over the previous 12 months (\$288.38), as at closing on the ASX up to 30 June 2024, times the number of shares.

² The shareholding requirement has been calculated using annualised contractual policy fees based on Board and Committee membership as at 30 June 2024 (excluding superannuation).



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Directors' report

The directors present their report, together with the Consolidated Financial report of the Consolidated Entity (Cochlear), being Cochlear Limited (the Company) and its controlled entities, for the year ended 30 June 2024, and the Auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year were A Deans (Chair), G Boreham, AM, Sir M Daniell, KNZM, M del Prado, D Howitt, C McLoughlin, AM, K Penrose, Prof B Robinson, AC, YA Allen, AM and A Denver.

Information on the current directors is presented in this Annual Report. This information includes the qualifications, experience and special responsibilities of each director. It also gives details of the directors' other directorships.

Company secretary

The Company Secretarial function is responsible for ensuring that the Company complies with its statutory duties and maintains proper documentation, registers and records. It also provides advice to directors and officers about corporate governance and gives practical effect to any decisions made by the Board.

The company secretaries of the Company at any time during or since the end of the financial year were R McGrory, K Jo and R Jarman.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

	Board of Directors		Audit and Risk Committee		People and Culture Committee ¹		Medical Science Committee		Nomination Committee		Product and Services Innovation Committee ²	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A Deans	13	13	–	–	–	–	–	–	3	3	–	–
G Boreham, AM	13	13	4	4	4	4	–	–	3	3	3	3
Sir M Daniell, KNZM	13	13	4	4	–	–	2	2	3	3	3	3
M del Prado ¹	13	12	–	–	3	3	2	2	3	3	3	3
D Howitt	13	13	–	–	–	–	2	2	–	–	3	3
C McLoughlin, AM	13	12	4	4	4	4	–	–	3	3	3	3
K Penrose	13	13	4	4	4	4	–	–	3	3	3	3
Prof B Robinson, AC ²	13	13	–	–	1	1	2	2	3	3	3	3
Y Allen, AM ³	11	10	3	3	3	3	–	–	3	3	3	3
A Denver ⁴	5	5	1	1	–	–	1	1	2	2	1	1

1. M del Prado became a member of the People and Culture Committee from 19 September 2023.

2. Prof B Robinson, AM removed as a member of the People and Culture Committee on 19 September 2023.

3. Y Allen, AM resigned on 31 March 2024.

4. A Denver retired on 17 October 2023.

The Chair of the Board attends committee meetings by invitation as a matter of course. Often directors also attend meetings of committees of which they are not a member. These attendances are not reflected in the table above.



Principal activities

Information on the principal activities, operations and financial position of Cochlear Limited and its business strategies and prospects is set out in the Operational review and Financial review on pages 71 to 76 of this Annual Report.

Dividends

Dividends declared and paid by the Company to members since the end of the previous financial year were:

	Dollars per share	Total amount \$m	Franked	Date of payment
Dividends recognised in the current financial year by the Company are:				
Interim 2024 ordinary	2.00	131.0	70% Franked	15 April 2024
Final 2023 ordinary	1.75	114.7	70% Franked	11 October 2023
Total amount	3.75	245.7		

Since the end of the financial year, the directors declared the following dividend:

Final 2024 ordinary	2.10	137.5	80% Franked	10 October 2024
Total amount	2.10	137.5		

The financial effect of the 2024 final dividend will be recognised in the subsequent financial year as it was declared after 30 June 2024.

Environmental regulations

Cochlear's operations are subject to environmental regulations under the Commonwealth of Australia and State/Territory legislation. The Board believes that Cochlear has adequate systems in place to manage its environmental obligations and is not aware of any breach of those environmental requirements as they apply to Cochlear.

Non-audit services

During the year, KPMG, the Company's auditor, performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the year by the auditor, and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services during the year are set out below:

	Consolidated	
	2024	2023
	\$	\$
Audit and assurance services		
Auditors of the Company - KPMG:		
– audit and review of consolidated financial statements	1,663,200	1,552,259
– audit and review of subsidiary financial statements	817,500	642,016
– other assurance services	19,650	18,715
Total audit and assurance services	2,500,350	2,212,990
Other services		
Auditors of the Company - KPMG:		
– taxation compliance and advisory services	1,367,248	1,334,339
– other advisory services	54,850	98,407
Total other services	1,422,098	1,432,746



State of affairs

There were no significant changes to the state of affairs of Cochlear during the financial year other than that referred to in the financial statements or notes thereto.

Remuneration report

Information on Cochlear's remuneration framework and the outcomes for the financial year ended 30 June 2024 for the Cochlear Limited Board, the CEO & President and other key management personnel, and changes for the financial year ending 30 June 2025, are included in the Remuneration report on pages 98 to 120 of this Annual Report.

Indemnification of officers

Under the terms of Article 10 of the Company's Constitution, and to the extent permitted by law, the Company has indemnified the directors of the Company named in this Directors' report, the Company Secretary and other persons concerned in or taking part in the management of the Consolidated Entity. The indemnity applies when persons are acting in their capacity as officers of the Company in respect of:

- liability to third parties (other than the Company or related bodies corporate), if the relevant officer has acted in good faith; and
- costs and expenses of successfully defending legal proceedings in which relief under the *Corporations Act 2001* is granted to the relevant officer.

Insurance premiums

During the financial year, the Company paid a premium for a Directors' and Officers' Liability Insurance policy. The insurance provides cover for the directors named in this Directors' report, the company secretaries, and officers and former directors and officers of the Company. The insurance also provides cover for present and former directors and officers of other companies in the Consolidated Entity. The directors have not included in this report details of the nature of the liabilities covered and the amount of the premium paid in respect of the Directors' and Officers' Liability and Supplementary Legal Expenses Insurance policies, as such disclosure is prohibited under the terms of the contract.

Events subsequent to the reporting date

Other than the matter noted below, there has not arisen in the interval between the reporting date and the date of this Consolidated financial report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of Cochlear, the results of those operations, or the state of affairs of Cochlear in future financial years:

Dividends

For dividends declared after 30 June 2024, refer above.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 125 and forms part of the Directors' report for the financial year ended 30 June 2024.

Rounding off

The Company is of a kind referred to in Australian Securities and Investments Commission (ASIC) (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the Directors' report and Consolidated financial report have been rounded off to the nearest one hundred thousand dollars unless otherwise stated.

Dated at Sydney this 15th day of August 2024.

Signed in accordance with a resolution of the directors:

Director

Director



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

To: the directors of Cochlear Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Rachel Gatt,
Partner
Sydney, 15 August 2024

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Income statement

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$m	2023 \$m
Revenue	2.2	2,235.6	1,936.1
Cost of sales	2.3	(562.1)	(488.0)
Gross profit		1,673.5	1,448.1
Selling, marketing and general expenses		(685.0)	(606.5)
Research and development expenses		(277.0)	(244.9)
Administration expenses		(212.6)	(203.9)
Other income	2.4	11.0	13.5
Other expenses	2.3	(34.3)	(16.6)
Share of losses on equity-accounted investments	5.5	(0.6)	(0.2)
Results from operating activities		475.0	389.5
Finance income – interest		19.0	16.5
Finance expense – interest		(9.2)	(9.4)
Net finance income		9.8	7.1
Profit before income tax		484.8	396.6
Income tax expense	3.1	(128.0)	(96.0)
Net profit		356.8	300.6
Basic earnings per share (cents)	2.5	544.5	457.0
Diluted earnings per share (cents)	2.5	543.0	456.1

The notes on pages 131 to 161 are an integral part of these consolidated financial statements.

Statement of comprehensive income

	2024 \$m	2023 \$m
Net profit	356.8	300.6
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to the income statement:		
Defined benefit plan actuarial gain/(loss)	1.4	(3.1)
Financial investments measured at fair value through other comprehensive income, net of tax	(20.4)	(20.0)
Total items that will not be reclassified subsequently to the income statement	(19.0)	(23.1)
Items that are or may be reclassified subsequently to the income statement:		
Foreign currency translation differences	1.9	7.3
Effective portion of changes in fair value of cash flow hedges, net of tax	1.2	(16.3)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	15.8	13.7
Total items that are or may be reclassified subsequently to the income statement	18.9	4.7
Total other comprehensive loss, net of tax	(0.1)	(18.4)
Total comprehensive income	356.7	282.2



Balance sheet

AS AT 30 JUNE 2024

	Note	2024 \$m	2023 \$m
Assets			
Cash and cash equivalents	2.7(a)	513.6	555.5
Trade and other receivables	6.4(b)	490.7	437.5
Forward exchange contracts		7.7	3.7
Inventories	5.1	391.6	311.5
Current tax assets	3.2	11.3	20.0
Prepayments		37.2	33.3
Total current assets		1,452.1	1,361.5
Trade and other receivables		1.3	0.9
Forward exchange contracts		3.5	1.6
Property, plant and equipment	5.2	304.8	276.7
Intangible assets	5.3	451.0	444.1
Investments	5.5	80.5	93.8
Other financial assets	5.5	97.9	90.8
Equity-accounted investments	5.5	2.9	3.5
Deferred tax assets	3.3	138.7	125.3
Right of use assets	5.8	212.4	170.5
Total non-current assets		1,293.0	1,207.2
Total assets		2,745.1	2,568.7

	Note	2024 \$m	2023 \$m
Liabilities			
Trade and other payables		303.2	270.4
Forward exchange contracts		8.5	20.6
Current tax liabilities	3.2	17.6	17.5
Employee benefit liabilities	4.2	150.5	146.4
Provisions	5.6	43.4	22.3
Deferred revenue		66.7	61.6
Lease liabilities	6.4(c)	41.6	39.2
Total current liabilities		631.5	578.0
Forward exchange contracts		0.4	6.4
Employee benefit liabilities	4.2	7.8	9.7
Provisions	5.6	35.3	35.1
Deferred tax liabilities	3.3	18.9	18.3
Deferred revenue		8.6	9.8
Lease liabilities	6.4(c)	202.1	162.6
Total non-current liabilities		273.1	241.9
Total liabilities		904.6	819.9
Net assets		1,840.5	1,748.8
Equity			
Share capital		1,204.2	1,250.3
Reserves		(31.6)	(56.9)
Retained earnings		667.9	555.4
Total equity		1,840.5	1,748.8

The notes on pages 131 to 161 are an integral part of these consolidated financial statements.



Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

\$m	Issued capital	Treasury share reserve	Translation reserve	Hedging reserve	Fair value reserve	Share-based payment reserve	Retained earnings	Total equity
2024								
Balance at 1 July 2023	1,250.3	(13.9)	(56.3)	(15.4)	(66.0)	94.7	555.4	1,748.8
<i>Total comprehensive income/(loss)</i>								
Net profit	–	–	–	–	–	–	356.8	356.8
<i>Other comprehensive income/(loss)</i>								
Defined benefit plan actuarial gain	–	–	–	–	–	–	1.4	1.4
Financial investments measured at fair value through other comprehensive income, net of tax	–	–	–	–	(20.4)	–	–	(20.4)
Foreign currency translation differences	–	–	1.9	–	–	–	–	1.9
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	1.2	–	–	–	1.2
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	–	–	–	15.8	–	–	–	15.8
Total other comprehensive income/(loss)	–	–	1.9	17.0	(20.4)	–	1.4	(0.1)
Total comprehensive income/(loss)	–	–	1.9	17.0	(20.4)	–	358.2	356.7
Transactions with owners, recorded directly in equity								
Shares issued	0.1	–	–	–	–	–	–	0.1
Share options exercised	–	13.5	–	–	–	(13.5)	–	–
Treasury shares acquired	–	(45.8)	–	–	–	–	–	(45.8)
Shares cancelled	(46.2)	46.2	–	–	–	–	–	–
Performance rights vested	–	–	–	–	–	(0.1)	–	(0.1)
Share-based payment transactions	–	–	–	–	–	19.6	–	19.6
Deferred tax recognised in equity	–	–	–	–	–	6.9	–	6.9
Dividends to shareholders	–	–	–	–	–	–	(245.7)	(245.7)
Balance at 30 June 2024	1,204.2	–	(54.4)	1.6	(86.4)	107.6	667.9	1,840.5

The notes on pages 131 to 161 are an integral part of these consolidated financial statements.



Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

\$m	Issued capital	Treasury share reserve	Translation reserve	Hedging reserve	Fair value reserve	Share-based payment reserve	Retained earnings	Total equity
2023								
Balance at 1 July 2022	1,276.6	–	(63.6)	(12.8)	(46.0)	76.2	455.3	1,685.7
<i>Total comprehensive income/(loss)</i>								
Net profit	–	–	–	–	–	–	300.6	300.6
<i>Other comprehensive income/(loss)</i>								
Defined benefit plan actuarial loss	–	–	–	–	–	–	(3.1)	(3.1)
Financial investments measured at fair value through other comprehensive income, net of tax	–	–	–	–	(20.0)	–	–	(20.0)
Foreign currency translation differences	–	–	7.3	–	–	–	–	7.3
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	(16.3)	–	–	–	(16.3)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	–	–	–	13.7	–	–	–	13.7
Total other comprehensive income/(loss)	–	–	7.3	(2.6)	(20.0)	–	(3.1)	(18.4)
Total comprehensive income/(loss)	–	–	7.3	(2.6)	(20.0)	–	297.5	282.2
Transactions with owners, recorded directly in equity								
Shares issued	0.1	–	–	–	–	–	–	0.1
Treasury shares acquired	–	(40.3)	–	–	–	–	–	(40.3)
Shares cancelled	(26.4)	26.4	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	–	15.9	–	15.9
Deferred tax recognised in equity	–	–	–	–	–	2.6	–	2.6
Dividends to shareholders	–	–	–	–	–	–	(197.4)	(197.4)
Balance at 30 June 2023	1,250.3	(13.9)	(56.3)	(15.4)	(66.0)	94.7	555.4	1,748.8

The notes on pages 131 to 161 are an integral part of these consolidated financial statements.



Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$m	2023 \$m
Cash flows from operating activities			
Cash receipts from customers		2,183.1	1,859.6
Cash paid to suppliers and employees		(1,683.3)	(1,438.5)
Grant and other income received		10.7	13.5
Interest received		19.0	16.5
Interest paid		(9.2)	(9.4)
Income taxes paid	3.1	(131.5)	(79.3)
Net cash provided by operating activities	2.7(b)	388.8	362.4
Cash flows from investing activities			
Acquisition of leasehold improvements, plant and equipment and land and buildings		(62.4)	(50.0)
Acquisition of IT systems		(15.6)	(22.5)
Acquisition of other intangible assets		(11.8)	(23.4)
Acquisition of investments and other financial assets	5.5	(15.9)	(29.8)
Net cash used in by investing activities		(105.7)	(125.7)
Cash flows from financing activities			
Repayments of borrowings		–	(41.3)
Payments of lease liability principal		(32.4)	(31.4)
Outlay from exercise of share options and performance rights		(2.8)	(10.7)
Proceeds from share issuance		0.1	–
Payments for share buyback		(43.0)	(29.6)
Dividends paid	2.6	(245.7)	(197.4)
Net cash used in financing activities		(323.8)	(310.4)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 July		555.5	629.3
Effect of exchange rate fluctuations on cash held		(1.2)	(0.1)
Cash and cash equivalents at 30 June		513.6	555.5

The notes on pages 131 to 161 are an integral part of these consolidated financial statements.



Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

1. Basis of preparation

This section sets out the Company's accounting policies that relate to the financial statements as a whole. Where a material accounting policy is specific to one note, the policy is described in the note to which it relates.

1.1 Reporting entity

Cochlear Limited (the Company) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2024 comprise the Company and its controlled entities (together referred to as Cochlear or the Consolidated Entity). Cochlear is a for-profit entity and operates in the implantable hearing device industry.

1.2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

The Board approved the consolidated financial statements on 15 August 2024.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and financial investments measured at fair value. The fair value measurement method of derivative instruments and financial investments measured at fair value is discussed further in Notes 5.5 and 6.4(d).

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars (AUD), which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, all financial information presented in AUD has been rounded to the nearest one hundred thousand dollars unless otherwise stated.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined.

Foreign exchange differences arising on translation are recognised in the Income statement within other income and other expenses.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to the Company's functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the Company's functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions.

