Demant

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Revised financial outlook for 2025 and Interim Report 2025

Organic growth of 0% in H1, mainly due to lower-than-normal market growth and lower sales to a large US retailer
EBIT of DKK 1,849 million impacted by unfavourable geographic mix changes and lower-than-planned operating leverage
Cash flow generation very solid with CFFO of DKK 1,513 million
Reduced expectations for value growth in the global hearing aid market in 2025 to 1-3% (previously 2-4%)
Outlook for 2025 revised: Organic growth of 1-3% (previously 1-5%) and EBIT of DKK 3,900-4,300 million (previously DKK 4,100-4,500 million)

"The first half of the year brought headwinds to the Group in terms of macroeconomic uncertainties, driving soft market conditions and intense competition, and to reflect continued uncertainties in the second half-year, we are adjusting our 2025 outlook. While near-term growth will be more modest than previously anticipated, we have seen good momentum and market share gains in units in Hearing Aids in the second quarter, and we remain steadfast in our commitment to delivering life-changing hearing health solutions encouraged by the strength of our innovation pipeline. The underlying fundamentals of our industry remain intact, and with a clear focus on execution, cost control and positive user impact, we are confident in our ability to return to growth and continue creating long-term value for all stakeholders," says Søren Nielsen, President & CEO of Demant.

Outlook for 2025

- **Expectations of growth in the global hearing aid market** for 2025 are reduced, following lower-than-expected growth in Q2, particularly in Europe, with the exception of France, and reduced expectations for the rest of the year. Due to macroeconomic uncertainties, expectations of market growth in H2 are now lower than previously anticipated, but with a slight acceleration compared to Q2, and we thus expect the value growth rate in the global hearing aid market to be 1-3% (previously 2-4%) for the full year. The underlying market fundamentals remain intact, although the exact timing of a return to normal growth of 4-6% remains uncertain.
- **Group organic growth outlook** for 2025 is reduced to 1-3% (previously 1-5%) due to softer global market expectations and lower sales to a large US retailer.
- **Group EBIT outlook** for 2025 is reduced to DKK 3,900-4,300 million (previously DKK 4,100-4,500 million) due to lower-than-planned operating leverage, following lower growth in the global hearing aid market in 2025, as well as unfavourable geographic mix changes.

Our revised financial outlook for 2025 is summarised in the table below:

Metric	Outlook for 2025
Organic growth	1-3% (previously 1-5%)
EBIT	DKK 3,900-4,300 million (previously DKK 4,100-4,500 million)
Share buy-backs	Suspended as of 11 June

The outlook is based on a number of key assumptions as described below (changes marked in bold):

- **The unit growth rate in the global hearing aid market in 2025 is expected to be 2-4% (previously 3-5%). Due to geographic and channel mix changes, we expect the hearing aid market to see average selling price (ASP) development of around -1% (unchanged) for the full year, resulting in a value growth rate of 1-3% (previously 2-4%) in 2025.**
- We expect the French market to grow in the high single digits in units in 2025.
- **The cash allocated to acquisitions in 2025 will be at a much higher-than-normal level due to a high level of bolt-on acquisitions already made in 2025 and the previously announced acquisition of KIND Group, one of the world's leading retailers of hearing aids, for a total consideration of EUR 700 million.**

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- **Our financial outlook for 2025 does not include any contribution from KIND Group, pending closing of the transaction, which is expected to take place in H2 2025.**
- **Our assumptions include significant production costs and OPEX relating to future hearing aid introductions. We expect flat development in OPEX sequentially in H2 compared to H1 2025.**
- We continue to expect an impact on EBIT of around DKK -125 million compared to our original assumptions (unchanged compared to the most recently published outlook) for the year due to adverse exchange rate developments. This includes the effects of both hedged and unhedged currencies, with the majority of the impact expected to take effect in Q2-Q4.
- We expect a limited impact of tariffs on the Group, but we include an impact of around DKK -25 million of tariffs in 2025 on our Diagnostics business area based on currently implemented tariffs in the US.
- Our Communications business and our business for bone anchored hearing systems are recognised as part of discontinued operations, and for the full year 2025, the combined net profit after tax in these businesses is expected to be DKK 0-50 million. This relates entirely to an expected operating profit for the businesses and does not include any financial impact related to our intended divestment of the businesses.

