ASX Announcement

13 February 2026

Cochlear Limited Financial Results

For the half year ended December 2025

Cochlear reached a major milestone in June 2025, launching the Cochlear™ Nucleus® Nexa™ System, the world's first and only smart cochlear implant system with upgradeable firmware. The new implant is the outcome of a 20-year investment in R&D and is receiving a positive reception from professionals and recipients. The first half result reflects the product registration and contract renewal process for the new system, which took longer than anticipated where we sought price increases, and which is now largely complete.

- Sales revenue increased 1% (down 2% in constant currency*) to $1,176 million
- Underlying net profit** decreased 9% to $195 million
- Interim dividend steady at $2.15 per share, a 72% payout of underlying net profit
- We expect the business to deliver a strong second half driven by the broad availability of the Nexa System, strong growth in Services and improved momentum for Acoustics. Underlying net profit is expected to be at the lower end of the $435-460 million guidance range provided in August 2025, reflecting the longer than anticipated contracting process for the Nexa Implant System in the first half
- Guidance is based on foreign exchange rates provided in August of 66 cents AUD/USD and 56 cents AUD/EUR. If the Australian dollar remains at its current levels for the balance of FY26, underlying net profit would be expected to reduce by approximately $30 million

	HY26	HY25	Change % (reported)	Change % (CC)*
Sales revenue ($m)	1,176.0	1,169.9	↑ 1%	↓ 2%
Underlying net profit ($m)**	**194.8**	**213.7**	**↓ 9%**	**↓ 10%**
% Underlying net profit margin**	17%	18%		
One-off and non-recurring items (after-tax)				
Cloud expense**	(23.7)	(8.2)		
Fair value losses on investments/share of losses on equity accounted investments	(9.6)	(0.4)		
Statutory net profit ($m)	**161.5**	**205.1**	**↓ 21%**	**↓ 22%**
Underlying earnings per share**	$2.98	$3.26	↓ 9%	↓ 9%
Interim dividend per share	$2.15	$2.15	-	

*Constant currency (CC) removes the impact of foreign exchange (FX) rate movements to facilitate comparability of operational performance (refer p7).
**Excluding one-off and non-recurring items. HY25 adjusted to report cloud expenses as a one-off item for comparative purposes (refer p7).

Operational review

$m	HY26	HY25	Change % (reported)	Change % (CC)	Sales Mix
Cochlear implants (units)	27,016	25,390	⬆ 6%		
Sales revenue					
Cochlear implants	724.0	724.5	0%	⬇ 2%	62%
Services (sound processor upgrades and other)	311.6	305.0	⬆ 2%	⬇ 1%	26%
Acoustics	140.4	140.4	0%	⬇ 3%	12%
Total sales revenue	**1,176.0**	**1,169.9**	⬆ **1%**	⬇ **2%**	**100%**

Cochlear implants

Cochlear implant revenue was in line with HY25 (down 2% in CC) at $724.0 million and cochlear implant units increased 6% to 27,016. Cochlear implant units grew at a faster rate than sales revenue driven by the higher mix of lower-priced emerging markets units in the half.

Across the **developed markets** the focus has been on transitioning customers to the new Nucleus Nexa System following regulatory approval in Europe and Asia Pacific in June and the US in July. Availability expanded progressively across the first half as product registration and contract renewals were secured, alongside modest price increases. The process took longer than anticipated, resulting in low single-digit revenue growth for the half.

The Nucleus Nexa System received a positive reception from professionals and recipients, leading to gains in market share at the end of the half as adoption of the new system increased. In November and December, key markets experienced approximately 10% year-on-year growth in cochlear implant units, with 80% of units sold in December comprising the new Nucleus Nexa System.

The adults and seniors segment continues to represent the largest opportunity for achieving sustainable growth over the long term. To ensure we have the necessary capability and capacity to deliver sustained growth, we are restructuring essential components of our organisation to strengthen our operational effectiveness and better position us to meet the evolving needs of this important segment.

A central element of our strategy is the development of a robust referral pathway for adults and seniors. By establishing clear and efficient channels for referrals, we aim to facilitate increased access to hearing solutions for this demographic.

Effective communication of clinical evidence is another key priority. We are focused on highlighting the importance of treating hearing loss, especially in light of growing data that demonstrates the link between hearing treatment and mitigating cognitive decline. By promoting awareness of these clinical benefits, we seek to encourage timely intervention and treatment.

We remain committed to improving clinical capacity for professionals through our Connected Care ecosystem. Initiatives such as Remote Check and Remote Assist are being leveraged to support professionals in delivering high-quality, efficient care and to enhance overall patient outcomes for recipients.

Emerging market units grew over 15% with a decline in revenue due to the high mix of lower-tier volume, particularly in China. The result was as expected and compares to HY25, which recorded a particularly high mix of premium-tier product.

Services

Services revenue increased 2% (down 1% in CC) to $311.6 million, as expected, and comprises growth in developed markets and a decline in emerging markets revenue. Developed markets revenue grew 4% in CC driven by an increase in the eligible base and benefits from initiatives raising awareness of eligibility and clinical benefits of the Nucleus® 8 Sound Processor.