Foreign currency differences arising from translation of controlled entities are recognised in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount of its translation reserve is transferred to the Income statement and reported as part of the gain or loss on disposal.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in the translation reserve.

(e) Use of judgements and estimates

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future years affected.

Management discussed with the Audit and Risk Committee the development, selection and disclosure of Cochlear's critical accounting policies and estimates and the application of these policies and estimates.



Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 5.6 – Provisions – key assumptions about the likelihood and magnitude of an outflow of economic benefits in relation to the warranty and product recall provisions;

Note 5.8 – Leases – lease terms and whether Cochlear is reasonably certain to exercise extension options; and

Note 6.4 – Financial risk management – measurement of expected credit loss allowance for trade receivables; measurement of the fair value of financial instruments.

(f) Basis of consolidation

Controlled entities

Cochlear controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Where the amount of GST incurred is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the Balance sheet.

Cash flows are included in the Statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

(h) Comparability

Comparative information is reclassified where appropriate to enhance comparability or to comply with new or revised accounting standards.

2. Performance for the year

2.1 Operating segments

Cochlear's three reportable segments, determined on a geographical basis, are the strategic business units of Cochlear. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate and other net expenses and corporate and manufacturing assets and liabilities.

Performance is measured based on segment earnings before interest and income tax (EBIT) as included in the internal management reports that are reviewed by Cochlear's Chief Executive Officer and President, who is also the chief operating decision maker.

Information about reportable segments

	Americas	EMEA ¹	Asia Pacific	Corporate and other	Total
	\$m	\$m	\$m	\$m	\$m
Profit or loss					
2024					
Revenue	1,140.7	745.6	371.9	(22.6) ²	2,235.6
EBIT	642.4	349.7	102.2	(619.3)	475.0
Net finance income					9.8
Profit before income tax					484.8
Depreciation and amortisation	11.7	8.5	5.7	59.0	84.9
Write-down in value of inventories	1.2	3.5	4.2	13.1	22.0
Equity accounted losses	–	–	–	0.6	0.6
2023					
Revenue	978.3	639.4	338.0	(19.6) ²	1,936.1
EBIT	523.8	292.5	104.9	(531.7)	389.5
Net finance expense					7.1
Profit before income tax					396.6
Depreciation and amortisation	13.0	7.3	5.7	54.9	80.9
Write-down in value of inventories	1.9	1.4	0.3	1.7	5.3
Equity accounted losses	–	–	–	0.2	0.2

¹ Europe, Middle East and Africa.

² Foreign exchange (loss)/gain on hedged sales



	Americas	EMEA	Asia Pacific	Corporate and other	Total
Assets and liabilities	\$m	\$m	\$m	\$m	\$m
2024					
Assets	396.5	431.4	222.2	1,695.0	2,745.1
Liabilities	195.3	127.5	83.8	498.0	904.6
Acquisition of non-current assets	5.9	19.4	3.0	81.1	109.4
2023					
Assets	392.9	357.9	213.7	1,604.2	2,568.7
Liabilities	199.7	122.1	68.5	429.6	819.9
Acquisition of non-current assets	2.1	6.7	1.0	129.6	139.4

Cochlear Limited is domiciled in Australia and earns less than 5% of its sales revenue from external customers in Australia. Cochlear Limited has \$439.6 million (2023: \$385.1 million) of non-current assets (excluding financial instruments and deferred tax) in Australia, including Australian based manufacturing facilities.

2.2 Revenue

Revenue from the sale of cochlear and acoustic implants and associated sound processors and accessories to customers is based on the contracted sales price. Revenue is recognised at the point in time when control passes to the customer with the exact timing dependent on the agreed sales terms for each contract. Revenue from product sales is also deferred based on the historical rates of product returns.

Revenues from the rendering of services, including ongoing customer support and software licensing, are recognised over time as the services are provided to customers. Where payments are received in advance, the agreed transaction price is initially deferred and progressively recognised over the life of the agreement as the service is provided. The value of unfulfilled performance obligations under these contracts is reflected in the Cochlear’s deferred revenue balance.

Customers include implant recipients, medical practitioners and governments. Contracts are short-term with the exception of software licences which are recognised over multiple years. The accounting policy for foreign exchange gains/losses arising from hedges of forecast sales transactions is set out in Note 6.4(a).

The following table disaggregates revenue by product type:

Revenues	2024 \$m	2023 \$m
Cochlear implants	1,329.6	1,131.4
Services (sound processor upgrades and other)	672.3	584.4
Total cochlear implants	2,001.9	1,715.8
Acoustics	256.3	239.9
Sales revenue	2,258.2	1,955.7
Foreign exchange loss on hedged sales	(22.6)	(19.6)
Revenue	2,235.6	1,936.1

The following table disaggregates revenue by sales type:

	2024 \$m	2023 \$m
Sale of goods before hedging	2,222.7	1,921.0
Foreign exchange loss on hedged sales	(22.6)	(19.6)
Revenue from sale of goods	2,200.1	1,901.4
Rendering of services	35.5	34.7
Total revenue	2,235.6	1,936.1



2.3 Expenses

	Note	2024 \$m	2023 \$m
(a) Cost of sales			
Carrying amount of inventories recognised as an expense		532.5	476.1
Write-down in value of inventories		22.0	5.3
Other		7.6	6.6
Total cost of sales		562.1	488.0
(b) Other expenses			
Integration costs		28.2	–
Net foreign exchange loss		4.8	10.2
Fair value change in investments through profit or loss	5.5	1.3	6.4
Total other expenses		34.3	16.6

Cochlear incurred integration costs of \$28.2 million in the current year related to the Business Combination set out in Note 5.4 and primarily relate to the restructuring costs described in Note 5.6.

Foreign exchange losses are recognised in accordance with the accounting policy at Note 1.2(d).

2.4 Other income

Other income, including government grants, is recognised on a systematic basis over the years necessary to match it with the related costs for which it is intended to compensate. If the costs have already been incurred, the amount is recognised in the year the entitlement is confirmed.

	Note	2024 \$m	2023 \$m
Grant received or due and receivable		2.0	2.2
Gain on business combination	5.4	0.3	–
Other income		8.7	11.3
Total other income		11.0	13.5

2.5 Earnings per share

Cochlear presents basic and diluted earnings per share (EPS) for its ordinary shares.

Basic earnings per share

The calculation of basic EPS has been based on the following net profit attributable to equity holders of the parent entity and weighted average number of ordinary shares of the Company:

	2024	2023
Net profit attributable to equity holders of the parent entity	\$356,847,000	\$300,559,000
Weighted average number of ordinary shares (basic):		
Issued ordinary shares at 1 July (number)	65,671,649	65,775,339
Effect of options, performance shares and performance rights exercised (number)	1,051	4,803
Effect of shares issued under Employee Share Plan (number)	337	238
Effect of shares cancelled from share buy-back (number)	(136,329)	(16,378)
Effect of shares purchased and held as treasury stock	–	(1,559)
Weighted average number of ordinary shares (basic) at 30 June	65,536,708	65,762,443
Basic earnings per share (cents)	544.5	457.0

Diluted earnings per share

The calculation of diluted EPS has been based on the following net profit attributable to equity holders of the parent entity and weighted average number of shares outstanding after adjustments for the effects of all dilutive potential ordinary shares:

	2024	2023
Net profit attributable to equity holders of the parent entity	\$356,847,000	\$300,559,000
Weighted average number of ordinary shares (diluted):		
Weighted average number of shares (basic) (number)	65,536,708	65,762,443
Effect of options, performance shares and performance rights unvested (number)	183,941	134,410
Weighted average number of ordinary shares (diluted) at 30 June	65,720,649	65,896,853
Diluted earnings per share (cents)	543.0	456.1

At 30 June 2024, 58,805 options (2023: 136,622) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been antidilutive.



2.6 Dividends

A liability for dividends payable is recognised in the financial year in which the dividends are declared.

	Dollars per share	Total amount \$m	Franked	Date of payment
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Dividends recognised in the current financial year by the Company are:

2024

Interim 2024 ordinary	2.00	131.0	70% Franked	15 April 2024
Final 2023 ordinary	1.75	114.7	70% Franked	11 October 2023
Total amount	3.75	245.7		

2023

Interim 2023 ordinary	1.55	102.0	35% Franked	14 April 2023
Final 2022 ordinary	1.45	95.4	40% Franked	17 October 2022
Total amount	3.00	197.4		

	Dollars per share	Total amount \$m	Franked	Date of payment
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Subsequent event

Since the end of the financial year, the directors declared the following dividend:

Final 2024 ordinary	2.10	137.5	80% Franked	10 October 2024
Total amount	2.10	137.5		

The financial effect of the 2024 final dividend will be recognised in the subsequent financial year as it was declared after 30 June 2024.

Dividend franking account

	2024	2023
	\$m	\$m
Total franking account balance at 30%	11.7	7.4

The above amount represents the balance of the franking account as at 30 June, after taking into account adjustments for:

- franking credits that will arise from the payment of income tax payable for the current year;
- franking credits that will arise from the receipt of dividends recognised as receivables at the year end; and
- franking credits that the Company may be prevented from distributing in subsequent financial years.

The ability to utilise the franking account credits is dependent upon the ability to declare dividends.

2.7 Notes to the statement of cash flows

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Cochlear's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of cash flows. The operating cash account received an average interest rate of 3.90% (2023: 2.84%) per annum.

**(b) Reconciliation of net profit to net cash provided by operating activities**

	2024	2023
	\$m	\$m
Net profit	356.8	300.6
Add item classified as investing activities:		
Loss on disposal of property, plant and equipment	0.5	0.8
Add/(less) non-cash items:		
Depreciation and amortisation	84.9	80.9
Gain on business combination	(0.3)	–
Fair value change in investments measured at fair value through profit or loss	1.3	6.4
Equity settled share-based payment transactions	19.6	15.9
Share of losses on equity-accounted investments	0.6	0.2
Net cash provided by operating activities before changes in assets and liabilities	463.4	404.8
Changes in assets and liabilities:		
Change in trade and other receivables	(53.6)	(89.0)
Change in inventories	(80.1)	(41.3)
Change in prepayments	(3.9)	(4.6)
Change in deferred tax assets/liabilities	(12.8)	(14.8)
Change in trade and other payables	32.8	37.7
Change in current tax assets/liabilities	8.8	24.2
Change in employee benefit liabilities	2.2	46.1
Change in provisions	21.3	1.5
Change in deferred revenue	3.9	8.9
Effect of movements in foreign exchange	6.8	(11.1)
Net cash provided by operating activities	388.8	362.4

3. Income taxes

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Cochlear Limited.

3.1 Income tax expense

Income tax expense includes current and deferred tax. Current and deferred tax is recognised in the Income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Income tax expense recognised in the Income statement

	2024	2023
	\$m	\$m
Current income tax expense		
Current year	142.8	110.8
Adjustment for prior years	(0.4)	(2.2)
Total current income tax expense	142.4	108.6
Deferred income tax expense		
Origination and reversal of temporary differences	(13.7)	(9.5)
Net utilisation/(recognition) of tax losses	0.9	(2.3)
Current year deferred income tax expense	(12.8)	(11.8)
Adjustment for prior years	(1.6)	(0.8)
Total deferred income tax expense	(14.4)	(12.6)
Total income tax expense recognised in the Income statement	128.0	96.0



Consolidated Entity – Numerical reconciliation between profit before income tax and income tax expense

	2024	2023
	\$m	\$m
Profit before income tax	484.8	396.6
Tax at the Australian tax rate of 30% (2023: 30%)	145.4	119.0
(Less)/add adjustments for:		
Research and development allowances	(21.9)	(21.1)
Net non-deductible items	4.8	5.6
Effect of tax rates in foreign jurisdictions	(5.4)	(4.5)
	122.9	99.0
Integration costs	7.1	–
Other adjustment for prior years	(2.0)	(3.0)
Income tax expense on profit before income tax	128.0	96.0

Income tax recognised in Statement of changes in equity

	Note	2024	2023
		\$m	\$m
Income tax on:			
Fair value losses on investments	3.3	(0.4)	(3.0)
Cash flow hedges	3.3	7.3	(1.1)
Share-based payments		(6.9)	(2.6)
Total income tax recognised in Statement of changes in equity		–	(6.7)

Consolidated Entity – Numerical reconciliation between income tax expense and cash taxes paid

	2024	2023
	\$m	\$m
Income tax expense on profit before income tax	128.0	96.0
Timing differences recognised in deferred tax	13.7	9.5
Net (utilisation)/benefit of tax losses recognised in deferred tax	(0.9)	2.3
Current year tax instalments payable next year	(9.4)	(4.5)
Prior year tax instalments paid/(received) this year	0.1	(24.0)
Cash taxes paid per statement of cash flows	131.5	79.3

Cochlear Limited’s Australian tax consolidated group – Numerical reconciliation between profit before income tax and income tax expense

	2024	2023
	\$m	\$m
Profit before income tax (excluding dividends from wholly-owned foreign subsidiaries)	355.5	272.2
Add: Dividends from wholly-owned foreign subsidiaries	87.3	23.1
Profit before income tax	442.8	295.3
Tax at the Australian tax rate of 30% (2023: 30%)	132.8	88.6
(Less)/add adjustments for:		
Research and development allowances	(20.2)	(20.0)
Net non-deductible items	4.2	5.9
Controlled foreign company income	1.5	0.7
Exempt foreign sourced dividends from wholly-owned subsidiaries	(26.2)	(6.9)
	92.1	68.3
Integration costs	1.1	–
Adjustment for prior years	0.3	(4.0)
Income tax expense on profit before income tax	93.5	64.3



3.2 Current tax assets and liabilities

The current tax assets for Cochlear of \$11.3 million (2023: \$20.0 million) represent the amount of income taxes recoverable in respect of current and prior years and arise from the payment of tax in excess of the amounts due to the relevant taxation authority. The current tax liabilities for the Cochlear of \$17.6 million (2023: \$17.5 million) represent the amount of income taxes payable in respect of current and prior financial years.

3.3 Deferred tax assets and liabilities

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes.

The measurement of deferred tax mirrors the tax consequences that the Consolidated Entity expects to recover or settle from the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse. The measurement of deferred tax mirrors the tax consequences that the Consolidated Entity expects to recover or settle from the carrying amount of its assets and liabilities at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax liabilities

At 30 June 2024, a deferred tax liability of \$7.1 million (2023: \$2.5 million) relating to investments in subsidiaries has not been recognised because the Company controls whether the asset will be recovered or the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

International tax reform - Pillar Two model rules

The Organisation for Economic Co-operation and Development's OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two model rules to address the tax challenges arising from the digitalisation of the global economy. The BEPS Pillar Two model rules seek to apply a 15% global minimum tax to individual jurisdictions across the globe. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions Cochlear operates in. The legislation will be effective for Cochlear's financial year beginning 1 July 2024.

Cochlear is in scope of the Pillar Two model rules and has performed an assessment of its potential exposure to Pillar Two income taxes. Based on the assessment derived from information for the year ended 30 June 2024, Cochlear does not expect a material exposure to Pillar Two income taxes.

Cochlear has applied the mandatory temporary exception under AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules issued by the Australian Accounting Standards Board in June 2023. The amendments provide a temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to the BEPS Pillar Two model rules.



