



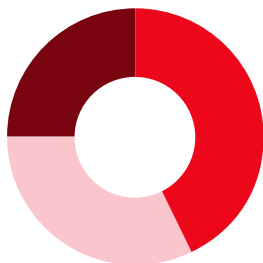
First half 2025

Interim announcement

Highlights from the first six months of 2025

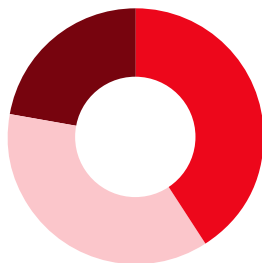
Danfoss engineers solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification. Our solutions are used in such areas as refrigeration, air conditioning, heating, power conversion, motor control, industrial machinery, marine, and on- and off-highway equipment. We also provide solutions for renewable energy, such as solar and wind power, storage, heat recovery, as well as contribute to district energy solutions for cities. We continue to invest in innovation across our three business segments to improve the performance of our products and solutions, and to offer competitive solutions for our customers. We engineer a better future and are determined to enable our customers' success.

Sales split
by segments



● Danfoss Power Solutions: 43%
● Danfoss Climate Solutions: 32%
● Danfoss Power Electronics and Drives: 25%

Sales split
by regions

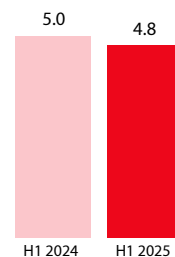


● Europe: 41%
● Americas: 37%
● Asia Pacific: 22%

Sales

EURb

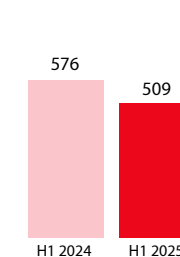
-3%
organic growth



Operational EBITA¹

EURm

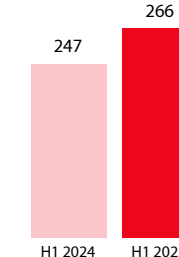
10.6%
of sales



Innovation

EURm

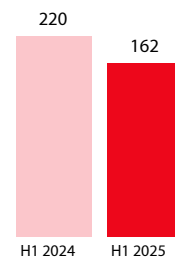
5.6%
of sales



Investments excl. M&A

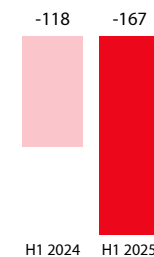
EURm

3.4%
of sales



Cash flow

EURm



¹ EBITA before integration costs and OOI/E.

Financial highlights

	EURm H1 2024	EURm H1 2025	Change in %
Profit and loss account			
Net sales	5,012	4,788	-4%
EBITDA before OOI/E	754	737	-2%
EBITDA	750	744	-1%
Operational EBITA	576	509	-12%
EBITA	533	516	-3%
EBIT	478	448	-6%
Financial items, net	-79	-69	-13%
Profit before tax	399	380	-5%
Net profit	291	269	-8%
Financial ratios			
Organic growth (%)	-9	-3	6
EBITDA before OOI/E margin (%)	15.0	15.4	0.4
EBITDA margin (%)	15.0	15.5	0.5
Operational EBITA margin (%)	11.5	10.6	-0.9
EBITA margin (%)	10.6	10.8	0.2
EBIT margin (%)	9.5	9.4	-0.1
Balance sheet			
Total non-current assets	8,006	7,597	-5%
Total assets	11,949	11,293	-5%
Total shareholders' equity	5,500	5,469	-1%
Net interest-bearing debt	3,331	2,899	-13%

Key figures and financial ratios are calculated as defined in Note 27 in the Annual Report for 2024.

