H1 2026

Delivering strong organic growth and profitability; strategic M&A; full-year outlook upgraded

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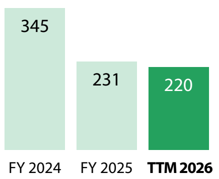
H1 2026 Highlights

With our LEAP 2030 strategy in full execution, we continue to improve our operational and sustainability performance while enhancing our resilience and competitiveness.

Total scope 1 and 2 GHG emissions

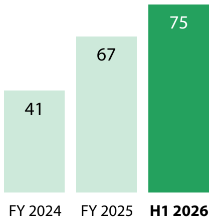
ktCO_2e



We further reduced our own emissions, a reduction of 54% since 2019, our base year.

Share of renewable electricity

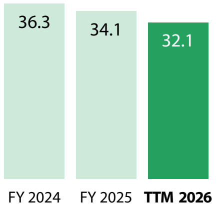
Target 2030: 100% renewable electricity



Our energy intensity improved further and our share of renewable electricity reached 75%.

Scope 3 economic intensity

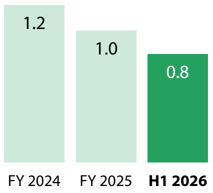
tCO_2e per EURm gross profit



We improved our scope 3 economic intensity further in H1. Total improvement compared to our 2024 base year is now 12%.

Lost Time Injury Frequency (LTIF)

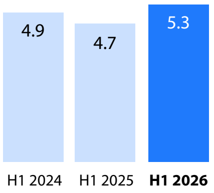
Number of incidents per million hours worked



We continue to focus on safety with LTIF reduced to 0.8, reaching an all-time low.

Sales

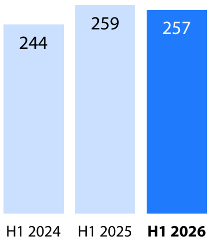
EURb



We saw strong organic growth of 15% driven by North America and Asia, particularly in China and India.

Innovation

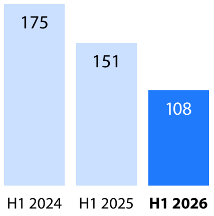
EURm



Our investments in competitive, innovative, and sustainable solutions continued on a high level, corresponding to 4.9% of sales.

Investments excl. M&A

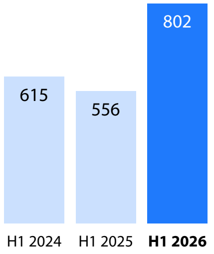
EURm



We continued to regionalize and move closer to our customers by investing 2.1% of sales in our production capacity.

Operational EBITA

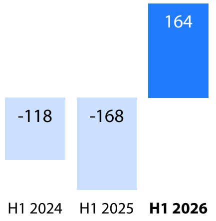
EURm



The operational EBITA improved 44%, reaching a 15.3% margin, up 3.5 percentage points compared to last year.

Cash flow

EURm



Cash flow improved to EUR 164 million, a significant improvement in cash flow driven by higher earnings and improved trade working capital days.

Highlights exclude discontinued operations, comparables are restated where relevant. Cash flow consists of both continued and discontinued operations. Sustainability KPIs are defined in the Annual Report for 2025.
TTM: Trailing 12 months.

Financial highlights

	EURm H1 2025	**EURm H1 2026**	Change
Profit and loss account			
Net sales	4,703	5,254	12%
EBITDA before OOI/E	773	1,020	32%
EBITDA	777	992	28%
Operational EBITA	556	802	44%
EBITA	559	779	39%
EBIT	494	708	43%
Financial items, net	-69	-67	-3%
Profit before tax and discontinued operations	425	641	51%
Profit from continued operations	315	463	47%
Loss from discontinued operations	-46	-27	-41%
Net profit	269	436	62%
Financial ratios			
Organic growth (%)	-3	15	18
EBITDA before OOI/E margin (%)	16.4	19.4	3.0
EBITDA margin (%)	16.5	18.9	2.4
Operational EBITA margin (%)	11.8	15.3	3.5
EBITA margin (%)	11.9	14.8	2.9
EBIT margin (%)	10.5	13.5	3.0
Balance sheet			
Total non-current assets	7,597	7,325	-4%
Total assets	11,293	11,896	5%
Total shareholders' equity	5,468	5,764	5%
Net interest-bearing debt	2,899	2,416	-17%