Movement in deferred tax balances

	Opening balance	Recognised in the Income statement	Recognised in other comprehensive income	Recognised in equity	Closing balance	Deferred tax assets	Deferred tax liabilities
2024							
Property, plant and equipment	2.8	0.8	–	–	3.6	5.8	(2.2)
Intangible assets	(10.9)	1.0	–	–	(9.9)	2.6	(12.5)
Inventories	49.4	2.7	–	–	52.1	52.1	–
Provisions	36.6	5.2	–	–	41.8	41.8	–
Deferred revenue	7.6	2.2	–	–	9.8	9.8	–
Forward exchange contracts	6.6	–	(7.3)	–	(0.7)	–	(0.7)
Tax losses and offsets carried forward	2.3	(0.9)	–	–	1.4	1.4	–
Other	12.6	1.8	0.4	6.9	21.7	36.7	(15.0)
Deferred tax assets/(liabilities) before set-off	107.0	12.8	(6.9)	6.9	119.8	150.2	(30.4)
Set-off of tax						(11.5)	11.5
Net tax assets/(liabilities)						138.7	(18.9)

	Opening balance	Recognised in the Income statement	Recognised in other comprehensive income	Recognised in equity	Closing balance	Deferred tax assets	Deferred tax liabilities
2023							
Property, plant and equipment	1.5	1.3	–	–	2.8	5.7	(2.9)
Intangible assets	7.2	(18.1)	–	–	(10.9)	2.2	(13.1)
Inventories	53.6	(4.2)	–	–	49.4	49.4	–
Provisions	33.4	3.2	–	–	36.6	36.6	–
Deferred revenue	5.4	2.2	–	–	7.6	7.6	–
Forward exchange contracts	5.5	–	1.1	–	6.6	6.6	–
Tax losses and offsets carried forward	–	2.3	–	–	2.3	2.3	–
Other	(12.9)	25.1	3.0	(2.6)	12.6	27.2	(14.6)
Deferred tax assets/(liabilities) before set-off	93.7	11.8	4.1	(2.6)	107.0	137.6	(30.6)
Set-off of tax						(12.3)	12.3
Net tax assets/(liabilities)						125.3	(18.3)



4. Employee benefits

4.1 Employee expenses

	2024	2023
	\$m	\$m
Salaries and wages	698.9	624.2
Contributions to superannuation plans	50.9	42.6
Increase in leave liabilities	6.7	5.2
Equity settled share-based payment transactions	19.6	15.9
Total employee expenses	776.1	687.9

4.2 Employee benefit liabilities

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave are recognised in other payables and provisions if Cochlear has a present obligation to pay an amount as a result of past services provided by the employee. The liability is calculated on remuneration rates as at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

Long service leave

The provision for long service leave is the present value of the estimated future cash outflows as a result of services provided by the employee up to the reporting date.

The provision is calculated using expected future increases in remuneration rates, including related on-costs, and expected settlement dates based on turnover history, and is discounted using the corporate bond rates which most closely match the terms to maturity of the related liabilities.

Defined benefit plans

Cochlear has defined benefit plans that cover, in aggregate, 169 employees in 3 countries (2023: 81 employees in 2 countries). Cochlear contributed cash of \$2.0 million (2023: \$1.9 million) to defined benefit plans in the year ended 30 June 2024 and expects to contribute \$2.1 million in the year ending 30 June 2025.

The defined benefit obligations are calculated annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability (excluding interest) are recognised immediately in other comprehensive income.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the opening net defined benefit liability/(asset), adjusted for any changes in the net defined benefit liability/(asset) during the period resulting from contributions and benefit payments. Net interest expense related to defined benefit plans is recognised in the Income statement.

	2024	2023
	\$m	\$m
Current		
Provision for long service leave	18.9	15.7
Provision for annual leave	47.7	43.9
Provision for short-term incentives and sales commissions	83.9	86.8
Total current employee benefit liabilities	150.5	146.4
Non-current		
Provision for long service leave	6.5	6.8
Defined benefit plan	1.3	2.9
Total non-current employee benefit liabilities	7.8	9.7
Total employee benefit liabilities	158.3	156.1



4.3 Share-based payments

Since 1 July 2013, the Company has granted options and performance rights to certain employees under the Cochlear Executive Incentive Plan (CEIP).

The fair value of options and performance rights granted is recognised as an employee expense, with a corresponding increase in equity. The expense is adjusted by the actual number of options and rights that are expected to vest except where forfeiture is due to market-related conditions.

The fair value is measured using the Black-Scholes-Merton pricing model at the date the options, or performance rights, are granted, taking into account market-based criteria and the terms and conditions attached to the instruments. The options, or performance rights, are expensed over the vesting period after which the employees become unconditionally entitled to them.

When the Company grants options over its shares to employees of controlled entities, the fair value at grant date is recognised as an increase in the investment in subsidiaries, with a corresponding increase in equity over the vesting period of the grant in the Company's accounts. At 30 June 2024, the unissued ordinary shares of the Company under option and rights and the terms and conditions of the grants and issues are as follows:

Grant date	Exercise price of options	Number of options	Number of performance rights	Contractual life
October 2020 ¹	\$206.06	54,731	12,332	5 years
October 2021 ¹	\$232.52	69,135	16,929	5 years
September 2022 ²	N/A	–	33,313	2 years
October 2022 ¹	\$216.33	67,487	21,357	7 years
September 2022 ³	N/A	–	5,863	2 years
October 2023 ¹	\$257.69	58,805	20,606	7 years
September 2023 ²	N/A	–	40,794	2 years
September 2023 ³	N/A	–	6,984	2 years
Total		250,158	158,178	

¹ Options and performance rights offered under long-term incentives.

² Performance rights offered under deferred short-term incentives.

³ Services rights offered under the CEIP.

Grants are split between deferred short-term incentives (STI) and long-term incentives (LTI).

Under the CEIP, certain employees receive a portion of their STI achievement in the form of performance rights. The number of performance rights under the deferred STI grants is calculated at the end of each year and then held for two years until vesting.

Grants under LTI are in two equal tranches assigned to compound annual growth rate (CAGR) in EPS and ranking of total shareholder return (TSR) against the Australian Securities Exchange (ASX) 100 index. The conditions for minimum vesting are four years of service and:

- 50% weighting on CAGR in EPS with a minimum CAGR in EPS of 7.5% assigned to 50% of grant; or
- 50% weighting on relative TSR over four years against the ASX 100 with a minimum TSR at the 50th percentile assigned to 40% of grant.



The grant date fair value of options and performance rights was measured based on the Black-Scholes-Merton pricing model. Gross contract value is discounted for dividends not paid, share price volatility and the risk-free rate of return. There is no discount for the likelihood of service or performance conditions. The model uses Cochlear’s five-day volume-weighted average price following the announcement of full year results in August each year. The inputs used in the measurement of the fair values at the grant date are the following:

	18 October 2023 (4 years)		18 September 2023		19 October 2022 (4 years)		29 September 2022	
	TSR-based conditions	EPS performance-based conditions	Deferred STI service-based conditions	Rights service-based conditions	TSR-based conditions	EPS performance-based conditions	Deferred STI service-based conditions	Rights service-based conditions
Fair value of options at grant date	\$81.44	\$90.32	N/A	N/A	\$54.08	\$64.39	N/A	N/A
Fair value of performance rights at grant date	\$182.37	\$254.45	\$260.25	\$260.25	\$130.71	\$203.44	\$209.11	\$209.11
Share price at valuation date	\$266.15	\$266.15	\$266.15	\$266.15	\$214.85	\$214.85	\$214.85	\$214.85
Option exercise price	\$257.69	\$257.69	n/a	n/a	\$216.33	\$216.33	N/A	N/A
Expected volatility ¹	30.14%	30.14%	26.03%	26.03%	29.81%	29.81%	26.68%	26.68%
Option/right life (years)	4 - 7	4 - 7	2	2	4 - 7	4 - 7	2	2
Expected dividend yield	1.13%	1.13%	1.13%	1.13%	1.37%	1.37%	1.37%	1.37%
Risk free interest rate ²	3.91%	3.91%	3.91%	3.91%	3.28%	3.28%	3.28%	3.28%

¹ Measure captures the characteristics of fluctuations in the share price.

² Based on government bonds.



The number, and weighted average exercise prices of, options are as follows:

	Weighted average exercise price 2024	Number of options 2024	Weighted average exercise price 2023	Number of options 2023
Outstanding at 1 July	\$218.82	243,155	\$219.76	204,279
Forfeited	\$217.28	(38,279)	\$219.61	(28,611)
Exercised	\$218.82	(13,523)	–	–
Granted	\$257.69	58,805	\$216.33	67,487
Outstanding at 30 June	\$228.28	250,158	\$218.82	243,155
Exercisable at 30 June	\$206.06	54,731	\$217.28	51,802

13,523 were exercised in 2024 (2023: no options were exercised). The weighted average market share price on the ASX at date of exercise was \$279.20 (2023: Nil). The weighted average remaining contractual life of options outstanding at the end of the year is three years (2023: three years).

ShareWave Employee Share Plan

In 2021, Cochlear launched ShareWave, replacing the previous employee share purchase plans. Under the plan, eligible employees can become a Cochlear Limited shareholder by purchasing shares at the current market value through after-tax salary deductions, with Cochlear Limited providing a matching benefit at no extra cost to the employees at the end of the contribution period, subject to service conditions and the employee retaining the purchased shares up to the vesting date of the matching benefit. A maximum value of \$1,000 or \$1,500 applies to ShareWave, depending on the eligibility of the participating employee.

During the 2024 financial year, the 2021 ShareWave Matching Rights plan vested and 9,562 shares were purchased on market to satisfy the employees share allocation.

4.4 Key management personnel

The following were key management personnel (KMP) of Cochlear at any time during the financial year and unless otherwise indicated were KMP for the entire financial year:

Non-executive Directors

A Deans (Chair), G Boreham, AM, Sir M Daniell, KNZM, M del Prado, C McLoughlin, AM, K Penrose and Prof B Robinson, AC.

Former Non-Executive directors

YA Allen, AM¹
A Denver²

Executive KMP

D Howitt, J Janssen and S Sayers.

¹ Resigned on 31 March 2024.

² Retired on 17 October 2023.

Key management personnel disclosures

The KMP compensation is included in employee expenses as follows:

	Short-term employee \$	Post- employment \$	Other long-term benefits \$	Share-based payments \$	Total \$
2024	9,122,557	245,868	(66,862)	4,915,080	14,216,643
2023	9,715,096	273,366	34,212	3,755,925	13,778,599

Information regarding individual KMP remuneration and some equity instruments disclosures as permitted by section 300A of the *Corporations Act 2001* is provided in the Remuneration report of this Annual Report on pages 98 to 120.

The KMP have not received any loans from Cochlear and there have been no other related party transactions with any of Cochlear's KMP.



5. Operating assets and liabilities

5.1 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is based on the first-in-first-out principle including expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling, marketing and distribution expenses.

	Raw materials	Work in progress	Finished goods	Total inventories
	\$m	\$m	\$m	\$m
2024	198.1	46.3	147.2	391.6
2023	126.4	37.5	147.6	311.5

5.2 Property, plant and equipment

Owned assets

The value of property, plant and equipment is measured as the cost of the asset, minus accumulated depreciation and impairment losses (see Note 5.3). The cost of the asset is the consideration provided plus incidental costs directly attributable to the acquisition.

The value of internally-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs in relation to replacing a part of property, plant and equipment are capitalised in the carrying amount of the item if it is probable that future economic benefits will flow to Cochlear and its cost can be measured reliably. All other costs are recognised in the Income statement as incurred.

Depreciation

Depreciation is calculated to expense the cost of items of property, plant and equipment less their estimated residual values on a straight-line basis over their estimated useful lives. The estimated useful lives in the current and comparative years are as follows: leasehold improvements between 1 to 15 years, plant and equipment between 3 to 14 years and buildings between 10 to 30 years.

Depreciation is recognised in the Income statement from the date of acquisition or, in respect of internally-constructed assets, from the time an asset is completed and held ready for use.

Depreciation expense is recognised in cost of sales, selling, marketing and general expenses, research and development expenses and administration expenses in the Income statement depending on the function of associated activities.

Depreciation rates and methods, useful lives and residual values are reviewed at each Balance sheet date. When changes are made, adjustments are reflected prospectively in current and future financial years only.

	Leasehold improvements		Plant and equipment		Land and buildings		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
At cost	84.4	77.6	441.2	388.6	73.8	73.9	599.4	540.1
Accumulated depreciation	(51.1)	(44.7)	(238.8)	(215.1)	(4.7)	(3.6)	(294.6)	(263.4)
Net book value	33.3	32.9	202.4	173.5	69.1	70.3	304.8	276.7

Reconciliations of the carrying amounts are:

Opening balance	32.9	32.6	173.5	154.7	70.3	72.9	276.7	260.2
Additions	7.3	5.8	57.5	45.2	–	0.3	64.8	51.3
Addition through business combination	–	–	0.6	–	–	–	0.6	–
Disposals	–	–	(0.5)	(0.7)	–	–	(0.5)	(0.7)
Depreciation	(6.8)	(6.4)	(27.4)	(24.7)	(1.1)	(1.1)	(35.3)	(32.2)
Effect of movements in foreign exchange	(0.1)	0.9	(1.3)	(1.0)	(0.1)	(1.8)	(1.5)	(1.9)
Net book value	33.3	32.9	202.4	173.5	69.1	70.3	304.8	276.7



5.3 Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment.

IT systems

IT systems are recognised as an intangible asset where Cochlear controls future economic benefits as a result of the costs incurred and are stated at cost less accumulated amortisation. Costs include expenditure directly related to the development and implementation (hardware and software costs) of IT systems including direct labour.

Other intangible assets

Other intangible assets, comprising acquired technology, patents and licences, customer relationships, capitalised development expenditure and intellectual property, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses (see below).

Amortisation

Amortisation is calculated to expense the cost of intangible assets less their estimated residual values on a straight-line basis over their estimated useful lives. The estimated useful lives for the current and comparative years are as follows: IT systems between 2 to 7 years, acquired technology, patents and licences between 4 to 15 years, customer relationships up to 31 years and capitalised development expenditure between 4 to 10 years.

Amortisation is recognised in the Income statement from the date the assets are available for use unless their lives are indefinite. Amortisation expense is recognised in cost of sales, selling, marketing and general expenses, research and development expenses and administration expenses in the Income statement depending on the function of associated activities.

Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment annually.

	Intangible assets with indefinite useful life	Intangible assets with finite useful life			Intangible assets
	Goodwill	IT systems	Acquired technology, patents and licences	Other intangible assets	Total
	\$m	\$m	\$m	\$m	\$m
2024					
At cost	257.7	151.0	210.3	58.6	677.6
Accumulated amortisation and impairment losses	–	(95.8)	(94.2)	(36.6)	(226.6)
Net book value	257.7	55.2	116.1	22.0	451.0
<i>Reconciliations of the carrying amounts are:</i>					
Opening balance	256.1	46.6	120.0	21.4	444.1
Additions	–	15.6	3.3	3.0	21.9
Disposal	–	(0.1)	–	(0.3)	(0.4)
Amortisation	–	(7.0)	(7.4)	(2.1)	(16.5)
Effect of movements in foreign exchange	1.6	0.1	0.2	–	1.9
Net book value	257.7	55.2	116.1	22.0	451.0
2023					
At cost	256.1	136.3	206.8	48.1	647.3
Accumulated amortisation and impairment losses	–	(89.7)	(86.8)	(26.7)	(203.2)
Net book value	256.1	46.6	120.0	21.4	444.1
<i>Reconciliations of the carrying amounts are:</i>					
Opening balance	257.1	33.0	79.2	23.2	392.5
Additions	–	22.5	46.4	1.4	70.3
Amortisation	–	(9.0)	(5.4)	(4.0)	(18.4)
Effect of movements in foreign exchange	(1.0)	0.1	(0.2)	0.8	(0.3)
Net book value	256.1	46.6	120.0	21.4	444.1



Impairment

Cochlear annually tests goodwill and other intangible assets with indefinite useful life for impairment. Other non-financial assets, other than inventories (see Note 5.1) and deferred tax assets (see Note 3.2), are tested if there is any indication of impairment or if there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased.

Assets are impaired if their carrying value exceeds their recoverable amount. The asset's recoverable amount is the higher of its value in use and its fair value less costs of disposal.

An asset that does not generate independent cash flows and its individual value in use cannot be estimated is tested for impairment as part of a cash-generating unit (CGU).

An impairment loss is recognised in the Income statement when the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Impairment tests for CGUs

Cochlear allocates goodwill and other intangible assets to CGUs based on the expected benefits that each CGU will receive from use of those assets.

The aggregate carrying amounts of goodwill allocated to each group of CGUs are:

	Americas \$m	EMEA \$m	Asia Pacific \$m	Total \$m
2024	177.7	70.5	9.5	257.7
2023	176.9	69.8	9.4	256.1

The recoverable amount of each CGU is based on value-in-use calculations. Sensitivity analysis has been undertaken to stress test cash flow forecasts, discount rates and terminal value growth rate assumptions. Based on the range and depth of sensitivities applied no reasonable change in assumptions would result in an impairment.