For modelling purposes, we provide further assumptions for 2025 below, which are updated as at 11 August 2025:

Metric	Assumption for 2025
Acquisitive growth	2% based on revenue from acquisitions completed as at 11 August 2025
FX growth	-2% based on exchange rates as at 11 August 2025 and including the impact of hedging
Effective tax rate	Around 23%
Profit from discontinued operations	DKK 0-50 million

Financial review of H1 2025

	Revenue (DKK million)		**Growth**				
Business area	**Q2 2025**	**Q2 2024**	**Organic**	**Acquisitive**	**LCY**	**FX**	**Reported**
Hearing Aids, total revenue	*3,073*	*3,123*	*0%*	*1%*	*1%*	*-2%*	*-2%*
Hearing Aids, internal revenue	*-629*	*-609*	*1%*	*5%*	*5%*	*-2%*	*3%*
Hearing Aids, external revenue	2,444	2,514	0%	0%	-1%	-2%	-3%
Hearing Care	2,602	2,516	1%	5%	6%	-2%	3%
Diagnostics	587	634	-4%	0%	-4%	-4%	-7%
Group	**5,633**	**5,664**	**0%**	**2%**	**2%**	**-3%**	**-1%**

	Revenue (DKK million)		**Growth**				
Business area	**H1 2025**	**H1 2024**	**Organic**	**Acquisitive**	**LCY**	**FX**	**Reported**
Hearing Aids, total revenue	*6,221*	*6,230*	*-1%*	*1%*	*1%*	*-1%*	*0%*
Hearing Aids, internal revenue	*-1,307*	*-1,208*	*5%*	*4%*	*9%*	*-1%*	*8%*
Hearing Aids, external revenue	4,914	5,022	-2%	1%	-1%	-1%	-2%
Hearing Care	5,149	4,834	2%	5%	7%	-1%	7%
Diagnostics	1,190	1,231	-2%	0%	-2%	-1%	-3%
Group	**11,253**	**11,087**	**0%**	**3%**	**2%**	**-1%**	**2%**

Unless otherwise indicated, the commentary below relates to H1 2025.