Acoustics

Acoustics revenue was flat (down 3% in CC) to $140.4 million. We experienced a single digit decline in volumes for the Cochlear™ Osia® Implant in the larger US and UK markets as a result of increased competitor activity, with solid growth across Western Europe and Australia.

Financial review

We delivered sales revenue of $1,176 million, an increase of 1% (down 2% in CC).

The gross margin declined two percentage points to 73%, in line with expectations, driven by the higher mix of lower-margin business in the emerging markets. Operating expenses increased 1% (down 2% in CC), reflecting growing investment in R&D and activities to support long-term sustainable growth, while managing the phasing of other operating expenses to the second half.

Underlying net profit decreased 9% to $195 million and the underlying net profit margin was 17%.

Significant items after tax include $24 million in cloud computing-related expense and a $9 million non-cash write-down in the value of Cochlear's investment in Saluda.

An interim dividend of $2.15 per share has been determined, in line with last year and representing a payout of 72% of underlying net profit.

FY26 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 the rising awareness of the link between cognitive decline and hearing loss, combined with a strong balance sheet, mean we are well placed to create value for our stakeholders now, and over the long term.

For FY26, we aim to help over 60,000 people to hear with a cochlear or acoustic implant. We expect the business to deliver a strong second half driven by the broad availability of the Nexa System, strong growth in Services and improved momentum for Acoustics. Underlying net profit is expected to be at the lower end of the $435-460 million guidance range provided in August 2025, reflecting the longer than anticipated contracting process for the Nexa Implant System in the first half.

For cochlear implants, we expect to deliver strong revenue growth in the developed markets in the second half from market growth and the broad availability of the Nucleus Nexa implant. We have a small proportion of account contract renewals remaining and anticipate these will be finalised during the third quarter. Emerging markets are also expected to deliver solid second half growth, driven by a pipeline of tenders and orders.

Services revenue is expected to deliver strong growth in the second half driven by an increase in the eligible base, retirement of the Nucleus 7 Sound Processor in the US and contribution from the launch of the Kanso 3 Sound Processor. Acoustics revenue is also expected to have an improved second half, following a softer first half, from continuing geographic expansion of the Osia System and rollout of the Baha 7 Sound Processor, which was launched in June 2025.

The gross margin is expected to be around 73% for FY26. We are continuing our investment in R&D and market growth activities to support long-term sustainable growth, with an anticipated investment of around 13% of sales revenue in R&D.

Capital expenditure is expected to be $100-120 million, with capacity expansion across our Australian and Malaysian sites. Cloud computing-related expense is expected to be around $80 million after tax and will be reported as a significant item in FY26.

Guidance is based on foreign exchange rates provided in August 2025 of 66 cents AUD/USD and 56 cents AUD/EUR. If the Australian dollar remains at its current levels for the balance of FY26, underlying net profit would be expected to reduce by approximately $30 million. Based on the mix of FX contracts and spot currency exposures, we estimate underlying net profit sensitivity for the full six months of the second half of FY26 to be around $3 million for every one cent change in the US dollar and around $4 million for the Euro.

The dividend policy continues to target a payout of 70% of underlying net profit.

Detailed financial review

Profit and loss

$m	HY26	HY25	Change % (reported)	Change % (CC)
Sales revenue	**1,176.0**	**1,169.9**	**1%**	**(2)%**
Cost of sales	**319.2**	**297.5**	**7%**	**7%**
% Gross margin	*73%*	*75%*		
Selling, marketing and general expenses	363.7	367.2	(1)%	(3)%
Research and development expenses	152.8	140.3	9%	5%
% of sales revenue	*13%*	*12%*		
Administration expenses*	85.7	91.1	(6)%	(7)%
Operating expenses*	**602.2**	**598.6**	**1%**	**(2)%**
Other expenses / (income)	(9.0)	(11.0)		
FX contract losses / (gains)	8.8	(1.9)		
EBIT (underlying)*	**254.8**	**286.7**	**(11)%**	**(12)%**
*% EBIT margin**	*22%*	*25%*		
Net finance expense / (income)	(2.1)	(1.7)		
Income tax expense*	62.1	74.7		
% Effective tax rate	*24%*	*26%*		
Underlying net profit*	**194.8**	**213.7**	**(9)%**	**(10)%**
*% Underlying net profit margin**	*17%*	*18%*		
One-off and non-recurring items (after-tax)				
Cloud expense*	(23.7)	(8.2)		
Fair value losses on investments/share of losses on equity accounted investments	(9.6)	(0.4)		
Statutory net profit	**161.5**	**205.1**	**(21)%**	**(22)%**

* Excluding one-off and non-recurring items. HY25 adjusted to report cloud expenses as a one-off item for comparative purposes (refer p7).

Sales revenue increased 1% (down 2% in CC) to $1,176.0 million and underlying net profit decreased 9% to $194.8 million. Statutory net profit decreased 21% to $161.5 million.