Those calculations use five-year cash flow projections based on actual operating results and an EBIT growth rate, considered modest compared to historical growth rates in the CGUs.

Revenue is based on near-term forecasts and Cochlear's expectation of medium and long-term growth rates. Cost of sales, R&D investment and net margin are based on long-term expectations. Year 1 cash flows are based on Cochlear's budget for the year ending 30 June 2025, which is aligned with Cochlear's outlook statement.

Cash flows for year six onwards are extrapolated using a terminal growth rate of 3.0% (2023: 3.0%) per annum which is consistent with long-term growth rates. The pre-tax discount rate for each CGU is as follows: Americas 8.8% (2023: 9.4%), EMEA 8.7% (2023: 9.3%) and Asia Pacific 9.1% (2023: 9.7%).

The key assumptions and the approach to determining their value in the current year are:

Assumption

Approach

Discount rate

Based on weighted average cost of capital reflecting current market assessments of the time value of money and risks specific to the CGU.

EBIT growth rate

Based on a five-year cash flow projection taking into account historical growth rates and product lifecycle.

Terminal value growth rate

Based on long-term growth rates.

The recoverable amount of each CGU including allocated corporate assets is in excess of the carrying amount and therefore no impairment expense was recognised. The above represents the best estimate of the directors.



5.4 Business combination

On 21 May 2024, Cochlear acquired Demant’s cochlear implant business by purchasing 100% of the shares in Neurelec S.A.S and Oticon Medical Maroc from Demant A/S, a Danish company. Cochlear acquired the business to provide ongoing support to the customer base of implant recipients following Demant’s decision to exit its hearing implant business. The acquisition was completed for ‘nil’ consideration.

The net profit impact of the acquired business, which is loss making, is not considered material for either the period since the acquisition or if Cochlear had acquired the business at the start of the financial year. The acquisition-related costs incurred are not material and are included as Integration cost in Other expenses.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	Total \$m
Trade and other receivables		9.9
Inventories		6.4
Property, plant and equipment	5.2	0.6
Right of use assets	5.8	4.2
Trade and other payables		(5.0)
Employee benefit liabilities		(6.1)
Lease liabilities		(4.2)
Provisions	5.6	(5.5)
Fair value of net assets/(liabilities) acquired		0.3

The acquisition accounting has been performed on a provisional basis and will be finalised on completion of the final valuations and working capital and net debt adjustments expected to occur in FY25. A gain on acquisition has arisen from the provisional acquisition accounting as outlined below:

	Total \$m
Consideration transferred	–
Fair value of (net assets)/liabilities acquired	(0.3)
Gain on business combination	0.3

The gain is treated as non-assessable income for tax purposes and has been recognised as Other income in the Income statement.

5.5 Investments, equity-accounted investments and other financial assets

Cochlear has a number of strategic investments that may, over the longer-term, enhance or leverage Cochlear’s intellectual property. These include investments in Nyxoah S.A., Saluda Medical, EpiMinder, Seer Medical and Precisis. As these investments are held for strategic purposes, Cochlear elects to fair value these investments through other comprehensive income, when possible, in accordance with accounting standards.

Cochlear’s investments are valued individually using quoted prices or unobservable market inputs. Unobservable inputs are those not readily available in an active market. These inputs are generally derived from other observable inputs that match the risk profile of the financial instruments and validated against current market assumptions and historical transactions where available.

Investments measured at fair value through other comprehensive income are ordinary shares. Investments measured at fair value through profit or loss are interests in entities that do not meet the definition of equity, such as instruments convertible into ordinary shares.

	Investments \$m	Other financial assets \$m	Equity- accounted investments \$m
Balance at 1 July 2023	93.8	90.8	3.5
Additions	7.5	8.4	–
Fair value loss in investments measured at fair value through profit or loss	–	(1.3)	–
Fair value through other comprehensive income (before tax)	(20.8)	–	–
Share of losses on equity-accounted investments	–	–	(0.6)
Balance at 30 June 2024	80.5	97.9	2.9

At 30 June 2024, \$110.9 million (2023: \$103.8 million) of Investments and Other financial assets are measured at fair value through profit or loss. The remaining \$67.5 million (2023: \$80.8 million) is measured at fair value through other comprehensive income and includes Nyxoah \$59.1 million (2023: \$59.2 million) and Seer Medical \$6.2 million (2023: \$19.6 million).



Valuation of Level 3 investments and other financial assets

Cochlear's strategic investments in Saluda Medical, EpiMinder, Seer Medical and Precisis are classified as Level 3 financial instruments. Level 3 financial instruments in the fair value hierarchy uses unobservable inputs when measuring fair value (refer to section 6.4 for further details).

At 30 June 2024, Saluda Medical, Seer Medical, Precisis and EpiMinder were valued using a Market comparison technique. For these investments, the fair values are based on the latest market price per latest fundraising values and using the price per share from the latest financing round which are considered unobservable inputs. The estimated fair value would increase (decrease) if the prices per the latest financing round were higher (lower).

The following table summarises the movement in Level 3 investments during the period:

	Investments	Other financial assets
	\$m	\$m
Balance at 1 July 2023	34.3	90.8
Additions	–	8.4
Fair value loss in investments measured at fair value through profit or loss	–	(1.3)
Fair value through other comprehensive income (before tax)	(13.5)	–
Balance at 30 June 2024	20.8	97.9

At 30 June 2024, \$110.9 million (2023: \$103.8 million) of Level 3 investments and Other financial assets are measured at fair value through profit or loss and \$7.8 million (2023: \$21.3 million) measured at fair value through other comprehensive income.

A 10% increase/(decrease) in the fair value of Level 3 valuations would have a fair value gain/(loss) of \$11.1 through profit or loss and \$0.8 million through other comprehensive income.

5.6 Provisions

A provision is recognised in the Balance sheet when:

- Cochlear has a present obligation (legal or constructive) as a result of a past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

2024	Warranties	Restructuring	Legal and insurance	Product recall	Make good lease costs	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Opening balance	40.7	–	5.8	7.3	3.6	57.4
Provision made	14.4	21.9	1.6	–	0.3	38.2
Addition through business combination	4.8	–	0.7	–	–	5.5
Provision used	(17.4)	(3.7)	(0.2)	(0.9)	(0.1)	(22.3)
Effect of movements in foreign exchange	(0.1)	–	–	–	–	(0.1)
Total provisions	42.4	18.2	7.9	6.4	3.8	78.7
Represented by:						
Current	17.3	18.2	7.7	0.2	–	43.4
Non-current	25.1	–	0.2	6.2	3.8	35.3
Total provisions	42.4	18.2	7.9	6.4	3.8	78.7

Warranties

A provision for warranty claims is recognised in relation to sales made prior to the reporting date, based on historical claim rates and respective product populations. Warranty periods on hardware products extend from 2 to 10 years.

Restructuring

The restructuring provision relates to redundancy payments required to be paid in relation to the business combination described in Note 5.4. The restructure commenced prior to closing of the acquisition and allowed the cochlear implant business to be separated from the business that was retained by the seller.



Legal and insurance

Cochlear is involved in litigation in the ordinary course of business, including claims made by Cochlear and against Cochlear for patent infringement. Where Cochlear has a present obligation and can reliably estimate future costs related to these proceedings, including legal fees, a provision is recognised.

Cochlear self-insures certain risks associated with operating in its line of business. Claims are recognised when an incident occurs that may give rise to a claim. They are measured at the cost that Cochlear expects to incur in defending or settling the claims, discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Product recall

On 11 September 2011, the Company initiated a worldwide voluntary recall of its unimplanted Nucleus CI500 cochlear implant range. Management has made judgements, estimates and assumptions related to probable costs arising from the recall which affect the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates as further information is identified.

No additional provisions have been made or released to the Income statement for the year ended 30 June 2024.

Make good lease costs

Cochlear has several operating leases over its offices that require the premises to be returned to the lessor in their original condition. The lease payments do not include an element for the repairs and overhauls.

5.7 Contingent liabilities

Contingent liabilities are disclosed where a provision is not recognised due to the uncertainty regarding the outcome of future events and/or inability to reliably measure such liabilities. The details of contingent liabilities are set out below. The directors are of the opinion that provisions are either adequate or are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

Patent infringement claims

Cochlear operates in an industry that has substantial intellectual property and patents protecting that intellectual property. From time to time, Cochlear is involved in confidential discussions with patent owners including competitors regarding threatened litigation for alleged infringement of patent rights. The outcome of these discussions are not expected to result in a significant adverse outcome for Cochlear.

Product liability claims

Cochlear is currently, and/or is likely from time to time to be, involved in claims and litigation incidental to the ordinary course of business, including claims for damages relating to its products and services.

In addition, Cochlear has received legal claims and litigation in various countries including the United States by recipients who have had Cochlear implant CI500 series devices stop functioning for the reason that led to the September 2011 voluntary recall of unimplanted CI500 series devices.

Cochlear carries product liability insurance and has made claims under the policies. The insurers have agreed to indemnify Cochlear in accordance with the terms and conditions of the policies including deductibles and exclusions. In the opinion of the directors, the details of the product liability insurance policies are commercially sensitive and any disclosure of these details may be prejudicial to the interests of Cochlear.

Regulatory actions

Cochlear operates in multiple overseas jurisdictions and is currently, and/or is likely from time to time to be, subject to payment claims and tax, customs, and other regulatory reviews, audits, investigations, and litigation by governments, authorities and regulators. These matters may result in additional tax, customs or other liabilities (including interest and penalties). Individual significant confidential investigation(s) by an authority are not disclosed, as disclosure may prejudice Cochlear.

5.8 Leases

Cochlear leases a number of assets including land and buildings, office equipment and motor vehicles. Cochlear's lease agreements often include a standard lease term with an extension option at the end. Lease agreements may include annual rent increases based on either a fixed percentage or benchmarked against an inflation index. Land and building leases may also include periodic market rent reviews which reset the rent to the market rent at the time of the review.

At inception of a contract, Cochlear assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the contract contains a lease, a lease liability is recognised at lease commencement date. The liability is initially measured at the present value of future lease payments, discounted using Cochlear's incremental borrowing rate.

The lease liability is subsequently remeasured when there is a modification in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The right of use asset is initially measured at cost, which comprises the initial



amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received.

Over the life of the lease, the lease liability will be increased by interest costs and will be reduced as lease payments are made. The right of use asset is amortised on a straight-line basis over its useful life.

Cochlear has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether Cochlear is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised. The lease liability includes the lease of Cochlear Global Headquarters in Sydney, Australia until 2035.

Cochlear has elected not to recognise a right of use asset and a corresponding lease liability for leases with a term of less than 12 months or for leases of low-value assets. Cochlear recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right of use asset depreciation is recognised in cost of sales, selling, marketing and general expenses, research and development expenses and administration expenses in the Income statement depending on the function of associated activities; while interest expense incurred on the lease liability is recognised in Finance expense – interest in the Income statement. For the year ended 30 June 2024, lease interest was \$7.2 million (2023: \$6.7 million). For the purpose of presentation of the Statement of cash flows, the lease payments are separated into principal payments (financing activities) and interest payments (operating activities). Total cash outflows related to leases was \$39.6 million for the year ended 30 June 2024 (2023: \$38.5 million).

The following table shows movements in the right of use assets during the year:

	Land and buildings	Other assets	Total
	\$m	\$m	\$m
Balance at 1 July 2023	160.1	10.4	170.5
Additions	9.0	4.4	13.4
Addition through business combination	4.2	–	4.2
Remeasurement	58.1	–	58.1
Depreciation expense	(28.0)	(5.1)	(33.1)
Effect of movements in foreign exchange	(0.8)	0.1	(0.7)
Balance at 30 June 2024	202.6	9.8	212.4

6. Capital and financial structure

6.1 Capital management

Cochlear's capital management objectives are to safeguard its ability to continue as a going concern, provide returns to shareholders, provide benefits to other stakeholders and maintain an optimal capital structure.

Cochlear commenced a progressive on-market share buyback program in March 2023 with the aim of reducing the cash balance over a number of years. This program complements the existing dividend policy which targets a 70% payout of underlying net profit.

A progressive buy-back program aligns with the interests of our shareholders by reducing shares on issue, providing gradual accretion in earnings per share and dividends per share over the long term.

The Board undertakes an annual review to assess whether the buyback and cash target continue to be appropriate and whether the capital management structure is appropriate to meet Cochlear's medium and long-term strategic requirements.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in Cochlear's approach to capital management during the year.



6.2 Capital and reserves

Share capital

The Company does not have authorised capital or par value in respect of its issued shares.

	Total number of issued shares	
	2024	2023
On issue 1 July – fully paid	65,671,649	65,775,339
Issued under Employee Share Plan	516	450
Issued from exercise of APAC Equity Plan	–	1,195
Issued from the exercise of performance rights	1,202	4,665
Shares cancelled from share buy-back	(179,206)	(110,000)
On issue 30 June – fully paid	65,494,161	65,671,649

For the FY20-23 LTI plan, 26.12% vested based on the performance over 4 years period (FY20-FY23), as result of it, 51,312 shares were purchased under the plan with 6,654 in 2024 financial year and 44,658 shares purchased and held in Trust in 2023 financial year.

The on-market share buy-back commenced on 8 March 2023. For the financial year ended 30 June 2024, 165,206 shares were bought back on market (2023: 124,000) and 179,206 shares were cancelled (2023: 110,000).

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Translation reserve

The translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary, where their functional currency is different to the presentation currency of the reporting entity. See Note 1.2(d) for further details.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to underlying transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments revalued through other comprehensive income until the assets are derecognised or impaired.

Share-based payment reserve

The share-based payment reserve comprises the cost of shares, options, performance shares and performance rights granted to eligible executives under the CEIP, as detailed in Note 4.3 less any payments made to meet Cochlear's obligations through the acquisition of shares on-market, together with any deferred tax asset/liability on such payments.

Treasury shares reserve

The reserve comprises the cost of the Cochlear Limited's shares held by Cochlear.

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, are recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve.

When treasury shares are cancelled, the consideration paid is transferred to share capital. When treasury shares are issued to employees to satisfy vesting of employee share plans the consideration paid is transferred to the share-based payment reserve.

At 30 June 2024, the group did not hold any Cochlear Limited shares (2023: 58,658).

6.3 Total borrowings, net cash and finance costs

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, loans and borrowings are stated at amortised cost, with any difference between amortised cost and redemption value being recognised in the Income statement over the period of the borrowings on an effective interest rate basis. As at 30 June 2024, Cochlear has no borrowings.

Debt establishment costs are capitalised and an amount of \$1.1 million (2023: \$1.5 million) in relation to unamortised loan establishment fees has been recognised in prepayments. They are recorded initially at cost and are amortised over the period of the loan.



	2024 \$m	2023 \$m
Cash		
Cash and cash equivalents	513.6	555.5
Total cash	513.6	555.5
Less: Total borrowings		
Current	–	–
Total borrowings	–	–
Net cash	513.6	555.5

Gearing ratio

	2024 \$m	2023 \$m
Total borrowings	–	–
Total equity	1,840.5	1,748.8
Gearing ratio¹	0.0%	0.0%

¹ Gearing ratio = Total borrowings/Total equity.

Financing arrangements

	Multi-option bank facilities		Other credit facilities		
	Unsecured bank loan	Bank guarantees ²	Unsecured bank overdrafts	Unsecured bank loan	Bank guarantees ²
	\$m	\$m	\$m	\$m	\$m
2024					
Utilised at reporting date ¹	–	14.9	–	–	8.5
Not utilised at reporting date	350.0	5.1	3.0	–	4.3
Total facilities	350.0	20.0	3.0	–	12.8
2023					
Utilised at reporting date ¹	–	15.0	–	–	9.1
Not utilised at reporting date	350.0	5.0	3.0	–	3.7
Total facilities	350.0	20.0	3.0	–	12.8

¹ Excludes the amount of \$1.1 million (2023: \$1.5 million) in relation to unamortised loan establishment fees.

² Bank guarantees include standby letters of credit.