- The **Group** generated organic growth of 0% (Q2: 0%). Acquisitive growth was 3% (Q2: 2%), exchange rate effects were -1% (Q2: -3%) and reported revenue growth was 2% (Q2: -1%), leading to Group revenue of DKK 11,253 million (Q2: 5,633 million).
  - **Hearing Aids** saw organic growth in revenue from external customers of -2%. Organic growth was impacted by lower-than-normal market growth and relatively strong comparative figures due to the launch of Oticon Intent in the same period last year. In Q1, growth was impacted by the loss of market share with managed care in the US in Q2 2024, and we saw a negative impact in Q2 of lower sales to a large US retailer, following an increase in the number of suppliers. When we look at our total hearing aid sales in H1, including sales to own clinics, unit growth was 3%. However, this was somewhat offset by an ASP development of -2% due to unfavourable geographic mix changes, leaving us with growth in local currencies in line with the estimated market growth rate in value. Organic growth increased during the period from -4% in Q1 to 0% in Q2, driven by improving trends and strong unit growth. In Q2, unit growth in sales to external customers was several percentage points above the market growth rate. We thus estimate that we gained market share in units, both year-over-year and sequentially.
  - **Hearing Care** saw organic growth of 2%. Following a good start to the year with organic growth above the estimated market growth rate in Q1, momentum decelerated to 1% in Q2 due to current consumer cautiousness, particularly in the US, resulting from macroeconomic uncertainties. Growth was driven by several medium-sized markets, including Germany, and by improving momentum in France during H1, whereas we saw negative growth in the US. Growth in H1 was mainly driven by units, although we also saw a positive ASP development due to geographic mix effects. Acquisitions, mainly in Germany and Denmark, continued to contribute positively, delivering 5% growth.
  - **Diagnostics** saw organic growth of -2%. Growth in the period was impacted by continuously negative market growth and decelerated from Q1 to Q2 in line with the market growth rate. This development was particularly driven by the US, where macroeconomic uncertainties have resulted in a lower level of investments in equipment in hospitals and clinics. We also saw a negative effect of market headwinds in China. North America and Asia saw negative growth, whereas growth was positive in Europe, driven by strong growth in France and in several medium-sized markets. We also saw growth in several export markets. Growth in our services and consumables business was positive, but it was not enough to offset the negative growth in our instrument business.
- The Group's **gross margin** was 76.0%, which is a decrease of 0.8 percentage points compared to H1 2024. While a decrease was expected due to a particularly strong gross margin in the comparative period, the development was slightly worse than anticipated. Unfavourable geographic mix changes, particularly the negative market growth in the US, impacted all business areas, especially Hearing Aids, which saw ASP headwinds. Exchange rate effects had a slightly negative impact on the gross margin.
- **OPEX** saw 1% organic growth, reflecting a low run rate going into the year, following our cost-saving efforts in H2 2024, and our continued focus on cost management. Acquisitions, primarily in Hearing Care, added 4% to the Group's OPEX, while exchange rate effects were -1%.
- **EBIT before special items** amounted to DKK 1,849 million, corresponding to an EBIT margin before special items of 16.4%. The margin contracted by 2.3 percentage points compared to H1 2024, due to lower-than-normal market growth, lower-than-planned operating leverage as well as unfavourable geographic mix changes in H1 2025, leading to negative developments in the gross margin. We recognised no special items in H1, leading to a reported EBIT of DKK 1,849 million. Exchange rate effects also had a significant impact on EBIT of around DKK -50 million, most of which relates to Q2.
- Despite lower profitability, the Group delivered a very solid **cash flow**, with CFFO of DKK 1,513 million and FCF of DKK 1,126 million. FCF was slightly lower than in the same period last year, primarily due to higher CAPEX. The cash spent on acquisitions amounted to DKK 849 million, which relates to bolt-on acquisitions in Hearing Care and is in line with expectations.

- The Group's share buy-back programme was suspended on 11 June following the announcement of the agreement to acquire KIND Group. As at that date, the Group had bought back shares worth DKK 582 million. Supported by the very solid cash flow generation and despite a continuously high level of acquisitions, the Group's **gearing multiple** was 2.5 at the end of June 2025, which is within our medium- to long-term target of 2.0-2.5.
- Loss on earnings after tax from **discontinued operations** amounted to DKK 13 million. This is attributable to a small operating loss in Communications, whereas our bone anchored hearing systems (BAHS) business saw a positive operating profit.

Sustainability review of H1 2025

- Through innovative solutions and personalised care provided to hearing aid users, Demant **improved 11.2 million lives** at the end of H1, which compares to 10.9 million at the end of 2024. Furthermore, we carried out **0.8 million hearing tests** in our hearing care clinics during H1 2025.
- In H1, the Group reduced its scope 1 and 2 market-based **greenhouse gas (GHG) emissions** by 5% compared to the same period last year. The decrease was mainly driven by the allocation of Energy Attribute Certificates (EACs).
- **Gender diversity** in top-level management remained unchanged at 31% women and 69% men, consistent with FY 2024.
- Increasing our excellence in **business conduct**, the number of highly exposed employees trained in Demant's Code of Conduct reached 94% in H1, which is an 18 percentage point increase compared to FY 2024.

Conference call details

Demant will host a conference call on 13 August 2025 at 14:00 CEST. A live webcast of the call will be available on our website www.demant.com. If you would like to access the conference call to ask questions, please pre-register here to receive the dial-in numbers and access codes. A presentation for the call will be uploaded on our website shortly before the call.

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