

Company announcement no 2025-07

6 May 2025

Revised financial outlook for 2025 and Interim Management Statement for Q1 2025

Reduced expectations for value growth in the global hearing aid market in 2025 to be 2-4% (previously 4-6%) following a weak start to the year

Headwind from adverse exchange rate developments expected to impact EBIT in 2025

Outlook for 2025 revised: Organic growth of 1-5% (previously 3-7%) and EBIT of DKK 4,100-4,500 million (previously DKK 4,500-4,900 million)

“During the first quarter, macroeconomic uncertainties negatively impacted the hearing aid market and the US market, in particular. As we look to the rest of the year, we now expect softer-than-normal market developments, and in addition, we expect an impact of recent exchange rate developments. We thus adjust our outlook for the full year to reflect these elements. If we exclude the effects of the depressed global hearing aid market and exchange rates, our underlying business performed in line with our expectations in Q1, with particularly solid performance by Hearing Care. We still believe that professional hearing care and state-of-the-art hearing aids are fundamental in helping people with hearing loss enjoy life, and even in difficult market situations, we remain focused on delivering life-changing innovative products and services to our users and customers,” says Søren Nielsen, President & CEO of Demant.

Outlook for 2025

- **We reduce our expectations for growth in the global hearing aid market** in 2025 following lower-than-expected growth in the US commercial market in Q1 and reduced expectations for the rest of the year. We now expect the value growth rate in the global hearing aid market to be 2-4% (previously 4-6%) for the full year. The market fundamentals are intact, but the timing of a return to normal growth of 4-6% remains uncertain due to macroeconomic conditions.
- **We revise our organic growth outlook** for 2025 to 1-5% (previously 3-7%). The revision is a direct consequence of our expectations of 2 percentage point lower growth in the global hearing aid market in 2025, while our expectations for our relative performance in the market remain unchanged.
- **We revise our EBIT outlook** for 2025 to DKK 4,100-4,500 million (previously DKK 4,500-4,900 million). The revision is primarily a result of the reduced expectations for the hearing aid market and an expected negative impact of around DKK 125 million of adverse exchange rate developments compared to previous assumptions. We expect a limited impact of tariffs on the Group, but we now include a negative impact of around DKK 25 million of tariffs in 2025 on our Diagnostics business area.

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

Metric	Outlook for 2025
Organic growth	1-5% (previously 3-7%)
EBIT	DKK 4,100-4,500 million (previously DKK 4,500-4,900 million)
Share buy-backs	More than DKK 1,500 million

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

- **We expect the unit growth rate in the global hearing aid market in 2025 to be 3-5% (previously 4-6%). Due to geographic and channel mix changes, we expect the hearing aid market to see average selling price (ASP) development of around -1% (previously flattish) for the full year, resulting in a value growth rate of 2-4% (previously 4-6%) in 2025.**
- We expect the French market to grow in the high single digits in units in 2025.
- **We expect the cash allocated to bolt-on acquisitions in 2025 to be at a higher-than-normal level due to acquisitions already made in 2025 and a continuously good pipeline of attractive opportunities.**

- We expect a negative impact on EBIT of around DKK 125 million compared to previous assumptions 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 now include a negative impact of around DKK 25 million of tariffs in 2025 on our Diagnostics business area based on the current tariff situation.
- 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 5 May 2025:

Metric	Assumption for 2025
Acquisitive growth	2% based on revenue from acquisitions completed as at 5 May 2025
FX growth	-2% (previously 1%) based on exchange rates as at 5 May 2025 and including the impact of hedging
Effective tax rate	Around 23%
Profit from discontinued operations	DKK 0-50 million

Financial review of Q1 2025

Business area	Revenue (DKK million)		Growth				Reported
	Q1 2025	Q1 2024	Organic	Acquisitive	LCY	FX	
<i>Hearing Aids, total revenue</i>	3,148	3,107	-1%	2%	1%	1%	1%
<i>Hearing Aids, internal revenue</i>	-678	-599	9%	4%	12%	1%	13%
Hearing Aids, external revenue	2,470	2,508	-4%	2%	-2%	1%	-2%
Hearing Care	2,547	2,318	4%	5%	9%	1%	10%
Diagnostics	603	597	0%	0%	0%	1%	1%
Group	5,620	5,423	0%	3%	3%	1%	4%