Multi-option bank facilities – Unsecured bank loan

During the year ended 30 June 2024, Cochlear restructured its bank loan facilities as follows:

Facility type	<1 year term \$m	1-2 year term \$m	2-3 year term \$m	3-4 year term \$m	4-5 year term \$m	5-6 year term \$m	Total facilities \$m
Committed debt including guarantees	–	–	100.0	150.0	100.0	20.0	370.0

All facilities are unsecured and have interlocking guarantees provided by certain controlled entities. Interest on the facilities is variable and charged at prevailing market rates.

Other credit facilities

Unsecured bank overdrafts

Certain unsecured bank overdrafts are payable on demand and are subject to annual review. Interest on unsecured bank overdrafts is variable and is charged at prevailing market rates.

Bank guarantees/Standby letters of credit

As at 30 June 2024, Cochlear had additional facilities denominated in US dollar (USD), Euros (EUR), Sterling (GBP), Indian rupees (INR), New Zealand dollars (NZD) and Moroccan Dirham (MAD) totaling AUD 12.8 million (2023: AUD 12.8 million).

Finance costs

Interest income is recognised as it accrues in the Income statement. Borrowing costs are recognised as they accrue in the Income statement as a Finance expense - interest.



6.4 Financial risk management

The activities of Cochlear are exposed to a variety of risks, including market risk (comprising currency, interest rate and equity price risk), credit risk and liquidity risk. Cochlear's overall risk management program considers the unpredictability of financial markets and seeks to appropriately manage the potential adverse effects on financial performance.

The Board has overall responsibility for the establishment and oversight of the Risk Management Standard. Under instruction of the Board, management has established a Risk Management Committee which is responsible for identifying, assessing and appropriately managing risk throughout Cochlear. Key risks are reported to the Audit and Risk Committee on a regular basis.

The Audit and Risk Committee oversees how management monitors compliance with Cochlear's Risk Management Standard, policies and procedures and is assisted by Group Risk and Assurance which undertakes reviews of key management controls and procedures.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect Cochlear's net profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures by buying and selling forward exchange contracts and incurring financial liabilities, within acceptable parameters, while optimising the return, all in accordance with the Treasury Risk Management Policy.

Currency risk

Cochlear is exposed to currencies other than the respective functional currencies of the controlled entities, primarily AUD, Swiss francs (CHF), Chinese yuan (CNY), EUR, GBP, Japanese yen (JPY), Swedish Krona (SEK) and USD.

Over 90% of Cochlear's revenues and over 50% of costs are denominated in currencies other than AUD. Currency risk is hedged in accordance with the Treasury Risk Management Policy. Risk resulting from the translation of assets and liabilities of foreign operations into Cochlear's reporting currency is not hedged.

Cochlear's exposure to foreign currency risk in relation to non-derivative financial instruments at 30 June 2024 was as follows, based upon notional amounts:

Amounts in foreign currency/millions	CHF	CNY	EUR	GBP	JPY	SEK	USD
2024							
Trade receivables	0.7	200.5	48.7	6.9	1,301.1	8.3	122.6
Trade payables	(3.8)	(56.6)	(44.3)	(3.4)	(227.3)	(56.0)	(51.0)
Balance sheet exposure	(3.1)	143.9	4.4	3.5	1,073.8	(47.7)	71.6
2023							
Trade receivables	1.0	41.1	70.6	4.0	1,098.7	0.6	110.4
Trade payables	(1.2)	(44.4)	(28.3)	(7.7)	(60.4)	(64.9)	(25.7)
Balance sheet exposure	(0.2)	(3.3)	42.3	(3.7)	1,038.3	(64.3)	84.7

Derivative assets and liabilities

In order to reduce the impact of short-term fluctuations on Cochlear's earnings, Cochlear enters into forward exchange contracts to hedge anticipated sales and purchases in CHF, EUR, GBP, JPY, SEK and USD. The amounts of forward cover taken are in accordance with approved policy and internal forecasts.

In the year ended 30 June 2024, Cochlear designated the majority of forward exchange contracts as cash flow hedges. These are hedges of forecast future transactions to manage the currency risk arising from exchange rate fluctuations. The hedged items were highly probable foreign currency transactions.

At the start of a hedge relationship, Cochlear designates and documents the relationship between the hedging instrument and hedged item. This includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how Cochlear will assess the effectiveness of the hedging relationship. Cochlear regularly assesses whether the hedging instruments are expected to be highly effective in offsetting the changes in the cash flows of the respective hedged items.

Forward exchange contracts are recognised initially at fair value. Subsequently, forward exchange contracts are measured at fair value. Changes in the fair value are recognised directly in equity to the extent that the hedge is effective. The ineffective part of any hedging instrument is recognised immediately in the Income statement.



If the forward exchange contract no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs or until cash flows arising from the transaction are received.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the Income statement in the same period the hedged forecast transaction affects the Income statement and on the same line item as that hedged forecast transaction.

In the year ended 30 June 2024, all cash flow hedges were effective at the reporting date.

The following table sets out the gross value to be received or paid under remaining forward exchange contracts and the weighted average contracted exchange rates of outstanding contracts:

Amounts In AUD	Weighted average rate	<1 year \$m	1-2 years \$m
2024			
Buy CHF	0.565	(32.4)	–
Sell EUR	0.605	148.0	75.9
Sell GBP	0.532	42.0	22.8
Sell JPY	90.285	17.7	8.9
Buy SEK	6.891	(34.8)	–
Sell USD	0.666	354.6	184.1
Total		495.1	291.7
2023			
Buy CHF	0.611	(31.5)	–
Sell EUR	0.625	112.7	82.4
Sell GBP	0.554	29.5	18.5
Sell JPY	85.643	17.9	9.3
Buy SEK	7.095	(36.6)	–
Sell USD	0.690	313.3	154.8
Total		405.3	265.0

Currency risk – Sensitivity analysis

An analysis based on a 10% strengthening of foreign currencies would have increased Cochlear's profit for the year ended 30 June 2024 after tax by approximately AUD 13.2 million (2023: increased profit by AUD 10.8 million) and decreased Cochlear's equity by AUD 56.0 million (2023: decrease by AUD 65.7 million). A 10% weakening of the foreign currencies would have decreased Cochlear's profit for the year ended 30 June 2024 after tax by approximately AUD 11.7 million (2023: decreased profit by AUD 9.8 million) and increased equity by AUD 49.3 million (2023: increase by AUD 26.4 million).

This analysis assumes that all other variables remain constant and ignores any impact from the translation of foreign operations.

The following significant exchange rates applied to Cochlear during the year:

AUD 1 =	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
CHF	0.584	0.632	0.596	0.595
CNY	4.738	4.698	4.813	4.798
EUR	0.607	0.644	0.620	0.609
GBP	0.522	0.558	0.525	0.524
JPY	98.135	92.632	106.775	95.900
SEK	6.990	7.110	7.060	7.181
USD	0.656	0.675	0.662	0.662

Interest rate risk

Interest rate risk is managed through the management of net debt, interest expense and cost of finance. Cochlear is exposed to movements in the Australian interest rates in relation to corporate debt, leases and cash.

At the reporting date, the interest rate profile of Cochlear's interest-bearing financial instruments is financial assets of \$513.6 million (2023: \$555.5 million) and financial liabilities of \$0.0 million (2023: \$0.0 million).

Interest rate risk – Sensitivity analysis

At 30 June 2024, Cochlear was in a net financial asset position. A one percent increase in interest rates would have increased Cochlear's profit after income tax and equity by approximately \$1.6 million (2023: increased profit by \$3.0 million). A one percent decrease in interest rates would have decreased Cochlear's profit after income tax and equity by approximately \$2.3 million (2023: reduced profit by \$2.1 million).



(b) Credit risk

Credit risk is the risk of financial loss to Cochlear if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Cochlear is exposed to credit risk from its operating activities (primarily from trade and other receivables) and from financing activities, including deposits with financial institutions and foreign exchange contracts. The carrying amounts of these financial assets at year-end represent Cochlear’s maximum exposure to credit risk.

Credit risk management – Trade and other receivables

Customer credit risk is managed at a regional level, subject to Board approved policies and procedures. The ageing profile of total receivables balances, individually significant debtors by geographic region, high risk customers and collection activities are reported to management and the Board on a monthly basis. Where high risk customers are identified, regional management is responsible for placing restrictions on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

Cochlear’s exposure to credit risk is influenced mainly by the political and geographical location and characteristics of individual customers. In determining concentrations of credit risk, management assesses the characteristics of customers which include governments, government-supported universities, clinics, major hospital chains and distributors. Concentrations of credit risk are determined by assessing different geographical locations of customers and the political and economic environments they are subject to, which may affect the timely recovery of certain receivables. The timing of government tenders and distributor sales directly impacts the concentration risk and management may obtain a letter of credit to minimize the risk. At 30 June 2024 the carrying amount of the receivable from Cochlear’s most significant customer was \$19.0 million (2023: \$23.9 million).

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Americas	EMEA	Asia Pacific	Total
	\$m	\$m	\$m	\$m
2024	125.6	216.8	82.9	425.3
2023	129.8	178.7	79.9	388.4

Depending on the region, Cochlear’s credit terms are generally 30 days; however, there are certain jurisdictions where it is customary practice for customers to make payment beyond 270 days. Although Cochlear discloses the balance as overdue, it is not indicative of a higher-than-normal credit risk as payments are typically received by Cochlear within the extended timeframes.

The group uses an allowance matrix to measure Lifetime Expected Credit Losses of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of ageing to write-off. Roll rates are calculated separately for exposures in different segments based on the following credit risk characteristics - geographic region, political and economic environments, and whether receivables are covered by a letter of credit. The movement in the allowance for impairment loss during the current year comprises of \$0.6 million in allowance utilised and \$3.2 million in net remeasurement.

The ageing of Cochlear’s trade receivables and allowance for impairment loss, are as follows:

	Trade receivables		Allowance for impairment losses		Trade receivables net of allowance for impairment losses	
	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m
Trade receivables						
Not past due	348.4	309.8	(2.6)	(3.7)	345.8	306.1
Past due 1 - 60 days	43.3	44.8	(1.6)	(1.5)	41.7	43.3
Past due 61 - 180 days	20.8	28.8	(3.1)	(2.6)	17.7	26.2
Past due 181 - 360 days	13.2	9.8	(5.4)	(2.5)	7.8	7.3
Past due 361 days and over	17.4	10.4	(5.1)	(4.9)	12.3	5.5
	443.1	403.6	(17.8)	(15.2)	425.3	388.4
Other receivables – current	65.4	49.1	–	–	65.4	49.1
Trade and other receivables	508.5	452.7	(17.8)	(15.2)	490.7	437.5

Credit risk management – Cash deposits, term deposits and forward exchange contracts

The majority of Cochlear’s cash deposits and all forward exchange contracts are only executed with leading financial institutions whose credit rating is at least ‘A’ on the Standard & Poor’s rating index.

(c) Liquidity risk

Liquidity risk is the risk that Cochlear will not be able to meet its financial obligations as they fall due. Cochlear manages liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.



Non-derivative liabilities

Contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements, are as follows:

	Effective interest rate Per annum	Carrying amount \$m	Contractual cash flows \$m	<1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
2024							
Trade and other payables	–	303.2	303.2	303.2	–	–	–
Lease liabilities	–	243.7	287.9	41.0	36.1	93.3	117.5
Total		546.9	591.1	344.2	36.1	93.3	117.5
2023							
Trade and other payables	–	270.4	270.4	270.4	–	–	–
Lease liabilities	–	201.8	233.9	35.9	31.9	68.7	97.4
Total		472.2	504.3	306.3	31.9	68.7	97.4

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Derivative assets and liabilities

The following table indicates the periods in which the cash flows associated with Cochlear’s derivatives are expected to occur:

	Carrying amount \$m	Contractual cash flows \$m	<1 year \$m	1-2 years \$m
2024				
Assets	11.2	11.6	7.9	3.7
Liabilities	(8.9)	(9.1)	(8.7)	(0.4)
Total	2.3	2.5	(0.8)	3.3
2023				
Assets	5.3	5.4	3.7	1.7
Liabilities	(27.0)	(28.3)	(21.2)	(7.1)
Total	(21.7)	(22.9)	(17.5)	(5.4)

The expected impact on the Income statement is not considered to be significantly different to the cash flow impact above.

(d) Fair value

The carrying amounts and estimated fair values of Cochlear’s financial assets and liabilities are materially the same. The fair value of forward exchange contracts is based upon the listed market price, if available. If a listed market price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using benchmark bill futures and swap rates. These fair values are provided by independent third parties.



Valuation of financial assets and liabilities

For financial assets and liabilities measured and carried at fair value, Cochlear uses the following levels to categorise the valuation methods used:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of Cochlear’s forward exchange contracts were valued using observable market inputs (Level 2) and there were no transfers between levels during the year.

7. Other notes

7.1 Auditors’ remuneration

	2024	2023
	\$	\$
Audit and assurance services		
Auditors of the Company - KPMG:		
– audit and review of consolidated financial statements	1,663,200	1,552,259
– audit and review of subsidiary financial statements	817,500	642,016
– other assurance services	19,650	18,715
Total audit and assurance services	2,500,350	2,212,990
Other services		
Auditors of the Company - KPMG:		
– taxation compliance and advisory services	1,367,248	1,334,339
– other advisory services	54,850	98,407
Total other services	1,422,098	1,432,746

7.2 Commitments

Capital expenditure commitments

As at 30 June 2024, Cochlear entered into contracts to purchase property, plant and equipment for \$23.4 million (2023: \$21.1 million).

7.3 Controlled entities

Subsidiaries conduct business transactions with various controlled entities. Such transactions include purchases and sales of certain products, dividends, interest and loans.

Company	Interest held		Country of incorporation/formation
	2024	2023	
	%	%	
Company			
Cochlear Limited			Australia
Controlled entities			
Cochlear AG	100	100	Switzerland
Cochlear Americas	100	100	USA
Cochlear Arabia Regional Headquarter LLC	100	100	Saudi Arabia
Cochlear Austria GmbH	100	100	Austria
Cochlear Benelux NV	100	100	Belgium
Cochlear Bone Anchored Solutions AB	100	100	Sweden
Cochlear Boulder LLC	(i) –	100	USA
Cochlear Brasil Ltda	100	100	Brazil
Cochlear Canada Inc	100	100	Canada
Cochlear Clinical Services LLC	100	100	USA
Cochlear Colombia SAS	100	100	Colombia
Cochlear Deutschland GmbH & Co KG	100	100	Germany
Cochlear Employee Share Trust	100	100	Australia
Cochlear Employee Share Plan Trust	100	100	Australia
Cochlear Europe Finance GmbH	100	100	Germany
Cochlear Europe Limited	100	100	UK
Cochlear Finance Pty Limited	100	100	Australia
Cochlear France SAS	100	100	France
Cochlear German Holdings Pty Limited	100	100	Australia
Cochlear Incentive Plan Pty Ltd	100	100	Australia
Cochlear Investments Pty Ltd	100	100	Australia
Cochlear Investments (No. 2) Pty Ltd	100	100	Australia
Cochlear Investments (No. 3) Pty Ltd	(ii) 100	–	Australia
Cochlear Italia SRL	100	100	Italy
Cochlear Korea Limited	100	100	Korea
Cochlear Labs Pty Limited	100	100	Australia



	Interest held		Country of incorporation/formation
	2024	2023	
	%	%	
Cochlear Latinoamerica S.A.	100	100	Panama
Cochlear Malaysia Sdn. Bhd.	100	100	Malaysia
Cochlear Manufacturing Corporation	100	100	USA
Cochlear Medical Device (Beijing) Co., Ltd	100	100	China
Cochlear Medical Device (Chengdu) Co Ltd	100	100	China
Cochlear Medical Device Company India Private Limited	100	100	India
Cochlear Mexico SA de CV	100	100	Mexico
Cochlear Middle East FZ-LLC	100	100	UAE
Cochlear Nordic AB	100	100	Sweden
Cochlear Norway AS	100	100	Norway
Cochlear NZ Limited	100	100	New Zealand
Cochlear Research and Development	100	100	UK
Cochlear Russia LLC	100	100	Russia
Cochlear Shared Services S.A.	100	100	Panama
Cochlear Sweden Holdings AB	100	100	Sweden
Cochlear Taiwan Limited	100	100	Taiwan
Cochlear Tibbi Cihazlar ve Saglik Hizmetleri Limited Sirketi	100	100	Turkey
Cochlear Verwaltungs GmbH	100	100	Germany
Cochlear (HK) Limited	100	100	Hong Kong
Cochlear (Thailand) Limited	100	100	Thailand
Cochlear (UK) Limited	(iii)	100	UK
Medical Insurance Pte Limited	100	100	Singapore
Neurelec S.A.S	(iv)	100	France
Nihon Cochlear Co Limited	100	100	Japan
Oticon Medical Maroc	(iv)	100	Morocco
Sichuan Keli ShuangChuang Technology Co	51	51	China
Sycle, LLC	100	100	USA
Sycle.Net Technologies (Canada)	100	100	Canada

(i) Deregistered 5 September 2023.

