

Company announcement no 2024-02

Review of strategic options for Communications

5 February 2024

Today, Demant announces that it has decided to undertake a review of strategic options for its Communications business, which develops premium enterprise audio and video solutions for business professionals under the EPOS brand. The purpose of the review is to explore whether a different owner may be better positioned to accelerate growth and to allow the business to realise its full potential.

The Communications business has its roots in Sennheiser Communications, a former joint venture between Demant and Sennheiser established in 2003. Following a demerger of the joint venture, EPOS was established as a wholly-owned, separate business within the Demant Group with effect from 1 January 2020. After having seen a significant surge in demand driven by the coronavirus pandemic, the business has over the last couple of years been negatively impacted by weak market dynamics, leading to lack of scale, particularly in global distribution.

However, the business is built on a very strong foundation of industry-leading technology, a strong product portfolio, highly skilled employees and a compelling brand identity, and it has a dedicated sales team and global distribution in place. Also, the business addresses attractive markets underpinned by strong, structural growth drivers, and following significant cost reduction measures taken over the last 18 months, including the winding down of its Gaming activities, the business is now on a path back to profitability.

“The last couple of years have been challenging for our Communications business, as the markets that we address have not developed as we expected. However, with the initiatives already implemented, and thanks to a commendable effort in tough times by our employees, the business is now in a position of strength with a robust and focused organisation, leading premium technology, a strong product portfolio and a compelling brand. So now is a good time to explore whether the next step for Communications is better realised under different ownership,” says Søren Nielsen, President & CEO of Demant.

The review of strategic options is expected to be completed by the end of H1 2024. During the review, we remain fully committed to running the business and serving our customers and partners as usual.

There can be no assurance regarding the results or outcome of the review, and no financial impact, if any, can be estimated at this time. For accounting purposes, the Communications business will be recognised as part of our continuing operations in the Group's Annual Report 2023, but for 2024 and going forward, it will be recognised as part of discontinued operations.

Further information regarding the progress of the review process will be shared as and when required. The Group still expects to publish its Annual Report 2023 on 6 February 2024, but highlights from the Report will be published today.

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