	EURm H1 2024	EURm H1 2025	Change in %
Cash flow statement			
Cash flow from operating activities	131	28	-79%
Cash flow from investing activities	-223	-163	-27%
Hereof:			
Acquisition of/Proceeds from disposal of property, plant and equipment	-202	-150	-26%
Cash flow from financing activities	-149	-85	43%
Financial key figures			
Free operating cash flow	136	-13	-110%
Free operating cash flow after financial items and tax	-118	-167	-42%
Free cash flow	-131	-175	-34%
Financial ratios			
Equity ratio (%)	46.0	48.4	2.4
Leverage ratio (%)	60.6	53.0	-7.6
Net interest-bearing debt to EBITDA ratio	2.0	2.2	0.2

Robust results despite volatile environment

Danfoss demonstrated robust performance across our three business segments in the first half of the year despite the volatile environment. This was driven by the progression of inventory corrections in our markets and disciplined execution. Order intake and sales continuously improved throughout the first half year with slightly positive sales growth in the second quarter. The operational EBITA margin continued to improve in the first half and reached 11.5% in the second quarter, in line with expectations. We reached an operational EBITA margin of 10.6% in the first half. Cash flow is slightly below last year but we expect to deliver the full year in line with our plans. We launched our new strategy, LEAP 2030, following the implementation of our new operating model. Approximately two-thirds of the electricity we purchase globally is now green. We confirm our guidance for the year.

Business update

We saw improved growth momentum through the first six months with the majority of divisions across the three business segments showing positive growth by the end of the second quarter. We saw a strong and resilient performance, especially in our Climate Solutions and Drives businesses. There continues to be significant differences in market dynamics across the various markets in which we operate.

Danfoss Climate Solutions delivered a strong first half with high, single-digit growth. This was driven by the strong momentum in data centers and the ongoing refrigerant transition across the regions.

Though our Power Electronics and Drives business saw soft sales due to a challenged European automotive market, order intake improved. The segment delivered a strong performance in the

low-voltage drives business, particularly in data centers, HVAC, and water and wastewater applications. Our Power Solutions business continued to be negatively impacted by the downturn in the mobile hydraulics market. This is driven primarily by lower demand, especially in the U.S. agriculture and construction markets. However, the business returned to growth by the end of the second quarter, mainly driven by solutions for data centers.

Despite having a large degree of localized production, we are impacted by tariffs. We are working with customers and partners to mitigate the impact.

Sales

Group sales reached EUR 4,788m (H1 2024: 5,012m) with a negative organic growth of -3%. China delivered high, single-digit growth, and the North American market returned to growth during the

second quarter. The signs of recovery in Europe are less pronounced.

Earnings

We have maintained our focus on disciplined execution as well as operational excellence and are delivering an operational EBITA margin of 10.6% (H1 2024: 11.5%). The operational EBITA margin continued to improve in the first half and reached 11.5% in the second quarter, in line with expectations.

Innovation

Investments in R&D increased to EUR 266m (H1 2024: 247m) corresponding to 5.6% of sales (H1 2024: 4.9%) driving innovation and technology leadership.

Balance sheet

On June 30, 2025, total assets were EUR 11,293m (H1 2024: 11,949m). Equity was EUR 5,469m (H1 2024:

5,550m). The equity ratio, calculated as equity relative to total assets, reached 48.4% (H1 2024: 46.0%). On June 30, 2025, the net interest-bearing debt amounted to EUR 2,899m (H1 2024: 3,331m), leading to a net interest-bearing debt to EBITDA ratio of 2.2 (H1 2024: 2.0).

In June 2025, Danfoss' credit rating assigned by S&P Global was "BBB with a stable outlook". In addition, Moody's Ratings assigned Danfoss a rating of "Baa1 with a stable outlook". This first-time rating by Moody's Ratings reflects Danfoss' strong track record of a stable and high profitability level underpinned by a conservative financial policy and very diversified revenue exposure on a geographic, end market, and customer level.

Cash flow

The free operating cash flow after financial items and tax (before M&A) amounted to EUR -167m (H1 2024: -118m). Cash flow is slightly below last year, but with our current actions, we expect to deliver the full year in line with our plans.

The free operating cash flow was EUR -13m (H1 2024: 136m), driven by an increase in net working capital due to the higher activity level in Q2. Cash flow from investing activities amounted to EUR -163m (H1 2024: -223m). Our investments mainly relate to investments in machinery, equipment, and our digital transformation.