(ii) Incorporated 19 April 2024.

(iii) Dormant.

(iv) Acquired on 21 May 2024.

7.4 Parent entity disclosure

At, and throughout the financial year ended, 30 June 2024, the parent company of Cochlear was Cochlear Limited.

	2024	2023
	\$m	\$m
Result of the parent entity		
Net profit	335.5	238.8
Other comprehensive income/(loss)	15.8	(2.3)
Total comprehensive income	351.3	236.5
Financial position of the parent entity at year end		
Current assets	1,320.1	1,275.5
Total assets	2,152.9	2,045.3
Current liabilities	363.9	358.4
Total liabilities	511.1	480.4
Total equity of the parent entity comprising:		
Share capital	1,204.2	1,250.3
Treasury share reserve	–	(3.2)
Hedging reserve	1.7	(15.3)
Share-based payment reserve	107.7	94.7
Profit reserve	438.8	349.0
Accumulated losses	(110.6)	(110.6)
Total equity	1,641.8	1,564.9

Dividends will be paid from the profit reserve of Cochlear Limited, as the parent of the Consolidated Entity. Dividend income from subsidiaries are recognised by the parent entity when the dividends are declared by the subsidiary.

Parent entity contingencies

The details of all contingent liabilities in respect of Cochlear Limited are disclosed in Note 5.7 *Contingent liabilities*.

Parent entity capital commitments for acquisition of plant and equipment

As at 30 June 2024, the parent entity entered into contracts to purchase plant and equipment for \$21.0 million (2023: \$19.6 million).



7.5 Deed of Cross Guarantee

Cochlear Limited (the holding entity) together with the wholly-owned subsidiaries set out below (together referred to as the Closed Group) entered into a Deed of Cross Guarantee on 17 April 2019, as amended from time to time (the Deed). As a result, pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries set out below are relieved from the *Corporations Act 2001* requirement to prepare and lodge an audited financial report and directors' report. Under the Deed, Cochlear Limited has guaranteed to pay any outstanding liabilities upon the winding up of any wholly-owned subsidiary that is party to the Deed. Wholly-owned subsidiaries that are party to the Deed have also been given a similar guarantee in the event that Cochlear Limited or another party to the Deed is wound up.

The subsidiaries party to the Deed are:

Cochlear Finance Pty Limited;
Cochlear German Holdings Pty Limited;
Cochlear Investments Pty Ltd;
Cochlear Investments (No. 2) Pty Ltd;
Cochlear Investments (No. 3) Pty Ltd; and
Cochlear Labs Pty Limited.

Set out below is the Income statement, Statement of comprehensive income, a summary of movements in retained earnings/(accumulated losses) and Balance sheet of the entities party to the Deed for the year ended 30 June 2024 and 30 June 2023:

Income statement

	2024	2023
	\$m	\$m
Revenue	1,469.1	1,247.8
Cost of sales	(535.8)	(447.5)
Gross profit	933.3	800.3
Selling, marketing and general expenses	(91.6)	(86.3)
Research and development expenses	(175.9)	(149.8)
Administration expenses	(214.7)	(200.2)
Other income	93.6	39.0
Other expenses	(111.8)	(117.9)
Share of losses on equity accounted investments	(0.6)	(0.2)
Results from operating activities	432.3	284.9
Finance income – interest	21.0	20.3
Finance expense – interest	(10.4)	(9.8)
Net finance expense	10.6	10.5
Profit before income tax	442.9	295.4
Income tax expense	(93.5)	(64.4)
Net profit	349.4	231.0

**Statement of comprehensive income**

	2024	2023
	\$m	\$m
Net profit	349.4	231.0
Financial investments measured at fair value through other comprehensive income, net of tax	(20.3)	(19.1)
Foreign currency translation differences	–	(0.1)
Effective portion of changes in fair value of cash flow hedges, net of tax	1.2	(16.3)
Net change in fair value of cash flow hedges transferred to the Income statement, net of tax	15.8	13.7
Total comprehensive income	346.1	209.2
Retained earnings at beginning of year	297.2	263.9
Net profit	349.4	231.0
Dividends recognised	(245.7)	(197.4)
Defined benefit plan actuarial loss	–	(0.3)
Retained earnings at end of year	400.9	297.2

Balance Sheet

	2024	2023
	\$m	\$m
Assets		
Cash and cash equivalents	351.8	455.9
Trade and other receivables	687.7	595.8
Forward exchange contracts	7.7	3.6
Inventories	250.9	191.2
Current tax assets	–	9.5
Prepayments	25.9	23.3
Total current assets	1,324.0	1,279.3
Forward exchange contracts	3.5	1.6
Property, plant and equipment	156.2	129.9
Intangible assets	157.6	153.6
Investments	80.5	93.6
Other financial assets	102.0	90.8
Equity-accounted investments	2.9	3.5
Loans and borrowings – internal	217.7	83.6
Investments in subsidiaries	524.6	502.6
Deferred tax assets	50.4	49.0
Right of use assets	119.1	94.9
Total non-current assets	1,414.5	1,203.1
Total assets	2,738.5	2,482.4



	2024	2023
	\$m	\$m
Liabilities		
Trade and other payables	255.9	209.0
Forward exchange contracts	8.4	20.6
Loans and borrowings – internal	191.6	190.5
Current tax liabilities	5.7	1.5
Employee benefit liabilities	75.4	73.7
Provisions	17.8	18.3
Deferred revenue	1.2	21.5
Lease liabilities	16.8	15.2
Total current liabilities	572.8	550.3
Forward exchange contracts	0.4	6.4
Loans and borrowings – internal	382.3	243.4
Employee benefit liabilities	4.0	3.7
Provisions	20.1	12.6
Deferred tax liabilities	16.2	17.1
Lease liabilities	122.8	99.5
Total non-current liabilities	545.8	382.7
Total liabilities	1,118.6	933.0
Net assets	1,619.9	1,549.4
Equity		
Share capital	1,204.2	1,250.3
Reserves	14.8	1.9
Retained earnings	400.9	297.2
Total equity	1,619.9	1,549.4

7.6 New standards and interpretations not yet adopted

Cochlear adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments did not result in changes to the accounting policies or the accounting policy information disclosed.

A number of new standards, amendments to standards and interpretations are effective for financial years beginning after 1 July 2023 and have not been applied in preparing these consolidated financial statements. AASB 18 *Presentation and Disclosure in Financial Statements* will replace AASB 101 *Presentation of Financial Statements* and is effective for the year ending 30 June 2028. This is expected to result in changes in presentation when adopted. Other new standards are not expected to have an effect on the consolidated financial statements of Cochlear.

7.7 Events subsequent to the reporting date

Other than the matter noted below, there has not arisen in the interval between the reporting date and the date of these consolidated financial statements, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of Cochlear, the results of those operations, or the state of affairs of Cochlear in future financial years:

Dividends

For dividends declared after 30 June 2024, see Note 2.6.



Consolidated entity disclosure statement

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Consolidated Entity has applied the following interpretations:

- Australian tax residency - Current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in *Taxation Ruling TR 2018/5*.
- Foreign tax residency - Current legislation and guidance in the determination of foreign tax residency.

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Entity Name	Type	% of share capital held directly or indirectly by the Company in the body	Australian or Foreign tax resident	Jurisdiction for foreign tax resident	Place incorporated / formed
Cochlear Limited (the Company)	Body Corporate		Australian	N/A	Australia
Cochlear German Holdings Pty Limited	(i) Body Corporate	100%	Australian	N/A	Australia
Cochlear Incentive Plan Pty Ltd	Body Corporate	100%	Australian	N/A	Australia
Cochlear Employee Share Trust	Trust	N/A	Australian	N/A	Australia
Cochlear Employee Share Plan Trust	Trust	N/A	Australian	N/A	Australia
Cochlear Finance Pty Limited	Body Corporate	100%	Australian	N/A	Australia
Cochlear Investments Pty Ltd	(i) Body Corporate	100%	Australian	N/A	Australia
Cochlear Investments (No. 2) Pty Ltd	Body Corporate	100%	Australian	N/A	Australia
Cochlear Investments (No. 3) Pty Ltd	Body Corporate	100%	Australian	N/A	Australia
Cochlear Labs Pty Limited	Body Corporate	100%	Australian	N/A	Australia
Cochlear Austria GmbH	Body Corporate	100%	Foreign	Austria	Austria
Cochlear Benelux NV	Body Corporate	100%	Foreign	Belgium	Belgium
Cochlear Brasil Ltda	Body Corporate	100%	Foreign	Brazil	Brazil
Cochlear Canada Inc	Body Corporate	100%	Foreign	Canada	Canada
Sycle.Net Technologies (Canada)	Body Corporate	100%	Foreign	Canada	Canada
Cochlear Medical Device (Beijing) Co., Ltd	Body Corporate	100%	Foreign	China	China
Cochlear Medical Device (Chengdu) Co Ltd	Body Corporate	100%	Foreign	China	China
Sichuan Keli ShuangChuang Technology Co Ltd	Body Corporate	51%	Foreign	China	China
Cochlear Colombia SAS	Body Corporate	100%	Foreign	Colombia	Colombia
Cochlear France SAS	Body Corporate	100%	Foreign	France	France
Neurelec SAS	Body Corporate	100%	Foreign	France	France
Cochlear Deutschland GmbH & Co KG	Partnership	N/A	Foreign	Germany	Germany



Entity Name	Type	% of share capital held directly or indirectly by the Company in the body	Australian or Foreign tax resident	Jurisdiction for foreign tax resident	Place incorporated / formed
Cochlear Europe Finance GmbH	Body Corporate	100%	Foreign	Germany	Germany
Cochlear Verwaltungs GmbH	Body Corporate	100%	Foreign	Germany	Germany
Cochlear (HK) Limited	Body Corporate	100%	Foreign	Hong Kong	Hong Kong
Cochlear Medical Device Company India Private Limited	Body Corporate	100%	Foreign	India	India
Cochlear Italia SRL	Body Corporate	100%	Foreign	Italy	Italy
Nihon Cochlear Co Limited	Body Corporate	100%	Foreign	Japan	Japan
Cochlear Korea Limited	Body Corporate	100%	Foreign	Korea	Korea
Cochlear Malaysia Sdn. Bhd.	Body Corporate	100%	Foreign	Malaysia	Malaysia
Cochlear Mexico SA de CV	Body Corporate	100%	Foreign	Mexico	Mexico
Oticon Medical Maroc	Body Corporate	100%	Foreign	Morocco	Morocco
Cochlear NZ Limited	Body Corporate	100%	Foreign	New Zealand	New Zealand
Cochlear Norway AS	Body Corporate	100%	Foreign	Norway	Norway
Cochlear Latinoamerica S.A.	Body Corporate	100%	Foreign	Panama	Panama
Cochlear Shared Services S.A.	Body Corporate	100%	Foreign	Panama	Panama
Cochlear Russia LLC	Body Corporate	100%	Foreign	Russia	Russia
Cochlear Arabia Regional Headquarter LLC	Body Corporate	100%	Foreign	Saudi Arabia	Saudi Arabia
Medical Insurance Pte Limited	Body Corporate	100%	Foreign	Singapore	Singapore
Cochlear Bone Anchored Solutions AB	Body Corporate	100%	Foreign	Sweden	Sweden
Cochlear Nordic AB	Body Corporate	100%	Foreign	Sweden	Sweden
Cochlear Sweden Holdings AB	Body Corporate	100%	Foreign	Sweden	Sweden
Cochlear AG	Body Corporate	100%	Foreign	Switzerland	Switzerland
Cochlear Taiwan Limited	Body Corporate	100%	Foreign	Taiwan	Taiwan
Cochlear (Thailand) Limited	Body Corporate	100%	Foreign	Thailand	Thailand
Cochlear Tibbi Cihazlar ve Saglik Hizmetleri Limited	Body Corporate	100%	Foreign	Turkey	Turkey
Cochlear Middle East FZ-LLC	Body Corporate	100%	Foreign	UAE	UAE
Cochlear Europe Limited	Body Corporate	100%	Foreign	UK	UK
Cochlear Research and Development Limited	Body Corporate	100%	Foreign	UK	UK
Cochlear (UK) Limited	Body Corporate	100%	Foreign	UK	UK
Cochlear Americas	Body Corporate	100%	Foreign	USA	USA
Cochlear Clinical Services LLC	Body Corporate	100%	Foreign	USA	USA
Cochlear Manufacturing Corporation	Body Corporate	100%	Foreign	USA	USA
Sycle, LLC	Body Corporate	100%	Foreign	USA	USA

(i) Cochlear German Holdings Pty Limited and Cochlear Investments Pty Limited are partners in Cochlear Deutschland GmbH & Co KG.



Directors' declaration

1. In the opinion of the directors of Cochlear Limited (the Company):
 - a) the consolidated financial statements and notes and the Remuneration report are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - c) the consolidated entity disclosure statement as required by section 295(3A) of the *Corporations Act 2001* and set out on pages 162 to 163 is true and correct as at 30 June 2024; and
 - d) at the date of this declaration, there are reasonable grounds to believe that the Company and each of the Closed Group entities identified in Note 7.5 will be able to meet any liabilities to which they are or may become subject to, because of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
2. The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer & President and Chief Financial Officer for the financial year ended 30 June 2024.
3. The directors draw attention to Note 1.2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 15th day of August 2024.

Director

Director



Independent auditor's report

To the shareholders of Cochlear Limited

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Cochlear Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Consolidated Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Balance Sheet as of 30 June 2024
- Income Statement, Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of material accounting policies
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Directors' Declaration.

The Consolidated Entity consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The Key Audit Matters we identified are:

- Recoverability of trade receivables
- Warranty provision.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of trade receivables \$425.3 million

Refer to Note 6.4(b) *Financial risk management, credit risk*

The key audit matter

Recoverability of trade receivables was considered a key audit matter due to:

- The varying characteristics of customers which include governments, government-supported universities, clinics, major hospital chains and distributors;
- The different geographical locations of customers and the political and economic environments they are subject to, which may affect the timely recovery of certain receivables;
- Trade receivables past due at the reporting date which have certain risk characteristics relevant to the assessment of recoverability;

How the matter was addressed in our audit

Our procedures included:

- Understanding the Consolidated Entity's credit control process and key controls including:
 - management review and approval of new customer credit limits within the Consolidated Entity's credit limit policies;
 - the system configuration for enforcing credit limits;
 - management's review of trade receivables ageing and trade receivables past due for identification of receivables with greater credit risk to be included in the expected credit loss model;
- Assessing the Consolidated Entity's expected credit loss model in significant geographies against the requirements of the accounting standards;
- Challenging the Consolidated Entity's view of credit risk and recoverability in certain locations and for certain customers by selecting a sample of significant overdue customer balances with indicators of credit deterioration. We:



- The inherent subjectivity involved in the Consolidated Entity making forward-looking judgements in relation to the recovery of credit risk exposures; and
- The use of an expected credit loss model required by *AASB 9 Financial Instruments*.

These conditions gave rise to additional audit effort, including:

- Greater involvement by our senior team members to gather evidence across the various customer profiles and their trade receivables; and
- To challenge the forward-looking judgements made by the Consolidated Entity.

We involved IT specialists to supplement our senior team members in assessing this key audit matter.

Warranty provision \$42.4 million

Refer to Note 5.6 Provisions

The key audit matter

The warranty provision was considered a key audit matter due to:

- The estimation uncertainty inherent in the key assumptions applied by the Consolidated Entity to determine the warranty provision;

- compared management's assumptions to the historical patterns for long outstanding trade receivables in those locations for those customer types, to form an understanding of the normal pattern of recovery;
- evaluated other evidence including customer correspondence; and
- questioned the Consolidated Entity's knowledge of future conditions which may impact expected customer receipts and checked consistency of the results to the procedures performed above.

