Demant

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Annual Report 2025 and review of H2 2025

Inside information

Revenue growth of 5% in local currencies (2% organic) in 2025 with improved performance in Q4
EBIT before special items of DKK 3,960 million, resulting in an EBIT margin before special items of 17.2%
Strong cash flow with CFFO of DKK 3,852 million and FCF of DKK 3,094 million
Announcement of initiative to improve profitability, resulting in expected annual cost savings of around DKK 500 million with full effect in 2028
Market growth assumed to be 2-4% in value in 2026, temporarily below our medium- to long-term assumptions
Outlook for 2026: Organic growth of 3-6% and EBIT before special items of DKK 4,100-4,500 million

"In 2025, the global hearing healthcare market grew at a slower pace than normal. With our improved performance towards the end of an eventful year, we delivered results in line with our revised financial outlook. Our Hearing Care business area demonstrated continuous strength, and both the Hearing Aids and the Diagnostics business areas saw improved performance throughout 2025. For Demant, the year was also characterised by the achievement of important milestones with the launch of Oticon Zeal and the acquisition of the large German retailer KIND. Both events support our strategy to become the leading hearing healthcare company.

Despite these strategic steps and achievements, lower-than-normal hearing aid market growth and intense competition have impacted our profitability negatively. So, we will be implementing several structural changes in selected areas across the Demant Group to pave the way for improved future growth and improved profitability. This includes an intended adjustment of the size of our organisation, and while saying goodbye to valued colleagues is never easy, I am confident that the measures we are taking are necessary for Demant's long-term success," says Søren Nielsen, President & CEO of Demant.

Financial review of FY 2025

	Revenue (DKK million)		**Growth**				
Business area	**FY 2025**	**FY 2024**	**Organic**	**Acquisitive**	**LCY**	**FX**	**Reported**
Hearing Aids, total revenue	*12,473*	*12,413*	*2%*	*1%*	*2%*	*-2%*	*0%*
Hearing Aids, internal revenue	*-2,632*	*-2,391*	*7%*	*4%*	*11%*	*-1%*	*10%*
Hearing Aids, external revenue	9,841	10,022	0%	0%	0%	-2%	-2%
Hearing Care	10,724	9,932	3%	7%	10%	-2%	8%
Diagnostics	2,406	2,465	1%	0%	1%	-3%	-2%
Group	**22,971**	**22,419**	**2%**	**3%**	**5%**	**-2%**	**2%**

- The Group generated **revenue** of DKK 22,971 million. Organic growth was 2%, with acquisitive growth adding 3% and exchange rate effects contributing -2%. Total reported growth for the Group was 2% in 2025.
- Due to a lower gross margin and despite our initiatives to lower OPEX growth, **EBIT before special items** amounted to DKK 3,960 million in 2025, down 10% compared to 2024 but in line with our revised outlook for the year.
- The Group continues to be highly cash-generative and thus delivered **CFFO** of DKK 3,852 million for the full year. The Group's **share buy-backs** amounted to DKK 582 million in 2025, before the share buy-back programme was suspended, following the announcement on 11 June 2025 to acquire KIND Group (KIND).

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Financial review of H2 2025

	Revenue (DKK million)		Growth				
Business area	**Q4 2025**	**Q4 2024**	**Organic**	**Acquisitive**	**LCY**	**FX**	**Reported**
Hearing Aids, total revenue	*3,240*	*3,179*	*5%*	*0%*	*5%*	*-3%*	*2%*
Hearing Aids, internal revenue	*-663*	*-583*	*11%*	*5%*	*16%*	*-2%*	*14%*
Hearing Aids, external revenue	2,577	2,596	4%	-1%	2%	-3%	-1%
Hearing Care	3,038	2,698	5%	12%	17%	-4%	13%
Diagnostics	649	637	8%	0%	8%	-6%	2%
Group	**6,264**	**5,931**	**5%**	**5%**	**10%**	**-4%**	**6%**

	Revenue (DKK million)		Growth				
Business area	**H2 2025**	**H2 2024**	**Organic**	**Acquisitive**	**LCY**	**FX**	**Reported**
Hearing Aids, total revenue	*6,252*	*6,183*	*4%*	*0%*	*4%*	*-3%*	*1%*
Hearing Aids, internal revenue	*-1,325*	*-1,183*	*9%*	*5%*	*14%*	*-2%*	*12%*
Hearing Aids, external revenue	4,927	5,000	3%	-1%	2%	-3%	-1%
Hearing Care	5,575	5,098	4%	9%	13%	-4%	9%
Diagnostics	1,216	1,234	3%	0%	3%	-5%	-1%
Group	**11,718**	**11,332**	**4%**	**3%**	**7%**	**-4%**	**3%**

Unless otherwise indicated, the commentary below relates to H2 2025.