Our new transformative growth strategy

After implementing our new operating model, we launched our new strategy, LEAP 2030, and the next era of growth and value creation. With our very broad portfolio, Danfoss is the leading partner for competitive, innovative, and sustainable solutions, and we are unlocking significant opportunities through our new strategy.

With our commitment to delivering value for our customers, we continue to make significant investments in strategic growth markets, innovative technologies, as well as a strong, agile regional manufacturing footprint.

Focused investments in strategic growth markets

In line with our new LEAP 2030 strategy, we continue to strengthen our leading global positions across our three segments and are investing in key markets such as India, as well as in attractive high-growth markets such as data centers.

Data centers represent one of the largest opportunities across our three segments. We offer innovative and sustainable technology for both air- and liquid-cooled data centers, including power conversion and energy storage.

We work closely with our customers to service the world's leading hyperscalers and chip manufacturers to provide energy efficient and sustainable solutions. We continue to strengthen our partnerships with key players through our participation in organizations like the pan-European Net Zero Innovation Hub for Data Centers.

Delivering competitive, innovative, and sustainable solutions

Our commitment to deliver value to our customers through innovation and technology leadership is a key element of our LEAP 2030 strategy and drives our investment in R&D, which increased to 5.6% of sales in the first six months. Danfoss Climate Solutions has invested in expanding the compressor offering by extending performance, energy efficiency, and capacity across key compressor technologies including oil-free Turbocor®, scroll, and BOCK® semi-hermetic compressors.

Danfoss Power Electronics and Drives has strengthened the intelligent power conversion offering by expanding the iC7 Hybrid and iC7 Marine product range. Danfoss Power Solutions launched its new platform of open-circuit piston pumps, X1P, delivering unmatched performance, reliability, and flexibility in a compact design for use in, for example, skid steer and compact track loaders, mini and compact excavators, and telehandlers.

The regionalization of our manufacturing footprint to better support customers and drive resilience is a strategic priority

This year we are completing a new manufacturing facility dedicated to compressors and sensors in Mexico; we strengthen our China-for-China set-up by adding a new campus for a range of offerings including mobile hydraulics, and Turbocor® oil-free compressors; and we are investing to increase capacity across our more than 30 production sites in the U.S.

Continued progress in sustainability

Sustainability remains at the core of our business, serving as a value-creating driver that strengthens our competitiveness. In the first half of the year, we continued to reduce our own emissions. All Danfoss facilities in North America are now powered with renewable energy from a Texas solar farm through a new power purchase agreement. Danfoss will buy 185,000 MWh annually as part of the agreement which runs through 2032. This will reduce our North American carbon footprint by 75% and our global carbon footprint by 21%. Through this new agreement, approximately two-thirds of all the electricity we purchase globally is now green.

We remain committed to ensuring that Danfoss people policies, processes, and initiatives are fair and non-discriminatory. In the first half of the year, 77% of our global management teams were diverse in terms of gender and nationality, an increase from 69% in the same period of 2024. We also continue to see progress in the share of women in leadership positions, reaching 24.2%. On June 30, 2025, the number of employees was 39,367.

Events after the balance sheet date

We are not aware of any events after the balance sheet date of June 30, 2025, that could be expected to have a material impact on the Group's financial position.

Outlook for the year

Danfoss has a continued ambition to expand or maintain our market share. Sales are expected to be in the range of EUR 9.5-11.0bn for the full year.

The operational EBITA margin is expected to be in the range of 10.8-12.3%, following our continued investments in new products and solutions. The outlook is based on current known tariffs. The expected growth and profitability performance is dependent on the development of global supply chain stability, the geopolitical environment, inflation, exchange rates, and general global growth rates.

