

ASX Announcement  
15 August 2024

# Cochlear Limited Financial Results

## For the year ended June 2024

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.<sup>1</sup>

Sales revenue increased 15% (12% in constant currency\*) to \$2,258 million, with growth across all business units. Cochlear implant units increased 9% with strong growth across the developed markets driven by the adults and seniors segment. Services revenue increased 15% (12% in CC) driven by strong upgrade demand for the Cochlear™ Nucleus® 8 Sound Processor.

- Sales revenue increased 15% (12% in CC) to \$2,258m
- Statutory net profit increased 19% (8% in CC) to \$357m
- Underlying net profit\*\* increased 27% (15% in CC) to \$387m
- Underlying net profit margin was 17% (18% pre cloud investment)
- One-off and non-recurring items after-tax of \$30m primarily relate to restructuring costs for acquired Oticon Medical cochlear implant business
- Strong balance sheet and cash flow generation supports the 24% increase in full year dividends to \$4.10 per share, a payout of 69% of underlying net profit
- FY25 underlying net profit guidance range is \$410-430 million, a 6-11% increase on FY24

	FY24	FY23	Change % (reported)	Change % (CC)*
Sales revenue (\$m)	2,258.2	1,955.7	↑ 15%	↑ 12%
<b>Underlying net profit (\$m)**</b>	<b>386.6</b>	<b>305.2</b>	<b>↑ 27%</b>	<b>↑ 15%</b>
% Underlying net profit margin**	17%	16%		
% Underlying net profit margin (pre cloud investment)**	18%	17%		
One-off and non-recurring items after-tax (\$m)	(29.8)	(4.6)		
<b>Statutory net profit (\$m)</b>	<b>356.8</b>	<b>300.6</b>	<b>↑ 19%</b>	<b>↑ 8%</b>
Underlying earnings per share**	\$5.90	\$4.64	↑ 27%	↑ 15%
Final dividend per share	\$2.10	\$1.75	↑ 20%	
Total dividends per share	\$4.10	\$3.30	↑ 24%	

\*Constant currency (CC) removes the impact of foreign exchange (FX) rate movements to facilitate comparability of operational performance (refer p11).  
\*\*Excluding one-off and non-recurring items (refer p11).

<sup>1</sup> Cochlear estimates based on the published economic model findings of Neve et al 2021. Dollar amount relates to all recipients implanted with a cochlear implant in FY24 across the developed markets.

## Operational review

\$m	FY24	FY23	Change % (reported)		Change % (CC)		Sales Mix
Cochlear implants (units)	48,040	44,156	↑	9%			
<b>Sales revenue</b>							
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%
<b>Total sales revenue</b>	<b>2,258.2</b>	<b>1,955.7</b>	<b>↑</b>	<b>15%</b>	<b>↑</b>	<b>12%</b>	<b>100%</b>

### 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<sup>®</sup> 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<sup>™</sup> Osia<sup>®</sup> 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<sup>™</sup> Baha<sup>®</sup> 6 Max Sound Processor following three years of strong demand.

## FY24 highlights

In FY24 we continued to lift our investment in research and development (R&D) and awareness and access activities with good progress made across our key value drivers.



### A lifetime of hearing solutions

**Strategic priority: Retain market leadership**

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.

### Growing investment in research and development

Our market-leading technology underpins our global market share of over 60%<sup>2</sup>, 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.

### 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.<sup>3</sup> The latest data from a multi-centre randomised control trial<sup>4</sup> 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.

### Helping our 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.

<sup>2</sup> Cochlear estimate for cochlear and acoustic implants.

<sup>3</sup> Briggs, R., O'Leary, S., Birman, C., Plant, K., English, R., Dawson, P., Risi, F., Gavrilis, J., Needham, K., & Cowan, R. (2020). Comparison of electrode impedance measures between a dexamethasone-eluting and standard Cochlear™ Contour Advance® electrode in adult cochlear implant recipients. *Hearing Research*, 390. <https://doi.org/10.1016/j.heares.2020.107924>.

<sup>4</sup> Kelsall, D. A 12-Month Evaluation of the First Randomized Controlled Trial of the Novel Dexamethasone Eluting Slim Modiolar Electrode (CI632D): Efficacy and Safety Outcomes in a Newly Implanted Adult Population with Bilateral Moderate to Profound Sensorineural Hearing Loss, Conference Presentation, American Cochlear Implant Alliance, Vancouver, July 10-13, 2024.