	EURm H1 2025	**EURm H1 2026**
Cash flow statement		
Cash flow from operating activities	28	311
Cash flow from investing activities	-163	-121
Hereof:		
Acquisition of/Proceeds from disposal of property, plant and equipment equipment	-150	-107
Cash flow from financing activities	-85	-397
Financial key figures		
Free operating cash flow	-13	361
Free operating cash flow after financial items and tax	-168	164
Free cash flow	-175	152
Financial ratios		
Equity ratio (%)	48.4	48.5
Leverage ratio (%)	53.0	41.9
Net interest-bearing debt to EBITDA ratio (TTM)	1.9	1.3

Key figures and financial ratios are calculated as defined in Note 28 in the Annual Report for 2025.

Delivering strong organic growth and profitability; strategic M&A; full-year outlook upgraded

Danfoss delivered strong performance across all business segments with continued growth momentum in core markets, including data centers. We grew sales organically by 15% driven by North America and Asia, particularly in China and India. The operational EBITA is up 44% with a margin of 15.3%, up 3.5 percentage points, and cash flow improved to EUR 164 million (H1 2025: -168m) driven by earnings and trade working capital. We now expect sales to end in the upper half of the EUR 9.1-10.6 billion range. The expectation for our full-year operational EBITA margin range has increased to 14.6-15.6% (previously 12.8-14.3%) on the back of our strong operational performance in the first half.

Business update

Driven by our commitment to putting customers first, we delivered excellent results in the first half of the year.

Danfoss grew 15% organically, with growth and strong order intake in all three business segments. Disciplined operational execution led to an operational EBITA increase of 44%.

In addition to the robust growth across our markets, all three business segments delivered significant growth from the rapid build-out of data centers. We work closely with our customers, including the world's leading hyperscalers, co-locaters, and chip manufacturers, to meet the increasing demand. We provide and continue to develop our broad portfolio of energy-efficient solutions for both air- and liquid-cooled data centers, including power conversion, energy storage, and heat recovery.

Danfoss Power Solutions significantly improved financial performance in the first half led by growth in data centers as well as the construction and mining markets across regions. The agriculture market remains soft with low demand for large equipment.

Danfoss Climate Solutions continued to deliver excellent performance, driven by data centers and an uptake in heat pumps in buildings and industrial applications.

Our Power Electronics and Drives segment delivered growth in data centers, electrification, and in its core industrial business.

We continued strengthening our portfolio by acquiring the outstanding minority shares of Semikron Danfoss and by entering into a definitive agreement to acquire Alfagomma.

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

Sales

Group sales reached EUR 5,254m (H1 2025: 4,703m) with an organic growth of 15%. The growth was seen across our core geographic markets with the most significant improvement in North America and Asia, particularly in China and India.

Earnings

Maintaining our focus on disciplined execution as well as operational excellence, we delivered an operational EBITA margin of 15.3% (H1 2025: 11.8%), an improvement of 3.5 percentage points over the same period last year.

Innovation

Driving innovation and technology leadership, investments in R&D continued on a high-level at EUR 257m (H1 2025: 259m) corresponding to 4.9% of sales (H1 2025: 5.5%).

Balance sheet

On June 30, 2026, total assets were EUR 11,896m (H1 2025: 11,293m). Equity was EUR 5,764m (H1

2025: 5,468m). The equity ratio, calculated as equity relative to total assets, reached 48.5% (H1 2025: 48.4%). On June 30, 2026, the net interest-bearing debt amounted to EUR 2,416m (H1 2025: 2,899m), leading to a net interest-bearing debt to EBITDA ratio of 1.3, measured on the last 12 months (H1 2025: 1.9).

Danfoss continues to maintain a "BBB with a stable outlook" credit rating assigned by S&P Global and a Moody's Ratings of "Baa1 with a stable outlook".

Cash flow

We improved our cash flow significantly, where the free operating cash flow after financial items and tax (before M&A) amounted to EUR 164m (H1 2025: -168m). This was driven by earnings and trade working capital. The free operating cash flow was EUR 361m (H1 2025: -13m). Cash flow from investing activities amounted to EUR -121m (H1 2025: -163m). Our investments mainly relate to investments in machinery, equipment, and our digital transformation.