- The **Group** saw organic growth of 0%, which is below expectations due to the lower-than-expected hearing aid market growth in Q1. Adjusted for the market slowdown, the Group's underlying performance was in line with expectations. The Group saw an additional growth of 3% related to acquisitions in Hearing Care and Hearing Aids. Exchange rate effects were 1%, leading to total reported revenue growth of 4%.
 - **Hearing Aids** saw organic growth in revenue from external customers of -4%. As expected, our growth rate was impacted by a strong comparative base, partly due to the launch of Oticon Intent in February last year and partly due to the significant loss of market share with managed care. However, due to the negative US commercial market, growth in Q1 was lower than expected. Growth in unit sales to external customers was flattish, while we saw a negative ASP development due to geographic mix changes caused by the negative market growth in the US commercial market.
 - **Hearing Care** continued to deliver solid performance, leading to organic growth of 4%, and thus exceeded the market growth rate. This development was driven by very strong performances in Canada and several of our other medium-sized markets and also by solid performance in the US relative to the weak market. In France, growth was positive and in line with the market growth rate, which developed as expected. In line with our strategy, acquisitions in several markets contributed to growth in Q1, with Germany remaining the primary contributor.
 - **Diagnostics** saw improving momentum with organic growth of 0% despite relatively tough comparative figures. The business area continues to be impacted by flat growth in the market for diagnostic instruments. However, we continue to see growth in our services and consumables business. When looking at our global performance across product categories, we estimate that we have maintained our market share in Q1.
- As expected, the Group's **gross margin** declined year-over-year, following an extraordinarily strong performance in the same period last year. Despite positive business mix effects supporting the gross margin, the decline was

slightly larger than anticipated, as the negative US market caused geographic mix changes and thus an ASP decline in Hearing Aids.

- **OPEX** saw slight organic growth, reflecting a lower-than-normal run rate going into the year, following our cost-saving efforts in H2 2024 and our continued focus on cost management. Acquisitions contributed further to OPEX growth, which is in line with our acquisition strategy, and we also saw a small contribution from exchange rate effects, resulting in mid-single-digit reported OPEX growth in Q1.
- The Group's **EBIT** was below expectations due to the slowdown in the global hearing aid market. Foreign exchange rates also had a slightly negative impact on EBIT in Q1.
- The Group continued to generate solid cash flow, and working capital developments supported **CFFO** and **FCF**, which were both higher than in the same period last year. The Group maintained a high level of acquisition activities and share buy-backs in Q1, resulting in a higher net interest-bearing debt for the Group compared to the end of 2024. As a result of this, we have seen a small increase in the gearing multiple, which remains within our medium- to long-term target range of 2.0-2.5.
- Profit after tax from **discontinued operations**, comprising Hearing Implants (our bone anchored hearing systems business) and Communications (EPOS), was positive and in line with expectations.
 - In our bone anchored hearing systems (BAHS) business, we saw very strong growth driven by continuously good momentum in sales of our transcutaneous bone conduction hearing system, Sentio™.
 - The EPOS business has shown an improving gross margin and operating leverage as a result of the restructuring that took place in H2 2024 and is thus performing in line with expectations.
- As at 31 March, the Group's **share buy-backs** totalled DKK 479 million in 2025.

Conference call details

Demant will host a conference call on 7 May 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.

Further information:

Søren Nielsen, President & CEO
Phone +45 3917 7300
www.demant.com

Other contacts:

René Schneider, CFO
Gustav Høegh, Investor Relations Officer
Henrik Axel Lynge Buchter, Manager of External Communications

Management commentary

Market trends

Overall, the hearing healthcare market we address, which comprises the markets for hearing aids and diagnostic instruments and services, saw flat growth in Q1.

Hearing aid market

Based on available market statistics, covering around two-thirds of the hearing aid market, and on our own assumptions, we estimate that the global hearing aid market saw unit growth of around 2% in Q1 compared to the same period in 2024. The low growth was due to the US commercial market, which saw negative growth. Excluding the US market, the global market growth was in the low end of the structural growth rate of 4-6%. We estimate that geographic and channel mix changes resulted in negative ASP development. Consequently, we estimate that value growth in the hearing aid market in Q1 was flat.

Estimated hearing aid market unit growth by region

Region	2024					2025
	Q1	Q2	Q3	Q4	FY	Q1
Europe	1%	8%	1%	3%	3%	4%
North America	10%	6%	4%	6%	6%	-3%
<i>Hereof US (commercial)</i>	13%	6%	5%	7%	7%	-5%
<i>Hereof US (VA)</i>	-1%	1%	-1%	0%	-1%	-1%
Rest of world	1%	2%	4%	6%	3%	4%
Global	3%	5%	3%	5%	4%	2%

We estimate that market growth in Europe was 4% in Q1 compared to the same period in 2024. Growth was primarily driven by strong growth in the NHS supported by easier comparative figures, although excluding the NHS, growth in Europe was still positive. Growth in the UK commercial market was strong, and growth in Germany was solid. In France, growth was slightly positive and in line with our assumptions. We still expect growth acceleration in the coming quarters to support high single-digit growth for the full year. Several medium-sized markets also saw good growth.