- The **Group** generated organic growth of 4% (Q4: 5%) with performance being broad-based between business areas. Acquisitive growth added 3% (Q4: 5%), and exchange rate effects contributed -4% (Q4: -4%), resulting in total reported growth of 3% (Q4: 6%).
  - **Hearing Aids** saw organic growth from external customers of 3% (Q4: 4%), and we estimate that we gained market share in terms of both units and value in Q4. Growth in the Hearing Aids business improved in H2 despite a loss of market share in the US, primarily resulting from lower sales to a large retailer and a continuously softer-than-normal hearing aid market. Oticon Zeal has created excitement among hearing care professionals, with feedback so far being very positive. However, due to the phased launch in select European countries in 2025, the impact on growth in H2 was limited, as expected. If we look at our total Hearing Aids revenue, unit growth was 6%, whereas the average selling price (ASP) declined by 2% due to geography and channel mix changes.
  - Despite tough comparative figures, **Hearing Care** continued to deliver a solid performance in a weaker-than-normal hearing aid market with organic growth of 4% (Q4: 5%). The development was broad-based with particularly strong performances in Poland and France, where the market continued to drive strong unit growth, but as expected, the ASP development was negative due to product mix changes. In H2, growth was predominantly driven by unit sales, but it was also supported by a positive ASP development. Following closing of the acquisition of KIND on 1 December, we saw increased growth from acquisitions amounting to 9% in the period (Q4: 12%).
  - Following a soft start to the year for our **Diagnostics** business, we gained momentum towards the end of the year with organic growth of 3% (Q4: 8%). While we continue to see generally lower-than-normal investments in equipment in hospitals and clinics due to macroeconomic uncertainties, we saw a strong end to the year for our services and consumables business and good performance in our diagnostic instruments business. In China, we also saw an improvement in performance from a low level in H1 despite continuously limited access to participate in public markets.
- The Group's **gross margin** was 75.3%, which is a decline of 0.4 percentage points compared to H2 2024. The gross margin was positively impacted by business mix changes, which were more than offset by the ASP development due to geography and channel mix changes in Hearing Aids. A higher share of rechargeable devices sold and changes in exchange rates also contributed to the gross margin decline.
- **OPEX** grew organically by 5% compared to H2 2024 and, as expected, reported OPEX was flat compared to H1 2025, reflecting continued focus on cost management. Acquisitions added an additional 5 percentage

points of growth compared to H2 2024, primarily driven by smaller acquisitions completed during the year and also by KIND. Exchange rate effects were -4%.