Strengthening our portfolio and customer offering

In line with LEAP 2030 and our focus on putting customers first, we continue to strengthen our portfolio and Danfoss' global leading positions.

In the first quarter of the year, we acquired the outstanding minority shares of Semikron Danfoss, a global technology leader in power semiconductor modules and solutions. This acquisition strengthens Danfoss' electrification portfolio and ability to serve customers with industrial-scale power electronics solutions. The acquisition reflects our focus on electrification as a high-value growth opportunity.

The recent signing of a definitive agreement to acquire Italian fluid conveyance manufacturer Alfagomma was another significant strategic milestone. Together we will create a leading global player in fluid conveyance. The acquisition is subject to necessary approvals and is expected to close during Q4 2026.

Our commitment to delivering value to our customers through innovation and technology leadership is a strategic priority that drives our continued high level of investment in innovation and R&D across our three segments. We also continued to regionalize our footprint and increase capacity across our more than 100 factories globally to strengthen our local-for-local supply chains, improve customer service levels, and enhance our resilience.

Sustainability drives competitiveness

Sustainability remains at the core of our business and our LEAP 2030 strategy, driving value and competitiveness. Danfoss technologies and solutions are engineered to do more with less, aiming to accelerate competitive decarbonization across industries, thereby saving energy and costs, and reducing emissions.

We continue to see progress within sustainability. In the first half, we reduced our own emissions (scope 1 and 2), mainly driven by the increase in the share of renewable electricity from 67% in 2025 to 75%. We improved our scope 3 economic intensity further in H1. Total improvement compared to our 2024 base year is now 12%. We continue to focus on safety with the number of incidents per million hours worked reduced to 0.8, reaching an all-time low.

Events after the balance sheet date

We are not aware of any events after the balance sheet date of June 30, 2026, that could be expected to have a material impact on the Group's financial position.

Outlook for the year upgraded

Danfoss has a continued ambition to expand or maintain our market share. We now expect sales to end in the upper half of the EUR 9.1-10.6 billion range. The expectation for our full-year operational EBITA margin range has increased to 14.6-15.6% (previously 12.8-14.3%) on the back of our strong operational performance in the first half.

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 and 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 2025 Annual Report. We do not assume any obligation to update these forward-looking statements.

H1 2026 Danfoss in brief

We engineer solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification.

Danfoss Power Solutions

Full solutions across mobile and industrial hydraulics, fluid conveyance and data center applications, electrification, and software.

Danfoss Power Solutions significantly improved financial performance with sales of EUR 2,392m (H1 2025: 2,086m) and an organic growth of 18%. This was led by growth in data centers as well as the construction and mining markets across regions. The agriculture market remains soft with low demand for large equipment. The operational EBITA margin improved to 16.2% (H1 2025: 11.0%).

Danfoss Climate Solutions

Energy-efficient heating, cooling, and heat recovery solutions for industrial applications, buildings, infrastructure, data centers and the cold chain.

Danfoss Climate Solutions continued to deliver excellent performance with sales of EUR 1,803m (H1 2025: 1,587m) and an organic growth of 18%. This was driven by data centers and an uptake in heat pumps in buildings and industrial applications. The operational EBITA margin increased to 18.1% (H1 2025: 15.8%).

Danfoss Power Electronics and Drives

Power semiconductor modules, variable speed drives, and power conversion solutions engineered to enable electrification and enhance energy efficiency and productivity across industries.

Danfoss Power Electronics and Drives delivered sales of EUR 1,054m (H1 2025: 1,020m) and an organic growth of 5%. The segment delivered growth in data centers, electrification, and in its core industrial business. The operational EBITA margin improved to 12.5% (H1 2025: 11.7%).

Danfoss Group sales

EUR 5.3b

Regional distribution

Americas

38%

Europe

37%

Asia Pacific

25%

Employees worldwide

39,345

Further information available
on Danfoss' website: danfoss.com

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Cover photo: The electric ferry Nerthus is powered by Danfoss' iC7-Marine and iC7-Hybrid solutions. These iC7 power converters and drives help improve efficiency and performance, optimizing both onshore fast-charging and onboard all-electric propulsion while supporting the decarbonization of maritime transport.