Unit growth in North America was -3% in Q1. Contrary to expectations, and following several periods of strong growth, economic uncertainty amongst consumers led to negative growth in the US commercial market in both private-pay channels and managed care. Strong comparative figures also weighed on growth in Q1. Growth in VA remains subdued and was slightly negative, while growth in Canada was solid.

Looking beyond Europe and North America, we estimate that unit growth in Rest of world region was 4%. Growth in Japan was slightly positive. Supported by easier comparative figures, growth in China was also slightly positive, even though overall market dynamics remain challenging. Australia saw negative growth, whereas we estimate that several emerging markets delivered good growth in Q1, particularly in Latin America.

Diagnostics market

We estimate that, compared to the same period last year, the growth rate in the diagnostics market was flat in Q1. This is due to the continuously soft demand for diagnostic instruments, which was offset by slight growth in the market for services and consumables in the period.

Hearing Aids

Organic growth in sales to external customers was -4% in Q1. As expected, growth was impacted by a strong comparative base due to the launch of Oticon Intent in February last year, the significant loss of market share with managed care in Q2 2024 and a continuously intense competitive environment. However the growth in Q1 was lower than expected due to the negative US commercial market. Unit growth was flattish, while negative market developments in the US resulted in negative development in the ASP. When we look at our total sales, growth in local currencies was 1%, and we estimate that we have maintained our global market share.

In Europe, organic growth was positive, driven by solid performance in Germany as well as good performance in several medium-sized markets. In France, growth was slightly positive, while in the UK, growth was slightly negative, partly due to tough comparative figures in the private segment and partly due to a loss of market share in the public channel.

In North America, growth was negative due to negative growth in the US, which was lower than expected due to a negative US commercial market. As expected, growth was further impacted by strong comparative figures due to the launch of Oticon Intent and also by the significant loss of market share with managed care in the US in Q2 2024. In VA, we saw positive growth due to market share gains despite negative growth in this channel. In Canada, growth was solid.

In Asia, organic growth was strong. In China, market share gains supported solid above-market growth, and in Japan, growth was very strong, exceeding the market growth rate. In the Pacific region, growth was slightly negative, despite solid organic growth in Australia. In our Rest of world region, which mostly comprises emerging markets, organic growth was strong.

Hearing Care

Hearing Care continued the solid performance, leading to organic growth of 4%, thus outgrowing the market. This was driven by very strong performances in Canada, Germany and several of our other medium-sized markets. Acquisitive growth was 5%, driven by Germany, where we completed a sizeable acquisition in Q1. Acquisitions in Denmark, Italy and a number of other markets also contributed to acquisitive growth in the period. Growth was mainly driven by units, but we also saw tailwind from an increase in the ASP due to positive product and geographic mix changes.

Europe saw solid organic growth driven by very strong performances in several of our medium-sized markets, particularly Poland. In Germany, organic growth was strong, which was further supported by meaningful growth from acquisitions, while growth in the UK was flat. In France, which is our largest market in Europe, growth was slightly positive. Throughout Q1, we saw good initial traffic in our clinics driven by the four year anniversary of the hearing healthcare reform in France, which we expect to support further growth throughout the rest of the year.

In North America, organic growth was solid, driven by continuously strong momentum in Canada. In the US, organic growth was positive, well above the negative market growth rate, despite the continuously negative impact of lower traffic generated by customers covered by managed care.

Looking beyond Europe and North America, growth in Australia was slightly negative, in part due to strong growth in the comparative period. In China, growth was negative, as the overall market dynamics remain challenging.

Diagnostics

Organic growth in Diagnostics was 0%. The market for diagnostic instruments continues to be soft, and if we look at our global performance across product categories, we estimate that we have maintained our market share compared to the same period last year. Our services and consumables business continues to perform well.

In Europe, organic growth was positive, driven by particularly strong growth in the UK and France. In North America, growth was also positive, driven entirely by the US, as growth in Canada was slightly negative due to very strong comparative figures. In Asia, growth was negative across the region, although particularly in China, where we continue to see adverse effects of our limited access to public markets, and in Japan due to strong comparative figures. In our Rest of world region, several minor emerging markets saw good growth.