AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Rebuilding margins, maintaining investment

Company/ASX Code	**Cochlear Limited/COH**
AGM time and date	10am (AEDT) Monday, 26 October 2026
Location	Cochlear Global Headquarters, 1 University Avenue, Macquarie University, NSW 2109 and online
Registry	Computershare
Type of meeting	Hybrid
Monitor	Raja Rajagopal assisted by Gareth Eastwood
Pre-AGM Meeting	Yes with Alison Deans (Chair), Kristina Devon, Cale Brown, Gareth Eastwood and Raja Rajagopal

Monitor Shareholding: Individuals involved in the preparation of this voting intention have shareholdings in this company.

1. How we intend to vote

No.	Resolution description	
2	Adoption of the FY 2026 Remuneration report	For
3.1	Re-Election of Michael Daniell as a Director	For
3.2	Re-Election of Bruce Robinson as a Director	For
4	Approval of long-term incentives to the CEO & President	For
5	Reinsertion of proportional takeover approval provisions	For

2. Summary of Issues and Voting Intentions for AGM

- Remuneration: REM framework has been revised
- Re-Election to Board:
- Long Term Incentives to CEO & President Mr Dig Howitt:
- Proportional takeover approval provisions:

3. Matters Considered

Accounts and reports

Cochlear's FY26 is described accurately as both challenging and disappointing at various points in the Annual Report.

Sales revenue increased 2% in constant currency (lower than inflation in most of its key markets). Underlying net profit (excluding cloud expense of A$66.0 million shown as a significant expense, after tax) fell 22% to A$322.4 million, reflecting margin pressure (sales mix, manufacturing variances and FX), and A$69 million in transitional / restructuring costs.

Statutory net profit fell 62% to $A147.3 million, due to the lower underlying net profit and two significant expenses (after tax): increase in cloud expense of A$66.0 million (vs A$22.9 m in FY25) and increased fair value share of losses and impairment losses in investments of A$109.1 million (vs A$2.7 million in FY25).The share of the trading loss and non-cash impairment loss in the Epimider investment alone was A$92.0 million. The management and control over these significant expenses was discussed at the pre-AGM meeting.

Cochlear has a strong balance sheet position with net cash of A$188M, though materially lower than FY25 and below the target of around A$200M. Cochlear targets this significant cash buffer to absorb unanticipated financial shocks without having to issue additional equity. Share buybacks are not likely to proceed while the net cash position remains below A$200M. Cochlear paid a reduced dividend of A$3.45 per share in FY26 (in comparison to A$4.30 in FY25). R&D investment increased 15% to A$323.2 million (14% of sales revenue), with continued investment in the drug-eluting electrode and totally implantable cochlear implant programs.

FY2026 marks the first full financial year of the Chief Financial Officer (CFO) Dr Sarah Thom (with a background in Astrophysics no less) in this position.

Financial Performance

(As at FYE)	**2026**	**2025**	**2024**	**2023**	**2022**
NPAT (AA$m)	147.3	388.9	356.8	300.6	289.1
Underlying NPAT for remuneration/LTI purposes (A$m)	256.4	391.6	386.6	305.2	277.0
Share price (AA$)	121.75	300.42	332.15	229.07	198.7
Dividend (cents)	345	430	410	330	300
Simple TSR (%)	(58.3)	(8.3)	46.8	16.9	(19.9)
EPS (cents)	225.2	594.3	544.5	457.0	439.6
CEO total remuneration, actual (A$m)	3.723	5.906	5.076	3.900	4.360

Simple TSR is calculated by dividing the change in share price plus dividends paid during the year (excluding franking) by the share price at the start of the year.

Governance and culture

Cochlear has a diverse workforce with continuing high engagement (survey results increased to 86% in FY2026). Cochlear measures the participation of women in all levels (refer Equal Opportunity, page 85 of the Annual Report).

Key events

- The Nucleus Nexa System launched in 2025 – the world's first upgradeable-firmware cochlear implant, reported as accounting for over 95% of new implant sales across developed markets.
- Epiminder, an innovation fund investment developing brain monitoring systems for drug-resistant epilepsy, listed on the ASX in December 2025. Cochlear holds a 36% equity-accounted interest and recognised an A$81.5 million impairment in FY26 for this investment.

Key board or senior management changes

- Professor Ian Meredith AM has been appointed as an independent Non-executive Director, effective 1 December 2026. He was most recently EVP and Global Chief Medical Officer at Boston Scientific Corporation and will join the Medical Science, Product & Services Innovation, and Nomination Committees. As the appointment occurs post the AGM, a shareholder vote is not required until the 2027 AGM.
- Prof Bruce Robinson, AC (Chair of the Medical Science Committee) will stand for re-election at the 2026 AGM to enable an orderly transition as Prof Meredith joins the Board.

- Richard Freudenstein was appointed as a Non-executive Director on 25 August 2025 and elected at the 2025 AGM. He will succeed Christine McLoughlin, AM as Chair of the People & Culture Committee from August 2026.
- Glen Boreham, AM retired as a Non-executive Director on 23 October 2025.
- Sabina Sopov was appointed Chief People Officer, Global People & Culture, in 2026. This role oversees the people strategy that supports the Company's mission, growth ambitions, and global workforce.

