

ASX Announcement

22 April 2026

Trading update and reduction to FY26 earnings guidance

Cochlear Limited (ASX: COH) provides an update on trading conditions and earnings guidance since the release of its HY26 financial results in February 2026, while reaffirming confidence in its growth strategy and innovation pipeline.

- Since January, trading conditions for cochlear implants in developed markets have been softer than expected and there is heightened uncertainty to fourth quarter sales from the Middle East due to the conflict; second half sales growth is now expected to be 2-6% in constant currency (CC);
- Cochlear remains confident in its growth strategy and will strengthen investment to support growth of the adult and seniors segment, to help more people to hear. We are accelerating plans to reshape the cost base to provide increased capacity to invest in growth; and
- Taking into account the lower-than-expected sales, the potential for provisions for receivables required due to the Middle East conflict, lower gross margin, expenses from reshaping the cost base and the impact of the stronger Australian dollar on earnings, Cochlear is reducing its published underlying net profit guidance for FY26 to \$290-330 million.

Trading performance

Cochlear implants – Developed markets

Since January trading conditions for cochlear implants in developed markets have been softer than expected, with revenue flat for the quarter in CC. Near term surgical volumes have been affected by a combination of hospital capacity constraints and reduced referral activity from the hearing aid channel. Consumer sentiment has declined in key markets, reaching historic lows in the US. The decline appears to be affecting discretionary healthcare decisions in the adults and seniors segment, adding to demand uncertainty in the near term.

In Western Europe, surgical volumes have been constrained, resulting in growing waiting lists for surgery in markets including the UK and Germany, while industrial action in Italy and Spain has restricted surgical throughput.

The US was in line with expectations until mid-February, with volumes declining in March. Referrals from the hearing aid channel have fallen, reflecting reduced activity in that channel.

CEO and President, Dig Howitt said, “Addressing hearing loss in adults and seniors continues to be treated as a discretionary intervention, highlighting the importance of our strategy to medicalise hearing loss so that treatment is recognised as an important health priority.

“We remain confident of our market leadership. We have seen strong adoption of the Nucleus[®] Nexa[™] System across the developed markets, with very positive customer feedback and a strong interest in exploring the system’s potential to further improve hearing outcomes. With contracting of the new system complete, market share has been improving.”

Looking forward, we have a broad R&D pipeline of growth enhancing technology. We are progressing towards commercialisation of next generation implants with two clinical studies for regulatory approval of a drug eluting electrode now fully recruited, and initial results are being analysed; and two studies for regulatory approval of the totally implantable cochlear implant underway. The technology in our totally

implantable cochlear implant is based on over 20 years of experience designing, developing and trialling this implant and we are confident of its performance and market acceptance.

Cochlear implants – Emerging markets

In the emerging markets, we continue to see solid growth in demand; however, uncertainty has increased in the Middle East. Given the current conflict in the region, we expect order cancellations and a heightened risk of delivery delays to some countries. A reduction in reimbursement in the special access zones in China will lower premium tier sales in China in the second half.

Services

Cochlear continues to expect strong Services revenue growth in the second half, with third quarter revenue up 13% in CC on last year. Growth drivers include an increase in the eligible installed base, the retirement of the Nucleus[®] 7 Sound Processor in the US, and the contribution from the launch of the Kanso[®] 3 Sound Processor.

Acoustics

Acoustics revenue is expected to improve in the second half following a softer first half, supported by continued geographic expansion of the Osia[®] System and the rollout of the Baha[®] 7 Sound Processor, launched in June 2025. Third quarter revenue grew 11% in CC on last year.

Positioning the business for long-term sustainable growth

Cochlear remains confident in the opportunity to help more people hear and in its long-term growth strategies, despite the current uncertainty. Developed market adults and seniors has been a fast-growing segment, achieving around 10% per annum growth over many years, and continues to represent the largest opportunity for sustainable long-term growth.

Dig Howitt said, “The clinical need for cochlear implants continues to grow, particularly for the adult and seniors segment. For people with severe to profound hearing loss, cochlear implants are more effective than hearing aids for indicated patients, with 95% of recipients reporting significantly higher satisfaction after switching to a bimodal hearing solutionⁱ. Cochlear implants are also associated with a lower incidence of dementia, with dementia rates lower than in hearing aid users and comparable to those with normal hearing.ⁱⁱ Customer feedback indicates increasing awareness of the links between hearing loss and cognitive decline.”

We have always taken a long-term approach to investing to grow. Since COVID, while growth in the adults and seniors segment has remained strong, annual growth rates have become more variable. In addition, lower pricing in China and the impact of a strengthening Australian dollar have reduced profitability.

To better position the business for growth, and as signalled at the HY26 result, we are reshaping components of our organisation to deliver a more flexible and lower cost-to-serve cost base. To ensure we have the capability and capacity to deliver sustained growth, we are accelerating this process, reallocating resources across the organisation to support:

- Strengthening referral pathways and commercial execution in the adults and seniors segment;
- Continuing investment in new products, digital capability and long-term market development; while
- Driving scale across our support activities.

FY26 outlook

Cochlear is reducing its FY26 underlying net profit guidance to \$290-330 million, incorporating current exchange rates of 71 cents AUD/USD and 61 cents AUD/EUR. Cochlear had previously disclosed to the market that it expected to be at the lower end of its FY26 underlying net profit guidance range of \$435-460 million, incorporating foreign exchange rates of 66 cents AUD/USD and 56 cents AUD/EUR. Considerations for the full year include:

- Second half sales growth is now expected to be 2-6% in CC, with expectations of continuing softness in developed market cochlear implants and ongoing uncertainty relating to the Middle East;
- We may need to consider provisioning some receivables due to the conflict in the Middle East (up to \$10 million potential net profit impact);
- Lower demand, and resultant reduction in the production plan, is expected to impact gross margin by around one percentage point as a result of lower overhead recoveries (approx. \$20 million net profit impact);
- Expenses associated with cost base reshaping will be assessed over the coming months, an above the line cost to be incurred in FY26 (expect approx. \$18-25 million net profit impact); and
- Foreign exchange impact to the second half from the stronger Australian dollar (approx. \$25 million after tax).

Conference call

Management will host a conference call today at 10am. Conference call registration link:

<https://s1.c-conf.com/diamondpass/10054409-ck6mpn.html>

A recording of the conference call will be available at:

<https://www.cochlear.com/au/en/corporate/investors/results-and-presentations/financial-results>

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This announcement is authorised by the Board of Directors.

ⁱ Buchman CA, Herzog JA, McJunkin JL, et al. Assessment of Speech Understanding After Cochlear Implantation in Adult Hearing Aid Users: A Nonrandomized Controlled Trial. *JAMA Otolaryngol Head Neck Surg*. Published online August 27, 2020. doi:10.1001/jamaoto.2020.1584; Lupo JE, Biever A, Kelsall DC. Comprehensive hearing aid assessment in adults with bilateral severe-profound sensorineural hearing loss who present for Cochlear implant evaluation. *Am J Otolaryngol*. 2020 Mar-Apr;41(2):102300. doi:10.1016/j.amjoto.2019.102300

ⁱⁱ Seo HW, Ryu S, Han SY, Lee SH, Chung JH. Cochlear Implantation Is Associated With Reduced Incidence of Dementia in Severe Hearing Loss. *Ear Hear*. 2025 Apr 9