## A healthier and more productive society

### Strategic priority: Grow the hearing implant market

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.<sup>5</sup>

#### 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 study<sup>6</sup> 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) study<sup>7</sup>, 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.

#### 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).

<sup>5</sup> Cochlear estimates based on the published economic model findings of Neve et al 2021. Dollar amount relates to all recipients implanted with a cochlear implant in FY24 across the developed markets.

<sup>6</sup> 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.

<sup>7</sup> Sarant J, Harris D, Busby P, Maruff P, Schembri A, Dowell R, Briggs R. The Effect of Cochlear Implants on Cognitive Function in Older Adults: Initial Baseline and 18-Month Follow Up Results for a Prospective International Longitudinal Study.

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.



### Thriving people

#### Strategic priority: A stronger organisation

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, which will increase to 44% with the appointment of a new director who joins the Board in September 2024.



### Environmental responsibility

#### Strategic priority: Minimise environmental impact

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 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 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**

#### **Strategic priority: Consistent and sustainable growth**

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.

#### **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.

#### **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.

## **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<sup>®</sup> 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.

## Detailed financial review

### Profit and loss

\$m	FY24	FY23	Change % (reported)	Change % (CC)
<b>Sales revenue</b>	<b>2,258.2</b>	<b>1,955.7</b>	<b>15%</b>	<b>12%</b>
<b>Cost of sales</b>	<b>562.1</b>	<b>488.0</b>	<b>15%</b>	<b>15%</b>
<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%
<i>% of sales revenue</i>	12%	13%		
Administration expenses (excluding cloud investment)	182.3	165.4	10%	10%
Administration expenses (cloud investment)	30.3	38.5	(21%)	(21%)
<b>Operating expenses</b>	<b>1,174.6</b>	<b>1,055.3</b>	<b>11%</b>	<b>9%</b>
Other expenses / (income)	(5.9)	(3.3)		
FX contract losses	22.6	19.6		
<b>EBIT (underlying)*</b>	<b>504.8</b>	<b>396.1</b>	<b>27%</b>	<b>16%</b>
<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%		
<b>Underlying net profit*</b>	<b>386.6</b>	<b>305.2</b>	<b>27%</b>	<b>15%</b>
<i>% Underlying net profit margin*</i>	17%	16%		
<i>% Underlying net profit margin (pre cloud investment)*</i>	18%	17%		
<b>One-off and non-recurring items (after-tax):</b>				
Innovation fund losses	1.9	4.6		
Oticon Medical integration expenses	27.9	-		
<b>Statutory net profit</b>	<b>356.8</b>	<b>300.6</b>	<b>19%</b>	<b>8%</b>

\* Excluding one-off and non-recurring items (refer p11).

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.



## 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)
<b>Operating cash flow</b>	<b>388.8</b>	<b>362.4</b>	<b>26.4</b>
Capital expenditure	(89.8)	(95.9)	6.1
Other net investments	(15.9)	(29.8)	13.9
<b>Free cash flow</b>	<b>283.1</b>	<b>236.7</b>	<b>46.4</b>
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)
<b>Increase / (decrease) in net cash</b>	<b>(41.9)</b>	<b>(31.2)</b>	<b>(10.7)</b>

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)
<b>Working capital</b>	<b>513.7</b>	<b>429.5</b>	<b>84.2</b>
<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
<b>Capital employed</b>	<b>1,326.9</b>	<b>1,193.3</b>	<b>133.6</b>
<b>Funding sources:</b>			
Equity	1,840.5	1,748.8	91.7
Less: Net cash	(513.6)	(555.5)	41.9
<b>Capital employed</b>	<b>1,326.9</b>	<b>1,193.3</b>	<b>133.6</b>

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%
<b>Total ordinary dividends (per share)</b>	<b>\$4.10</b>	<b>\$3.30</b>	<b>24%</b>
% 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 statement.

### 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 agree 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 are 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

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

\* FY24 actual v FY23 at FY24 rates.

For further information, please contact:

#### Analysts

Kristina Devon  
Vice President Investor Relations & Sustainability  
Email: [kdevon@cochlear.com](mailto:kdevon@cochlear.com)  
Ph: + 61 2 9073 4194

#### Media

Jennifer Stewart  
Vice President Communications & Brand  
Email: [jstewart@cochlear.com](mailto:jstewart@cochlear.com)  
Ph: +61 2 9073 4186

Authorised for lodgement by the Cochlear Board of Directors.