- Challenging the Consolidated Entity's expected credit loss modelling for customers without a specific risk by comparing assumptions to historical patterns of credit losses and evaluating those assumptions against changes in general economic conditions in significant locations.

- Assessing the Consolidated Entity's disclosures of the quantitative and qualitative considerations in relation to trade receivables credit risk, by comparing these disclosures to our understanding of the matter and the requirements of the accounting standards.

How the matter was addressed in our audit

Our procedures included:

- Obtaining an understanding of the evolving product portfolio, each product's warrantable period and history of claim rates, and the different attributes which impact the key assumptions used in the Consolidated Entity's warranty provision;
- Testing the sensitivity of the warranty provision by varying key assumptions,

- The Consolidated Entity's evolving product portfolio, through the introduction of new generations, where each product's design and quality attributes can impact the key assumptions;
- The inherent unpredictability of future failures resulting in claims under warranty; and
- The calculation is largely manually developed and therefore is at greater risk of error.

The key assumptions used in the Consolidated Entity's determination of the warranty provision are:

- The forecast claim rates of the multiple products in the portfolio;
- The ratio of repairing to replacing failed products;
- The forecast repair cost; and
- The forecast replacement cost which is based on standard forecasts of manufacturing costs.

Challenging these key assumptions required greater involvement by our senior team members.

Given the dependence on manually developed calculations, we involved our data analytics specialists to supplement our senior team members in addressing this key audit matter.

within a reasonably possible range, to focus our further procedures;

- Challenging the Consolidated Entity's ability to reliably estimate the key assumptions by comparing previous estimates to actual outcomes;
- Assessing the integrity of the model for the warranty provision. This included checking the accuracy of the formulas within the model using data analytic techniques;
- Comparing the forecast claim rates of a sample of products to actual warranty claims for that product or actual warranty claims of previous generations of similar products;
- Comparing the forecast proportion of claims that can be repaired and associated repair costs to historical repair performance;
- Comparing the forecast replacement cost to actual manufacturing costs and challenging forward-looking assumptions used in the model;
- Enquiring of management responsible for product design and quality attributes and the product repair function regarding product reliability and repairability, especially in relation to recently launched products, to challenge the forward-looking assumptions used in the model;
- Assessing the disclosures of the quantitative and qualitative considerations in relation to the warranty provision, by comparing these disclosures to our understanding of the matter and the requirements of the accounting standards.



Other Information

Other Information is financial and non-financial information in Cochlear Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion and the Sustainability data subject to assurance and our related assurance conclusion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Consolidated Entity, and in compliance with Australian Accounting Standards and the Corporations Regulations 2001
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Consolidated Entity, and that is free from material misstatement, whether due to fraud or error
- assessing the Consolidated Entity's and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material

misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Cochlear Limited for the year ended 30 June 2024, complies with Section 300A of the Corporations Act 2001.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 98 to 120 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KPMG

Rachel Gatt,
Partner

Sydney, 15 August 2024



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Sustainability approach

Sustainability is embedded in our business strategy, recognising the importance of social, environmental and governance outcomes for our long-term success.

Our approach

Our sustainability approach aligns with our value creation model. It reinforces our focus on creating positive social impact at individual and societal levels, while minimising our environmental impact. It helps guide our strategic priorities, manage risk and improve performance.

Our approach is informed by our materiality assessment and business priorities as well as the Global Reporting Initiative (GRI) framework, the United Nations Sustainable Development Goals (SDGs) and the United Nations Global Compact (UNGC) Principles.

We have been a signatory to the UNGC since 2022 and support the Ten Principles in the areas of human rights, labour, environment and anti-corruption.



Sustainability governance

The Board is responsible for ensuring sustainability matters are incorporated into strategy, decision-making, risk management and accountability reporting.

The Audit and Risk Committee assists the Board to discharge its responsibilities in monitoring sustainability performance and overseeing the implementation of sustainability initiatives and commitments and reviewing the assessment, management and response to these risks and opportunities.

The Executive team has responsibility for the implementation of sustainability strategy, integrating sustainability into business strategy and operations and reporting progress to the Audit and Risk Committee. The Executive Risk Management Committee is responsible for identifying, assessing and appropriately managing risks throughout Cochlear. Key risks are reported to the Audit and Risk Committee. The Global sustainability team provides regular updates to the committee on sustainability topics.

The Global sustainability team reports to the Chief Financial Officer and is responsible for defining our sustainability framework, supporting all parts of the business to deliver on the framework, leading or coordinating key sustainability-related activities and developing external reporting.

Group Risk and Assurance is responsible for maintaining the enterprise risk framework which includes sustainability and climate-related risks. All employees and contractors are responsible for compliance with policy and procedure controls to manage risk.

Sustainability governance framework





Sustainability approach

Materiality

Our material topics focus on the positive social impact our solutions deliver to society and reflect our business strategic priorities.

We regularly assess the most significant sustainability topics for our business and our stakeholders, and our materiality process is aligned to the GRI Standards. Our materiality assessment, conducted in 2022, was informed by a market scan of key sustainability trends, benchmarking against industry peers and stakeholder engagement. In 2023, we expanded our assessment by surveying implant recipients to include their perspectives.

This year, we reviewed the topics in line with the upcoming mandatory sustainability disclosures, leading to the inclusion of a new topic: sustainability governance. Next year, we will perform a double materiality assessment in accordance with the Corporate Sustainability Reporting Directive (CSRD). This process will consider both the sustainability impacts and the financial materiality.

Our contribution to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a set of 17 universal goals adopted by all United Nations Member States in 2015. The goals are a global call to action on sustainable development that aim to end poverty, protect the planet and ensure all people enjoy healthy lives, peace and prosperity by 2030. They are applicable to all countries at all stages of development and are predicated on all sectors of society being involved in their achievement.

The World Health Organization’s first World Report on Hearing highlights the relevance of action on hearing care to achieving SDGs. We support the objectives of the SDGs and recognise their relevance to our business.

We believe that our greatest contributions relate to SDGs 3: good health and well-being, 4: quality education, 5: gender equality, 8: decent work and economic growth, 9: industry, innovation and infrastructure, 10: reduced inequalities and 13: climate action. This year we continued to address our priority SDGs which are also reflected in our material topics.

Material topics	Information about how we are addressing the topic	SDGs
Product quality, safety and reliability	A lifetime of hearing solutions	3, 9
Access and affordability	A healthier and more productive society	3, 4, 8, 10
Health outcomes and socioeconomic enablement	A healthier and more productive society	3, 4, 8, 10
Data privacy and cyber security	Sustained value	8, 9
Awareness and education	A healthier and more productive society A lifetime of hearing solutions	3, 9
Customer-centric approach	A lifetime of hearing solutions	3, 9
Research and innovation	A lifetime of hearing solutions	3, 9
Energy, emissions and climate resilience	Environmental responsibility	13
Employee value proposition	Thriving people	4, 5, 9
Ethical and sustainable supply chain	Sustained value	8, 9, 10
Diversity, equity and inclusion	Thriving people	5, 8
Sustainability governance	Sustained value	5, 8, 13





Climate-related metrics

Since 2019, we have been tracking Scope 1 and 2 emissions along with business flights. We have consistently improved our processes for monitoring and managing direct and indirect greenhouse gas emissions and have submitted this data for external assurance.

Scope 1

- Gasoline and natural gas for our fleet and operations.
- Our Scope 1 emissions have increased compared to the baseline due to the use of natural gas at our new facility in China. However, this has already begun to decrease as we gradually phase out the use of natural gas.

Scope 2

- Purchased electricity for our manufacturing and other facilities.
- We have reduced our Scope 2 emissions by over 75% compared to the FY19 baseline through increased renewable energy use at our manufacturing sites.

Scope 3

- We are reporting on business flights only. We purchase carbon credits to offset the majority of our business flight emissions.
- Our net business flight emissions have decreased by 84% compared to the FY19 baseline.
- The number of flights per FTE has reduced by 40% in comparison to the FY19 baseline.
- We have completed our first comprehensive inventory in line with the GHG Protocol, using FY23 as a baseline. We are refining the accounting methodology and plan to disclose the emissions for each relevant category in the next financial year.
- The largest emission sources are upstream transport & distribution and business travel.

GHG emissions	Unit	FY24	FY23	FY22	FY21	FY20	FY19
Total Scope 1 ¹	tCO2e	856	916	251	474	559	409
Total Scope 2 ²	tCO2e	2,183	2,401	8,693	11,793	9,115	9,825
Total Scope 1 & 2	tCO2e	3,040	3,316	8,945	12,267	9,674	10,234
Emission intensity per unit	KgCO2e/unit	12	14	41	68	66	66
Emission intensity per mAUD	KgCO2e/revenue	1.4	2	5	8	8	8
Total Scope 3 (business flights) ³	tCO2e	14,418	10,950	2,196	186	4,774	18,630
Carbon offsets ⁴	tCO2e	11,422	7,941	1,150	0	0	0
Net Scope 3 emissions ⁵	tCO2e	2,997	3,009	1,046	186	4,774	18,630
Total Scope 1, 2 & 3⁶	tCO2e	6,036	6,326	9,991	12,453	14,448	28,864
Energy	Unit	FY24	FY23	FY22	FY21	FY20	FY19
Direct purchased electricity ⁷	MWh	23,112	23,158	22,943	22,857	15,638	17,806
Direct purchased natural gas + petrol ⁸	MWh	4,736	5,433	2,066	1,904	1,201	5,371
Total direct purchased energy	MWh	27,847	28,591	25,009	24,761	16,839	23,177
Energy intensity per unit	MWh/unit	0.11	0.12	0.11	0.13	0.11	0.11
Energy intensity per mAUD	MWh/revenue	13	15	14	15	13	13

- Includes emissions from gasoline used in company-owned cars and natural gas used in our operations.
- Includes emissions from electricity consumption from our sites, calculated using the 'market-based' approach in accordance with the GHG Protocol Scope 2 Guidance.
- Includes emissions from business flights only. Scope 3 emissions in FY23 presented in the 2023 Annual Report were adjusted to reflect the correct amount due to process improvements.
- Certified carbon credits generated from renewable energy, forest protection and industrial process improvements.
- Includes emissions from business flights excluding carbon offsets. The Scope 3 emissions for FY23, disclosed in the 2023 Annual Report, were adjusted to reflect the correct amount.
- Total Scope 1, 2 & 3 emissions is the sum of Total Scope 1 & 2 and Net scope 3 emissions. The Scope 1, 2 & 3 emissions for FY23, disclosed in the 2023 Annual Report, were adjusted to reflect the correction in the Scope 3 emissions explained in item 5.
- Total electricity purchased, including non-renewable and renewable electricity.
- Includes the volumes of natural gas and petrol purchased, converted to their energy equivalent amount in megawatt-hour.



Potential climate-related risks and opportunities

We have assessed a wide range of climate-related risks and opportunities across three time horizons - short-term, middle-term and long-term - under both high emissions and low emissions climate scenarios. The results of this qualitative scenario analysis are detailed in the table below.

Cochlear principal business risks	Type	Climate risk
Interruption to product supply	Physical and Transition risk	Temporary, extended, or chronic supply chain disruption for Cochlear's direct suppliers and its supply chain.
Interruption to product supply	Physical risk	Extreme (acute) climate-related events may cause damage to Cochlear's assets and/or inventory (e.g., flooding and landslides (Australia, China, Malaysia).
Market access	Physical and Transition risk	Acute climate change linked events causing prolonged strain to the healthcare system (e.g., novel zoonotic diseases) which may disrupt access to elective surgery for customers.
Geopolitical risk	Transition risk	Geopolitical tensions arising from climate may impact Cochlear's international operations.
Credit and currency	Physical and Transition risk	Credit risk arising from climate change and impacts to funding models.
Market access	Physical risk	Extreme (acute) climate related events may pose a health and safety risk to employees and cause disruptions to Cochlear's business operations, heat waves (Australia), flooding and inundation events in coastal urban centres (Australia, Japan), and bushfire/smoke pollution in fire prone regions (Australia, USA).
Pandemics	Physical risk	Pandemics may increase due to chronic physical climate effects, posing health and safety risks to employees and impacting Cochlear's ability to deliver products and services. These effects include rising global temperatures, shifting rain patterns in water-stressed regions, leading to drought (e.g., China, Australia, Turkey), and sea level rise impacting coastal urban centres (e.g., Japan, Sweden).
Market access	Transition risk	Healthcare models remove or deprioritise elective surgeries, which may reduce funding available for Cochlear candidates.
Talent management	Transition opportunity	Transition to green buildings may improve amenity leading to additive benefits to employees from well-designed workspaces, and to Cochlear from reputational improvements.
Geopolitical risk	Transition opportunity	Adoption of renewable energy in operations may enhance energy security and reduce operating costs.



Our people

Employees by category	FY24				FY23				FY22			
	Female		Male		Female		Male		Female		Male	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Senior leaders ¹	43%	172	57%	231	43%	168	57%	227	41%	157	59%	225
Management ²	49%	486	51%	503	49%	457	51%	475	48%	406	52%	444
Operational	53%	1,976	47%	1,787	55%	1,882	45%	1,564	55%	1,763	45%	1,451
Total	51%	2,634	49%	2,521	53%	2,507	47%	2,266	52%	2,326	48%	2,120

Employees by age ³ (in years)	FY24			
	Female		Male	
	%	Number	%	Number
Under 30	43%	338	57%	454
30 - 50	52%	1,644	48%	1,503
Over 50	54%	652	46%	564
Total	51%	2,634	49%	2,521

Employees by type and gender	FY24				FY23				FY22			
	Female		Male		Female		Male		Female		Male	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Permanent	51%	2,634	49%	2,521	53%	2,508	47%	2,267	52%	2,327	48%	2,120
Temporary	42%	59	58%	81	57%	83	43%	63	63%	94	37%	56
Full-time	50%	2,495	50%	2,501	51%	2,392	49%	2,275	51%	2,229	49%	2,137
Part-time	66%	198	34%	101	78%	199	22%	55	83%	192	17%	39
Total	51%	2,693	49%	2,602	53%	2,591	47%	2,330	53%	2,421	47%	2,176

Gender diversity in leadership	FY24	FY23	FY22
	Women on the Board	38%	40%
Women in Senior Leadership	43%	43%	43%

Engagement	FY24	FY23	FY22
Employee turnover	8.3%	8.2%	11%
Engagement score	80%	80%	80%
Total hours of employee formal training	28.5	28.5	24.3

Safety and wellbeing	FY24	FY23	FY22
Severity rate	389	263	281

Injury Frequency	FY24	FY23	FY22
TRIFR ⁴	3.6	3.3	2.5
LTIFR ⁵	2.1	2.3	1.6

1. Senior leaders are defined as all employees in Bands 1, 2 and 3; the three most senior levels with Band 1 being the Executive team

2. Management are employees in Band 4

3. We started tracking employees by age from FY24.

4. Total Recordable Injury Frequency Rate (TRIFR) refers to the total number of recordable injuries occurring in a workplace per million hours worked. Recordable injury indicates both minor and major injuries and illnesses that required medical treatment, lost workdays, or duties other than those normally undertaken by the individual.

5. Total Lost Time Injury Frequency Rate (LTIFR) refers to the number of lost time injuries occurring in a workplace per 1 million hours worked.



GRI Content Index

Cochlear Limited has reported the information cited in this GRI content index for the period from 01 July 2023 to 30 June 2024 with reference to the GRI Standards.

GRI used: GRI 1: Foundation 2021. No sector guidelines apply.