- **EBIT before special items** amounted to DKK 2,111 million, leading to an EBIT margin before special items of 18.0%, corresponding to a decline of 2.6 percentage points. EBIT before special items was negatively impacted by exchange rate effects and by lower operating leverage in Hearing Aids. The Group incurred costs recognised under **special items** of DKK 128 million, which partly relate to acquisition costs associated with the acquisition of KIND and partly to a non-cash adjustment of a previously recognised step-up gain in H1 2024. **Reported EBIT** was DKK 1,983 million.
- The Group delivered strong **cash flow** with CFFO of DKK 2,339 million and FCF of DKK 1,968 million. Cash spent on acquisitions in H2 amounted to DKK 5,436 million in H2, which primarily relates to the acquisition of KIND as well as additional smaller acquisitions completed in Hearing Care.
- Following the signed agreement to acquire KIND, the Group's **share buy-back programme** was suspended on 11 June 2025. As at that date, the Group had bought back shares worth DKK 582 million in 2025.
- Following the completion of the acquisition of KIND, the Group's **gearing multiple** (NIBD/EBITDA before special items) was 3.4 at the end of 2025, which is slightly lower than our expectations. The Group will prioritise deleveraging and expects to return to its medium- to long-term gearing target of 2.0-2.5 within 18-24 months after closing of the KIND transaction.
- Profit after tax from **discontinued operations**, which comprise Communications (EPOS) and Hearing Implants (our bone anchored hearing systems business, Oticon Medical), amounted to DKK -810 million, which was slightly better than expected. The loss primarily relates to various non-cash balance sheet adjustments and provisions from the signed agreements to sell Oticon Medical and EPOS.
- To pave the way for future growth and improved profitability, we are today announcing a **company-wide initiative** to increase the effectiveness across our organisation. Our focus is on delivering permanent, long-term cost savings through structural changes in selected areas. We expect the measures to be implemented over the coming two years. They include utilising cost-effective locations, prioritising activities, increasing our efforts to lower production costs and tightening procurement. The measures will result in an intended adjustment to the size of the Demant organisation, which we currently expect to affect approx. 700 employees globally in 2026 of whom approx. 150 employees are located in Denmark. We expect the announced measures to lead to annual cost savings across cost of goods sold and OPEX of around DKK 500 million with full effect in 2028. Of this amount, we expect to achieve savings of DKK 250 million in 2026. As a consequence of the implemented measures, the Group will incur costs recognised under special items of around DKK 200 million in 2026 and DKK 100 million in 2027 primarily related to severance payments.

Sustainability review of FY 2025

- Through innovative solutions and personalised care provided to hearing aid users, Demant **improved 12.1 million lives** in 2025, representing an 11% increase compared to 2024 and putting us on track to meet our 2030 target of improving more than 16 million lives. Furthermore, we increased the number of **hearing tests** carried out in our hearing care clinics from 1.5 million in 2024 to 1.6 million in 2025.
- The Group reduced its scope 1 and 2 market-based **greenhouse gas (GHG) emissions** by 9% compared to 2024 and 16% compared to the 2019 baseline year from which our climate targets are set. The decrease in GHG emissions is driven by an increase in our consumption of renewable electricity, which represented 53% of Demant's total electricity consumption in 2025. We have thus reached our goal of 50% renewable electricity in 2025. **Scope 3 GHG emissions** declined by 7% compared to 2024 but increased by 24% compared to the 2019 baseline year.
- **Gender balance** in top-level management improved to 33% female and 67% male, increasing the share of female leaders by 2 percentage points compared to 2024.
- Demant reached an **employee engagement** score of 4.16 (on a scale from 1 to 5), an increase from 4.13 in 2024. We also slightly increased our inclusivity score, measuring employees' experience of **inclusion**, from 4.27 in 2024 to 4.30 in 2025.
- Increasing our excellence in **business conduct**, the number of highly exposed employees trained in Demant's Code of Conduct reached 99% in 2025, which is a 23 percentage point increase compared to 2024.

Outlook for 2026

Our outlook for 2026 is summarised in the table below:

Metric	Outlook for 2026
Organic growth	3-6%
EBIT before special items	DKK 4,100-4,500 million
Share buy-backs	None

The outlook is based on the following key assumptions as described below:

- Due to general macroeconomic uncertainty, we expect the value growth rate in the global hearing aid market to be 2-4% in 2026, which is a conservative assumption temporarily below our medium- to long-term assumption.
- We expect a limited impact of tariffs on the Group, but we include an impact of around DKK -25 million of tariffs in 2026 on our Diagnostics business area based on currently implemented tariffs in the US.
- We have launched a company-wide initiative for Demant to improve profitability, which is expected to lead to cost reductions, positively impacting EBIT before special items of around DKK 250 million in 2026. The majority of the impact is expected to materialise in H2, leading to an EBIT before special items being skewed towards H2.
- Due to exchange rate movements during 2025, we expect an impact of exchange rates on EBIT before special items of around DKK -200 million compared to 2025 with the split expected to be evenly distributed between H1 and H2.
- We expect KIND to contribute approximately DKK 300 million to the Group's EBIT before special items in 2026.
- We expect to incur costs recognised as special items totalling DKK 325 million. These costs relate to previously communicated transaction and integration costs following the acquisition of KIND amounting to approximately DKK 125 million. In addition, the announced organisational and structural changes to the Group will entail one-off costs of an additional DKK 200 million primarily related to severance payments and cost related to the announced measures.