Sustainability/ESG

Cochlear remains a relatively small emitter among large-cap ASX-listed companies. Total Scope 1, 2 and 3 emissions (market-based) were 70,108 tCO2e in FY26, marginally up on FY25 (69,547 tCO2e). Business travel and downstream/upstream transport and distribution remain the largest Scope 3 contributors. FY26 is the first year of reporting under the new AASB S2 climate disclosure standard, with transition relief applied to Scope 3 comparatives.

Innovation Fund and Epiminder investment

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., Epiminder, 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. The strategic investments are collectively referred to as the Innovation Fund. As the FY26 total pre-tax loss in investments in the Fund was significant - A$121.4 million (vs A$3.5 million in FY 2025), the matter was brought up during the pre-AGM meeting as an issue that might come up during the AGM. The Chair agreed to keep this in mind and be prepared for any questions that may arise regarding the management of the Innovation Fund.

Epiminder, an ASX-listed developer of brain monitoring systems for drug-resistant epilepsy, listed on the ASX on 1 December 2025, raising A$125 million in new capital at an IPO price of A$1.50 per share; Cochlear's existing convertible notes converted into ordinary shares as part of that process, and Cochlear separately received 16 million shares (valued at A$24.0 million) under a manufacturing agreement entered into at IPO. Cochlear holds 77,982,049 shares – approximately 36% of Epiminder's 216,671,652 shares on issue – and Epiminder became an equity-accounted associate rather than a simple financial asset from that date.

The Epiminder share price has fallen since listing – from the A$1.50 IPO price to A$0.32 at 30 June 2026, a decline of approximately 79% – a trigger for Cochlear's impairment test. Cochlear recognised A$10.5 million as its share of Epiminder's net loss (reflecting Epiminder's trading performance under equity accounting) plus an A$81.5 million impairment loss for a combined A$92.0 million P&L impact and a closing carrying value of A$25.0 million.

4. Rationale for Voting Intentions

Resolution 2 - Adoption of the 2026 Remuneration Report - For

The Board has made several changes to the FY26 remuneration outcomes that warrant shareholder attention.

STI payments are now weighted 60% cash / 40% equity, which does not yet meet ASA's guideline of a minimum 50% equity/deferred component to align executive and shareholder experience over time.

The STI framework itself has also changed in FY26. The previous "gate opener" — a binary pass/fail test on underlying profit that had to be cleared before any STI could be paid — has been removed. Underlying net profit is now one weighted component of the STI scorecard, worth 15%.

Cochlear has not awarded an STI to the CEO and President for FY26, in recognition of the CEO's accountability for enterprise-wide outcomes, including shareholder returns.

The FY23–26 LTI award will not vest, with neither the relative TSR nor the CAGR EPS performance hurdle having met threshold levels.

Looking ahead, the Board has determined to grant an additional performance-based award to senior executives in FY27, citing a need to retain critical staff and build momentum.

Despite the STI deferral structure being marginally outside ASA guidelines, the overall Cochlear REM experience for senior management is generally aligned to the experience of shareholders.

Resolution 3.1 - Re-election of Sir Michael Daniell as a director - For

Resolution 3.2 - Re-election of Prof. Bruce Robinson as a director - For

There is a good spread of years on the Board, amongst the directors; they have suitable qualifications and have shareholdings aligned with those of shareholders. We support the re-election of both directors.

Resolution 4 - To approve long-term incentives to be granted to the CEO & President - For

The overall value is not excessive, the use of the recent share price (A$136.62) is reasonable and further aligns the CEO's remuneration outcomes with the experience of shareholders. If shareholders vote against the equity grant, Cochlear says it will provide an equivalent cash award if the performance conditions are achieved.

Resolution 5 - Reinsertion of proportional takeover approval provisions - For

These provisions prevent proportional takeover of the firm (i.e. an offer for only part of each shareholder's holdings) without a majority of shareholders voting in favour.

Appendix 1

Remuneration framework detail

REM for FY26 (A$m)	CEO	CEO % of Total	Max. Opportunity	% of Total
Fixed Remuneration	2.216	59.5%		
STI – Cash	0 ^	0%		
STI – Deferred	0	0%		
LTI – Vested	1.508	40.5%		
Total	**3.723**	**100%**		

For FY27, the Board has determined that Non-Executive Director fees and the CEO&P's base salary will not increase, and a separate retention-focused performance award (excluding the CEO&P) will be granted to Senior Executives.

The total STI for 2027 is AA$ 2,169,394 as documented in Item 4 of the AGM Announcement. The total LTI in Item 4 is AA$ 2,711,742. Similarly Fixed Remuneration is AA$ 2,235,269.

^ *The underlying NPAT performance measure did not achieve threshold. The Board exercised discretion to award the CEO no FY2026 STI, reflecting overall company performance and shareholder returns.*

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