GRI Disclosures	Location	SDGs	UNGC
GRI 2: General Disclosures 2021			
2-1 Organizational details	About Cochlear - page 5		
2-2 Entities included in the organization's sustainability reporting	About this report - page 1 Acquisition of Demant's cochlear implant business - page 18		
2-3 Reporting period, frequency and contact point	About this report - page 1	16	
2-4 Restatements of information	Climate-related metrics - page 172 - Scope 3 emissions in FY23 presented in the 2023 Annual Report was adjusted to reflect the correct amount due to process improvements.	16	
2-5 External assurance	Independent limited assurance report - page 180		
2-6 Activities, value chain and other business relationships	Responsible supply chain - page 68	16	
2-7 Employees	Our people - page 174	16	
2-8 Workers who are not employees	Our people - page 174	16	
2-9 Governance structure and composition	Governance - pages 78 - 86	16	
2-10 Nomination and selection of the highest governance body	Governance - pages 78 - 86	16	
2-11 Chair of the highest governance body	Board of directors - pages 90 - 96	16	
2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability governance - page 170	16	1, 7
2-13 Delegation of responsibility for managing impacts	Sustainability governance - page 170 Board skills matrix - page 80	16	1, 7, 10
2-14 Role of the highest governance body in sustainability reporting	Sustainability governance - page 170	16	1, 7
2-15 Conflicts of interest	Cochlear Global Code of Conduct	16	10
2-16 Communication of critical concerns	Cochlear Global Code of Conduct	16	10
2-17 Collective knowledge of the highest governance body	Sustainability governance - page 170	16	
2-18 Evaluation of the performance of the highest governance body	Sustainability governance - page 170	16	
2-19 Remuneration policies	Remuneration report - page 98	8	1, 7, 10



GRI Disclosures	Location	SDGs	UNGC
GRI 2: General Disclosures 2021			
2-20 Process to determine remuneration	Remuneration report - page 98	8	
2-21 Annual total compensation ratio	Information currently not disclosed.	16	
2-22 Statement on sustainable development strategy	Year in review – page 11	16	1, 7
2-23 Policy commitments	Our pathway to net-zero emissions - page 60 Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	16	1, 7, 8, 10
2-24 Embedding policy commitments	Cochlear Global Code of Conduct	16	
2-25 Processes to remediate negative impacts	Managing our climate-related sustainability risks - page 61 Environmental management - page 62 Sustainability approach - pages 170 - 173 Cochlear Global Code of Conduct	16	7, 8, 9
2-26 Mechanisms for seeking advice and raising concerns	Cochlear Global Code of Conduct	16	10
2-27 Compliance with laws and regulations	Lawful, ethical and responsible behaviour - page 85	16	1, 2, 8
2-28 Membership associations	Sustainability approach - pages 170 - 171	All SDGs	
2-29 Approach to stakeholder engagement	Materiality - page 171	16	
2-30 Collective bargaining agreements	Cochlear Global Code of Conduct	8	3
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	Materiality - page 171	17	
3-2 List of material topics	Materiality - page 171	17	1, 2, 7, 8
3-3 Management of material topics	Sustainability approach - page 170 Materiality - page 171	1, 2, 7, 8, 10	
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	Cochlear at a glance - page 6 Financial report - page 121	3, 8, 10	
201-2 Financial implications and other risks and opportunities due to climate change	Managing our climate-related sustainability risks - page 61 Potential climate-related risks and opportunities - page 173	13	7, 8, 9
201-3 Defined benefit plan obligations and other retirement plans	Defined benefit plans - page 140	16	
201-4 Financial assistance received from government	Other income - page 134	16	



GRI Disclosures	Location	SDGs	UNGC
GRI 205: Anti-corruption 2016			
205-2 Communication and training about anti-corruption policies and procedures	Creating value responsibly - page 68	3, 16	10
GRI 207: Tax 2019			
207-1 Approach to tax	Tax transparency - page 69	1, 10, 17	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	Climate-related metrics - page 172	13	7, 8, 9
302-2 Energy consumption outside of the organization	Climate-related metrics - page 172	13	8, 9
302-3 Energy intensity	Climate-related metrics - page 172	13	7, 8, 9
302-4 Reduction of energy consumption	Climate-related metrics - page 172	13	8, 9
303-5 Water consumption	Resource efficiency - page 63	12	8, 9
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	Climate-related metrics - page 172	13	8, 9
305-2 Energy indirect (Scope 2) GHG emissions	Climate-related metrics - page 172	13	8, 9
305-3 Other indirect (Scope 3) GHG emissions	Climate-related metrics - page 172	13	8, 9
305-4 GHG emissions intensity	Climate-related metrics - page 172	13	8, 9
305-5 Reduction of GHG emissions	Climate-related metrics - page 172	13	8, 9
GRI 306: Waste 2020			
306-2 Management of significant waste-related impacts	Resource efficiency - page 63	12	8, 9
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	Responsible supply chain - page 68	8, 9, 10, 13	8
308-2 Negative environmental impacts in the supply chain and actions taken	Responsible supply chain - page 68	8, 9, 10, 13	8
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	Engagement - page 174	3, 8	
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	Supporting the wellness and safety of our teams - page 57	3, 8	
403-3 Occupational health services	Supporting the wellness and safety of our teams - page 57	3, 8	
403-4 Worker participation, consultation, and communication on occupational health and safety	Supporting the wellness and safety of our teams - page 57	3, 8	
403-5 Worker training on occupational health and safety	Supporting the wellness and safety of our teams - page 57	3, 8	



GRI Disclosures	Location	SDGs	UNGC
GRI 403: Occupational Health and Safety 2018			
403-6 Promotion of worker health	Supporting the wellness and safety of our teams - page 57	3, 8	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Supporting the wellness and safety of our teams - page 57	3, 8	
403-8 Workers covered by an occupational health and safety management system	Supporting the wellness and safety of our teams - page 57	3, 8	
403-9 Work-related injuries	Safety and wellbeing - page 174	3, 8	
403-10 Work-related ill health	Safety and wellbeing - page 174	3, 8	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	Engagement - page 174	8	
404-2 Programs for upgrading employee skills and transition assistance programs	Attract, develop and retain world-class talent - pages 55-56	8	
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	Our diversity, equity and inclusion strategy - pages 52 - 55	5	6
GRI 408: Child Labor 2016			
408-1 Operations and suppliers at significant risk for incidents of child labor	Responsible Supply Chain - 68 Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	8	5
GRI 409: Forced or Compulsory Labor 2016			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Supply Chain - 68 Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	8	4
GRI 411: Rights of Indigenous Peoples 2016			
411-1 Incidents of violations involving rights of indigenous peoples	Reconciliation Action Plan	1, 8, 10	1
GRI 413: Local Communities 2016			
413-1 Operations with local community engagement, impact assessments, and development programs	Cochlear Foundation	3, 4, 8, 10	
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	Responsible Supply Chain - 68	8, 9, 10, 13	1, 3, 4, 5
414-2 Negative social impacts in the supply chain and actions taken	Responsible Supply Chain - 68	8, 9, 10, 13	1, 3, 4, 5



GRI Disclosures	Location	SDGs	UNGC
GRI 415: Public Policy 2016			
415-1 Political contributions	<p>Public policy engagement - page 70</p> <p>In FY24, we contributed a total of \$2,995 to political organisations, solely as a payment for attendance at events and briefings. These payments complied with our Cochlear Global Code of Conduct (1.10 and 1.11).</p> <p>In compliance with the Code, we did not make any cash donations to political parties or make direct campaign funding donations to either individuals or political parties.</p>	3, 16	10
GRI 416: Customer Health and Safety 2016			
416-1 Assessment of the health and safety impacts of product and service categories	Leading on product quality and reliability - page 37	3, 9, 12	
GRI 417: Marketing and Labeling 2016			
417-1 Requirements for product and service information and labeling	<p>Leading on product quality and reliability - page 37</p> <p>In addition, our Quality Management System is intended to be compliant with the following quality management standards, regulations and directives:</p> <ul style="list-style-type: none"> • EN ISO 13485:2016 • ISO 13485:2016 • CFR Title 21 Part 820 (US) • Medical Device Regulation (EU) 2017/745 : 2017 • Active Implantable Medical Device Directive 90/385/EEC • Therapeutic Good Act 1989 • Therapeutic Goods (Medical Device) Regulations 2002 (Australia) • Canadian Medical Device Regulation (SOR/98-282) • MHLW Ministerial Ordinance no. 169 (Japan) • Medical Device Act (South Korea) • Good Manufacturing Practices RDC National Health Surveillance Agency (ANVISA) • 665/2022 (Brazil) • NMPA (2014) China No. 64 Order of Good Manufacturing Practice for Medical Devices. 	3, 9, 12	
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>Cyber security - page 69</p> <p>Data privacy - page 69</p>	16	



To the directors of Cochlear Limited

Independent Limited Assurance Report

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Information Subject to Assurance, which has been prepared by Cochlear Limited (“Cochlear”) in accordance with Cochlear’s Sustainability Definition (“the Criteria”) for the period end 30 June 2024.

Information Subject to Assurance

The Information Subject to Assurance comprised the following data as presented in the 2024 Annual Report, and as included in the table below:

<u>Information Subject to Assurance</u>	<u>Reported Value</u>
• Total Scope 1 GHG Emissions	856 tCO ₂ -e
• Total Scope 2 (market-based) GHG Emissions	2,183 tCO ₂ -e
• Net Scope 3 GHG Emissions (business flights only)	2,997 tCO ₂ -e
• Directly Purchased Electricity	23,112 MWh
• Directly Purchased Natural Gas + Petrol	4,736 MWh
• Emission Intensity per Unit	12 kgCO ₂ -e/unit
• Emission Intensity per Revenue (mAUD)	1.4 kgCO ₂ -e/revenue
• Energy Intensity per Unit	0.11 MWh/unit
• Energy Intensity per Revenue (mAUD)	13 MWh/revenue
• Total Recordable Injury (TRI) Frequency Rate	3.6
• Loss Time Injury (LTI) Frequency Rate	2.1

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- Diversity: “Our Workforce” tables; FY24 values for “*Employees by category*”, “*Employees by type and gender*”, and “*Gender diversity in leadership*” as presented on page 174 of the 2024 Annual Report.

Criteria Used as the Basis of Reporting

The methodologies used by Cochlear management to measure the Information Subject to Assurance (“the criteria”) are described in the 2024 Annual Report.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Information Subject to Assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Cochlear personnel to understand the internal controls, governance structure and reporting process used to collect the Information Subject to Assurance;
- reviews of relevant documentation including, but not limited to, relevant Frameworks and policies;
- analytical procedures over the Information Subject to Assurance;
- walkthroughs of the Information Subject to Assurance to source documentation on a sample basis;
- evaluating the appropriateness of the Criteria with respect to the Information Subject to Assurance; and
- reviewed the 2024 Annual Report in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.



How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Cochlear.

Use of this Assurance Report

This report has been prepared for the Directors of Cochlear for the purpose of providing an assurance conclusion on the Information Subject to Assurance and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Cochlear, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs and the needs of the directors;
- preparing and presenting the Information Subject to Assurance in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Information Subject to Assurance that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Assurance for the period end 30 June 2024, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants (including Independence Standards) issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG
Sydney, NSW

15 August 2024



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FY24 highlights – page 10

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Year in review – pages 11-19

1. 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*. [ePub ahead of print] DOI: [https://doi.org/10.1016/S0140-6736\(23\)01406-X](https://doi.org/10.1016/S0140-6736(23)01406-X). Available at [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(23\)01406-X/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(23)01406-X/fulltext)
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Growth opportunity – pages 23-24

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A lifetime of hearing solutions – pages 29-39

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Shareholder information

Additional information required by Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. The information presented is as at 26 July 2024.

Substantial shareholders

Investor	Number of ordinary shares	%
BlackRock Inc	4,730,850	7.2
State Street Corporation	4,442,349	6.8
ABP (Algemeen Burgerlijk PSF)	3,596,513	5.5
The Vanguard Group, Inc	3,425,792	5.2
Total	16,195,504	24.7

Distribution of shareholders

Number of shares held	Number of ordinary shareholders	% shares
1 - 1,000	39,288	9.43
1,001 - 5,000	2,277	6.65
5,001 - 10,000	101	1.06
10,001 - 100,000	51	2.16
100,001 and over	18	80.70
Total	41,735	100.00

Non-marketable parcels – 189 shareholders held less than a marketable parcel of ordinary shares, based on the closing market price on 26 July 2024 of \$339.87.

On-market share buyback

The on-market share buyback has ended in March 2024. A total of \$43.0 million in shares have been repurchased in financial year 2024 (FY23: \$29.6m).

Twenty largest shareholders

Shareholder	Number of ordinary shares	% of issued capital
1 HSBC Custody Nominees (Australia) Limited	28,724,005	43.86
2 J P Morgan Nominees Australia Pty Limited	10,419,733	15.91
3 Citicorp Nominees Pty Limited	7,185,958	10.97
4 National Nominees Limited	1,260,072	1.92
5 BNP Paribas Noms Pty Ltd	1,248,618	1.91
6 BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	1,234,623	1.89
7 HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super CORP A/C>	473,902	0.72
8 Australian Foundation Investment Company Limited	324,174	0.49
9 Netwealth Investments Limited <Wrap Services A/C>	322,512	0.49
10 BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	311,198	0.48
11 Citicorp Nominees Pty Limited <Colonial First State INV A/C>	257,130	0.39
12 HSBC Custody Nominees (Australia) Limited-GSCO ECA	250,716	0.38
13 Mr Christopher Graham Roberts	172,387	0.26
14 HSBC Custody Nominees (Australia) Limited - A/C 2	166,930	0.25
15 Custodial Services Limited <Beneficiaries Holding A/C>	148,099	0.23
16 HSBC Custody Nominees (Australia) Limited	146,653	0.22
17 BNP Paribas Nominees Pty Ltd <Clearstream>	131,365	0.20
18 HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	125,730	0.19
19 UBS Nominees Pty Ltd	95,069	0.15
20 IOOF Investment Services Limited <IPS Superfund A/C>	72,784	0.11
Total	53,071,658	81.02

The 20 largest shareholders held 81.02% of the ordinary shares of the Company.



Directory

Cochlear headquarters

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Website: www.cochlear.com

Shareholder enquiries

Access to shareholding information is available to investors through Cochlear's share registry Computershare.

Computershare Investor Services Pty Limited
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Melbourne VIC 3001
Australia

Telephone: 1300 850 505

Email: web.queries@computershare.com.au

Website: www.computershare.com.au

Auditor

KPMG
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300 Barangaroo Avenue
Sydney, NSW, 2000

Telephone: +612 9335 7000

Website: www.kpmg.com.au

Calendar of events*

25 October 2024	Annual general meeting
14 February 2025	HY25 results announced
15 August 2025	FY25 results announced

* Indicative dates only and subject to change.

Company secretary

Rob McGrory
Kristy Jo

Annual general meeting


The annual general meeting of Cochlear Limited will be held on 25 October 2024 at 10.00am. Further details will be provided in the Notice of Meeting, which will be provided to shareholders in mid-September 2024. The Notice of Meeting will also be available on the ASX Market Announcements Platform and the website, www.cochlear.com.

Hear now. And always

Cochlear is dedicated to helping people with moderate to profound hearing loss experience a world full of hearing. As the global leader in implantable hearing solutions, we have helped more than 700,000 people of all ages to hear and connect with life's opportunities.

We aim to give people the best lifelong hearing experience and access to next generation technologies. We collaborate with leading clinical, research and support networks to advance hearing science and improve care.

That's why more people choose Cochlear than any other hearing implant company.

 Cochlear Ltd (ABN 96 002 618 073) 1 University Avenue, Macquarie University, NSW 2109, Australia T: +612 9428 6555

www.cochlear.com

Please seek advice from your health professional about treatments for hearing loss. Outcomes may vary, and your health professional will advise you about the factors which could affect your outcome. Always follow the directions for use. Not all products are available in all countries. Please contact your local Cochlear representative for product information.

ACE, Advance Off-Stylet, AOS, Ardium, AutoNRT, Autosensitivity, Baha, Baha SoftWear, BCDrive, Beam, Bring Back the Beat, Button, Carina, Cochlear, 科利耳, コクレア, 코클리어, Cochlear SoftWear, Contour, 콘트우아, Contour Advance, Custom Sound, DermaLock, Freedom, Hear now. And always, Hugfit, Human Design, Hybrid, Invisible Hearing, Kanso, LowPro, MET, MP3000, myCochlear, mySmartSound, NRT, Nucleus, Osia, Outcome Focused Fitting, Off-Stylet, Piezo Power, Profile, Slimline, SmartSound, Softip, SoundArc, True Wireless, the elliptical logo, Vistafix, Whisper, WindShield and Xidium are either trademarks or registered trademarks of the Cochlear group of companies.

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