Key points of note:

- Selling, marketing and general expenses decreased 1% (3% in CC) to $363.7 million and includes an increase in investment in activities to support long-term sustainable growth, while managing the phasing of other operating expenses to the second half;
- Investment in R&D increased 9% (5% in CC) to $152.8 million with continued investment made in key R&D projects and development of the product and services pipeline;
- Administration expenses (which excludes one-off cloud expenses) decreased 6% to $85.7 million and includes a reduction in costs associated with projects completed in the prior year;
- Other income decreased $2.0 million to $9.0 million and includes $2.5 million in foreign exchange gains; and
- One-off and non-recurring items after tax includes $23.7 million in cloud computing-related expense and a $9.2 million non-cash write-down in the value of Cochlear's investment in Saluda.

Cash flow

$m	HY26	HY25	Change
EBIT (underlying)*	254.8	286.7	(31.9)
Cloud expense	(33.8)	(11.7)	(22.1)
Depreciation and amortisation	51.6	43.8	7.8
Change in working capital and other	(58.6)	(131.4)	72.8
Net interest received	2.1	1.7	0.4
Income taxes paid	(79.3)	(79.2)	(0.1)
Operating cash flow	**136.8**	**109.9**	**26.9**
Capital expenditure	(40.3)	(43.9)	3.6
Other net investments	(13.8)	(7.3)	(6.5)
Free cash flow	**82.7**	**58.7**	**24.0**
Outlay from exercise of share options and performance rights	(23.5)	(24.3)	0.8
Payments for share buyback	(0.1)	(19.3)	19.2
Dividends paid	(140.6)	(137.5)	(3.1)
Payment of lease liability and other	(21.5)	(8.1)	(13.4)
Decrease in net cash	**(103.0)**	**(130.5)**	**27.5**

* Excluding one-off and non-recurring items. HY25 adjusted to report cloud expenses as a one-off item for comparative purposes (refer p7).

Operating cash flow increased $26.9 million to $136.8 million, with free cash flow increasing $24.0 million to $82.7 million.

Key points of note:

- EBIT (underlying) decreased $31.9 million;
- Cloud expenses increased $22.1 million;
- Working capital and other increased $58.6 million and includes a $47.6 million increase in working capital largely driven by growing inventory levels;
- Income taxes paid of $79.3 million exceeds income tax expense in the profit and loss as a result of the timing of tax instalment payments; and
- Capital expenditure (capex) of $40.3 million includes investment in the upgrade of the Lane Cove and Kuala Lumpur facilities and stay-in-business capex.

Capital employed

$m	Dec25	Jun25	Change
Trade and other receivables	549.7	585.9	(36.2)
Inventories	566.1	499.4	66.7
Less: Trade and other payables	(281.3)	(298.4)	17.1
Working capital	**834.5**	**786.9**	**47.6**
*Working capital / sales revenue**	*35%*	*33%*	
Property, plant and equipment	337.3	332.7	4.6
Intangible assets	505.1	500.8	4.3
Investments and other financial assets	191.2	189.4	1.8
Other net liabilities	(102.7)	(135.2)	32.5
Capital employed	**1,765.4**	**1,674.6**	**90.8**
Funding sources:			
Equity	1,938.1	1,950.3	(12.2)
Less: Net cash	(172.7)	(275.7)	103.0
Capital employed	**1,765.4**	**1,674.6**	**90.8**

* Dec25 calculation based on doubling HY26 sales revenue.

Capital employed increased $90.8 million to $1,765.4 million since June 2025.

Key points of note:

- Working capital increased $47.6 million, driven by the building of inventory, partly offset by a reduction in trade receivables;
- The $32.5 million increase in other net liabilities includes a $23.0 million increase in net tax assets, which is timing-related; and
- Net cash decreased $103.0 million to $172.7 million.

Dividends

	HY26	HY25	Change %
Interim ordinary dividend (per share)	$2.15	$2.15	0%
% Payout ratio (based on underlying net profit)	72%	68%	
% Franking	85%	80%	

An interim dividend of $2.15 per share has been determined, in line with last year and representing a payout of 72% of underlying net profit. The interim dividend is franked at 85%.

The ex-dividend date is 19 March 2026. The record date for calculating dividend entitlements is 20 March 2026 with the interim dividend expected to be paid on 13 April 2026.

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.

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	HY26	HY25	Change %
Underlying net profit**	**194.8**	**213.7**	**(9)%**
FX contract movement		(10.7)	
Spot exchange rate effect to sales revenue and expenses*		13.1	
Balance sheet revaluation*		(0.7)	
Underlying net profit (CC)**	**194.8**	**215.4**	**(10)%**
One-off net gains / (losses)	(33.3)	(8.6)	
Statutory net profit (CC)	**161.5**	**206.8**	**(22)%**

* HY26 actual v HY25 at HY26 rates. **Excluding one-off and non-recurring items. HY25 adjusted to report cloud expenses as a one-off item for comparative purposes

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