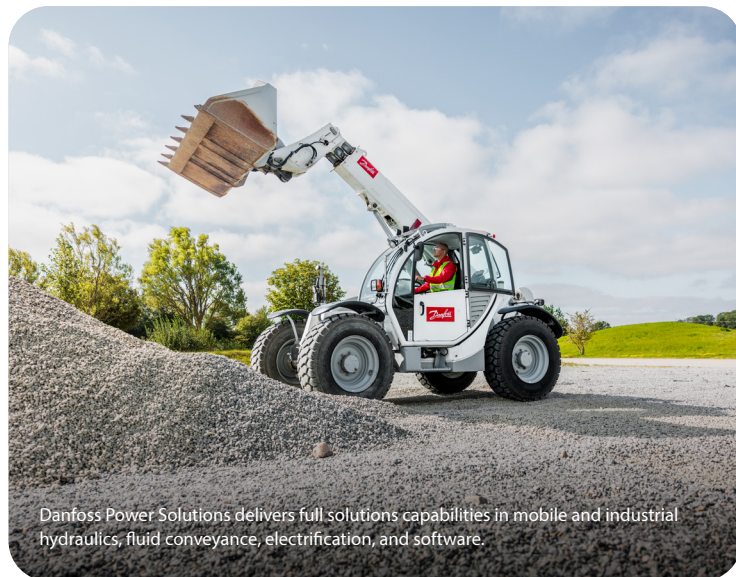
As a technology leader in the green transition, Danfoss has significant potential to drive competitive decarbonization together with our customers. We remain committed to decarbonizing our global operations by 2030 as part of our three step-change initiatives on Decarbonization, Circularity, and Inclusion. Finally, we will continue to invest in sustainability, improve our climate footprint, and deliver on our sustainability ambition.

Forward-looking statements

This interim announcement includes forward-looking statements, which are subject to risks and uncertainties, some of which are outside of Danfoss' control. Various factors could cause actual developments and results to differ from the expectations set out in this announcement. Reference is made to the forward-looking statements in the Annual Report 2024. We do not assume any obligation to update these forward-looking statements.

Danfoss Power Solutions

Danfoss Power Solutions continued to be negatively impacted by the downturn in the mobile hydraulics market with sales reaching EUR 2,086m (H1 2024: 2,235m) and an organic growth of -6%. This was driven primarily by lower demand, especially in the U.S. agriculture and construction markets. However, the business returned to growth by the end of the second quarter, mainly driven by solutions for data centers. Danfoss Power Solutions launched its new platform of open-circuit piston pumps, X1P, delivering unmatched performance, reliability, and flexibility in a compact design. The operational EBITA margin reached 11.0% (H1 2024: 11.6%).¹



Danfoss Climate Solutions

Danfoss Climate Solution delivered a strong first half with sales reaching EUR 1,587m (H1 2024: 1,492m) and a positive organic growth of 7%. This was driven by the strong momentum in data centers and the ongoing refrigerant transition across the regions. Danfoss Climate Solutions has invested in expanding the compressor offering by extending performance, energy efficiency, and capacity across key compressor technologies including oil-free Turbocor®, scroll, and BOCK® semi-hermetic compressors. The operational EBITA margin reached 15.8% (H1 2024: 14.3%).¹



Danfoss Power Electronics and Drives

Danfoss Power Electronics and Drives saw sales reaching EUR 1,105m (H1 2024: 1,259m) and an organic growth of -12%. Though our Power Electronics and Drives business saw soft sales due to inventory work-downs in the markets and a challenged European automotive market, order intake improved. The segment delivered a strong performance in the low-voltage drives business, particularly in data centers, HVAC, and water and wastewater applications. Danfoss Power Electronics and Drives has strengthened the intelligent power conversion offering by expanding the iC7 Hybrid and iC7 Marine product range. The operational EBITA margin reached 6.6% (H1 2024: 10.5%).¹



¹ Due to the implementation of our new operating model as of January 2025, the operational EBITA margin for 2024 for the segments have been changed for comparability purposes.



Further information available
on Danfoss' website: danfoss.com

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Cover photo: As artificial intelligence drives rapid data center growth, Danfoss supports cloud providers and chipmakers with energy-efficient, water-saving, and cost-effective cooling solutions that ensure reliable operations.
Photo courtesy of ThermalWorks Advanced Waterless Cooling.