For modelling purposes, we provide further assumptions for 2026 below:

Metric	Assumptions for 2026
Acquisitive growth	8% based on revenue from acquisitions completed as at 2 February 2026
FX growth	-2% based on exchange rates as at 2 February 2026, including the impact of hedging
Special items	DKK -325 million
Effective tax rate	Around 23%

The financial outlook for 2026 is deemed inside information pursuant to Article 17 of the Market Abuse Regulation.

Conference call details

Demant will host a conference call on 3 February 2026 at 14:00 CET. A live webcast of the call will be available on our website www.demant.com. If you would like to attend 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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Key figures and financial ratios

(DKK million)	H2 2025	H2 2024	Change	FY 2025	FY 2024	Change
Income statement						
Revenue	11,718	11,332	3%	22,971	22,419	2%
Organic growth	4%	2%		2%	2%	
Gross profit	8,824	8,580	3%	17,371	17,090	2%
EBITDA	2,758	3,066	-10%	5,351	5,963	-10%
Operating profit before special items	2,111	2,336	-10%	3,960	4,404	-10%
Special items	-128	-	n.a.	-128	124	n.a.
Operating profit (EBIT)	1,983	2,336	-15%	3,832	4,528	-15%
Net financial items	-346	-402	-14%	-731	-812	-10%
Profit after tax – continuing operations	1,237	1,538	-20%	2,367	2,892	-18%
Profit after tax – discontinued operations	-810	-350	>100%	-823	-504	63%
Profit for the period	427	1,188	-64%	1,544	2,388	-35%
Cash flow statement						
Cash flow from operating activities (CFFO)	2,339	2,589	-10%	3,852	4,080	-6%
Acquisition of enterprises, participating interests and activities	-5,436	-471	>100%	-6,285	-1,234	>100%
Investment in property, plant and equipment, net	-298	-259	15%	-605	-545	11%
Free cash flow (FCF)	1,968	2,329	-16%	3,094	3,486	-11%
Share buy-backs	-	-1,164	n.a.	-582	-2,301	-75%
Balance sheet						
Equity	9,919	9,644	3%	9,919	9,644	3%
Total assets	39,074	32,450	20%	39,074	32,450	20%
Net interest-bearing debt (NIBD)	18,742	13,545	38%	18,742	13,545	38%
Net working capital (NWC)	3,387	3,289	3%	3,387	3,289	3%
Financial ratios						
Gross margin	75.3%	75.7%		75.6%	76.2%	
EBIT margin	18.0%	20.6%		17.2%	19.6%	
Effective tax rate	24.4%	20.5%		23.7%	22.2%	
Gearing multiple	3.4	2.3		3.4	2.3	
Share information (DKK)						
Earnings per share (adjusted EPS) – continuing operations	6.40	7.13	10%	11.74	12.74	-8%
Earnings per share (EPS) – continuing operations	5.86	7.13	-18%	11.20	13.31	-16%
Earnings per share (EPS)	2.03	5.52	-63%	7.31	10.99	-33%
Share price, end of period/year, DKK	215.20	264.20	-19%	215.20	264.20	-19%

We refer to Note 1.1 of Annual Report 2025 for a description of the accounting policies used for reporting key figures and financial ratios.

Key sustainability figures and ratios

	FY 2025	FY 2024	Change
Sustainability impacts			
Number of lives improved (million)	12.1	10.9	11%
Environment			
Scope 1 and 2 GHG emissions market-based (tonnes of CO_2e)[1]	26,781	29,426	-9%
Scope 1 and 2 GHG emissions location-based (tonnes of CO_2e)[1]	35,401	33,686	5%
Scope 3 GHG emissions (tonnes of CO_2e)[1]	194,976	209,282	-7%
Share of renewable electricity	53%	35%	18pp
Social			
Gender diversity, top-level management (female/male)	33/67%	31/69%	2pp
Gender diversity, all managers (female/male)	51/49%	50/50%	1%
Inclusion score (1-5)	4.30	4.27	1%
Engagement score (1-5)	4.16	4.13	1%
Average number of full-time employees (FTE)	22,248	21,381	4%
All employees (headcount)	26,704	22,639	18%
Governance			
Code of Conduct training of highly exposed employees	99%	76%	23pp
Whistleblower reports	126	87	45%

[1] 2024 numbers are restated due to methodological improvement.