

Approved at General Meeting March 14, 2024

Chairman of the General Meeting
Jepser Sabroe

FOSS

ANNUAL REPORT 2023

FOSS af 24. august 1998 ApS, Nils Foss Allé 1, DK-3400 Hillerød, Denmark
CVR-No 21004731

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Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of FOSS af 24. August 1998 ApS for the financial year 1 January to 31 December 2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and financial performance for the financial year 1 January to 31 December 2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hillerød, 14 March, 2024

Executive Board

Kim Vejlbj Hansen
Chief Executive Officer

Board of Directors

Jesper Sabroe

Kim Vejlbj Hansen

Henrik Wiboltt

Independent Auditor's Report

To the Shareholder of FOSS AF 24. AUGUST 1998 ApS

Opinion

We have audited the financial statements of FOSS af 24. August 1998 ApS for the financial year 01.01.2023 – 31.12.2023, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 – 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 14 March, 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

Nikolaj Thomsen
State Authorized Public Accountant
MNE33276

Kasper Ørtoft
State Authorized Public Accountant
MNE49073

Management Commentary

Main Activity

The company is parent company for Foss Electric LLC, FOSS S.A and FOSS do Brasil Instrumentos Analiticos e Solucoes Dedicadas Ltda. which represents the sales activities for FOSS in Russia, Argentina and Brazil respectively.

Development in activities and financial conditions

The result of 2023 presented a loss TDKK -1,779 (in 2022 a loss of TDKK -16,013). The impact on the result is mainly due to negative result in Brazil and Argentina.

The equity is negative by TDKK 68,956 due to accumulated losses in the three sales companies and currency adjustments.

The equity is expected to be reestablished in the coming years. In order to secure third party creditors, the parent company FOSS A/S has assured to continuously evaluate the need of capital contributed and if necessary, provide reestablishment of equity within the coming years.

Subsequent events

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income Statement

	Note	<u>2023</u> TDKK	<u>2022</u> TDKK
Other external expenses		-33	-28
Gross Loss		-33	-28
Earnings from group enterprises after tax		-1,061	-15,678
Financial expenses	1	-888	-401
Result before tax		-1,982	-16,107
Tax on profit for the year	2	203	94
Result for the year		-1,779	-16,013
Proposed distribution of result			
Retained earnings		-1,779	-16,013
		-1,779	-16,013

Balance Sheet

Assets

	Note	<u>2023</u> TDKK	<u>2022</u> TDKK
Investment in group enterprises	3	128	3,389
Fixed asset investments		128	3,389
Income tax receivable		203	94
Current assets		203	94
Assets		331	3,483

Liabilities

		<u>2023</u>	<u>2022</u>
Contributed capital	4	335	335
Retained earnings		-69,291	-64,266
Equity		-68,956	-63,931
Provisions for group enterprises	3	52,544	51,498
Other payables		15	12
Payables to parent company		16,728	15,904
Current liabilities other than provisions		16,743	15,916
Equity and liabilities		331	3,483

Contingent liabilities	5
Ownership	6
Employees	7

Notes to the Annual Report

	<u>2023</u> TDKK	<u>2022</u> TDKK
1 Financial expenses		
Interest paid to parent company	-888	-401
	-888	-401
2 Tax on profit for the year		
Corporation tax for the year	203	94
Tax on profit for the year	203	94
3 Investments in group enterprises		
Cost beginning of year	42,773	42,773
Cost end of year	42,773	42,773
Net revaluation beginning of year	-90,882	-67,985
Exchange rate adjustment	-3,246	-7,219
Net share of profit / loss for the year	-1,061	-15,678
Net revaluation end of year	-95,189	-90,882
Carrying amount end of year	-52,416	-48,109
Transferred to provisions	52,544	51,498
Carrying amount end of year	128	3,389
	<u>Ownership%</u>	<u>Share capital</u>
FOSS Electric LLC, Moskva	Russia 99%	562 TRUB
FOSS S.A, Buenos Aires	Argentina 90%	6,900 TARS
FOSS do Brasil Instrumentos Analiticos e Solucoes Dedicadas Ltda, Sao Paulo	Brazil 99%	1,053 TBRL

Notes to the Annual Report

	<u>2023</u> TDKK	<u>2022</u> TDKK
4 Contributed capital		
335 shares each of DKK 1,000	335	335
	<u>335</u>	<u>335</u>

5 Contingent Liabilities

The company is a part of a Danish joint taxation of which N. Foss & Co. A/S is the administrative entity. The company is liable for potential obligations for withholding taxes on interest, royalties and company taxes within the joint taxation according to the company tax law.

6 Ownership and group relationship

The parent company, FOSS A/S, has stated that it continuously will evaluate the need of capital contributed taken the profit development for the coming years into consideration and, if necessary, FOSS A/S will provide the necessary funds for reestablishment of the equity within the coming years.

All shares are owned by:

FOSS A/S, Hillerød, Denmark, CVR No 59388517

In accordance with The Danish Financial Statements Act § 71 it shall be stated that, the Company's annual report is included in the consolidated financial statement of N. Foss & Co. A/S, Hillerød, Denmark (CVR no. 87974618).

7 Employees

Average number of employees	<u>-</u>	<u>-</u>
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Accounting Principles

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises applying certain selections for class C enterprises.

In accordance to The Danish Financial Statements Act § 112 no 2, Group Accounts are not generated as the company is included in FOSS A/S.

The financial statements have been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognized in the income statement as financial income or financial expenses.

Income statement

Other external expenses

Other external expenses comprise expenses for administration.

Financial expenses

These items comprise interest expenses, the interest portion of realized and unrealized capital losses on payables and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value within 3-5 years, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax assets in FOSS S.A. and FOSS do Brasil Instrumentos Analiticos e Solucoes Dedicadas Ltda. are not included in balance sheet in FOSS af 24. August 1998 ApS nor in the subsidiaries.

The company is jointly taxed with the 100% owned Danish subsidiaries in N. Foss & Co. A/S Group (full allocation with a refund concerning tax losses).

Balance sheet

Investment in group enterprises

Investments in group enterprises are recognized and measured under the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the enterprises' equity plus or less unamortized positive, or negative, goodwill and plus or less unrealized intra-group profits or losses.

The Company's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses and less or plus amortization of positive, or negative, goodwill is recognized in the income statement.

Group enterprises with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortization period for goodwill is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortization period is considered to give a better reflection of the benefit from the relevant resources.

Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

Other financial liabilities

Other financial liabilities are recognized at amortized cost which usually corresponds to nominal value.