

FOSS

INNOVATING FOR SUSTAINABILITY

ANNUAL REPORT 2023

FOSS A/S
Nils Foss Allé 1, 3400 Hillerød, Denmark – CVR no. 59388517

FOSS

Current issue: March 14, 2024

Next issue: March 2025

This report summarizes the activities carried out in the fiscal year 2023 (January 1 to December 31, 2023).

This report is our annual account of FOSS Group's financial and ESG performance and includes our consolidated financial statements and our ESG figures. This report serves as our mandatory statement on corporate social responsibility, cf. section 99a, 99b, and 99d in the Danish Financial Statements Act. This report serves as our annual Communication on Progress (COP) towards the Ten Principles of the UN Global Compact and the Sustainable Development Goals.

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TO BE FINALIZED



Empowering our customers to change the future

2023 has been once another strong year for FOSS. Continuing last years record revenue level underlines the need and demand for our innovative analytical solutions while our big investments in the development of innovative new products materialized with a vengeance this year, as we have managed to launch a number of new solutions, including two world's firsts, with the potential to revolutionize pivotal areas in the agriculture and food industry.

Our level of innovation is a living proof that FOSS is not merely a spectator in the journey towards a more sustainable future; we are empowering our customers to truly change it.

Committed to innovate for a better world

Our world is changing rapidly, and the challenges we face today are unlike any we have encountered before. Climate change, resource depletion, and global health crises have brought us to a crossroad where the decisions we make today will profoundly impact future generations. In this ever-evolving landscape, FOSS remains committed to create innovation for sustainability.

At the forefront of innovation

Through cutting-edge research and development, we are piecing together the solutions that will enable a brighter and more sustainable future. Whether

it's developing advanced agricultural technologies to address food safety or inventing groundbreaking element analysis solutions to reduce the industry's carbon footprint, FOSS is at the forefront of innovation.

Launching a new 2027 strategy

Innovation is not just a buzzword for FOSS; it's a way of life. We are constantly seeking new ways to drive sustainability in our products, processes, and operations. From reducing our own carbon footprint to improving the efficiency of our supply chain, we are committed to being a role model for sustainability in our sphere of operation.

Global partnerships addressing global challenges

Naturally, our commitment to sustainability extends beyond our internal operations. FOSS is an active member of the United Nations Global Compact, the world's largest sustainability initiative. A dedication reflected in our adherence to its ten principles, encompassing e.g., human and labor rights, environmental stewardship, and business ethics. In 2023, FOSS also joined the AIM for Climate as a global Knowledge Partner, supporting global collaboration in the agri-food industry.

Groundbreaking technology investments and revolutionizing product launches

In 2023, FOSS took significant strides towards minimizing our environmental footprint. We enhanced the energy efficiency of our products, further ingrained sustainability into our corporate culture, and continued to invest in groundbreaking technologies with the potential to reshape the world. Revolutionizing product launches, exploration of new markets, and an expanded global presence underscore our commitment to making a positive impact.

Crucial customer collaboration

It is crucial to acknowledge that this journey is one we cannot navigate alone. Our deepest gratitude to our customers and partners around the world who have enthusiastically joined us on our quest. Your unwavering support is imperative and indispensable.

Thank you for your trust and support in FOSS. Together, we are heading towards a brighter and more sustainable future.

About FOSS

FOSS is the leading global provider of analytical solutions for the agri-food industries. The company was founded in 1956 by Nils Foss and remains a 100% family-owned company today. FOSS is a company on a mission for a more sustainable use of the world's food resources.

A fast-growing population means that the global food production will have to increase by 60% by 2050 to meet demand. FOSS wants to be part of the solutions to make that happen in an innovative way. The aim is to help ensure product quality, fair payment, production efficiency and reduced waste.

A growing company of 1,650 employees, with 55 different nationalities of which 43 are represented in our locations in Denmark.

1,650 Employees

+40,000 Customers

99% Revenue outside
of Denmark

30 Sites and offices

100% Family-owned

AAA Credit rating



OFFICES

**Hillerød, Denmark – FOSS Innovation Center,
FOSS Production, Sales & Service**

Barcelona, Spain
Bangkok, Thailand
Beijing, China
Brussels, Belgium
Buenos Aires, Argentina
Cambridge, New Zealand
Copenhagen, Denmark – Software Hub
Hamburg, Germany
Ho Chi Minh City, Vietnam
Lima, Peru
Manchester, United Kingdom

Melbourne, Australia
Mexico City, Mexico
Minneapolis, United States
Padova, Italy
Paris, France
Pécs, Hungary – Biotech Innovation Hub
Pune, India
San Francisco, United States – Software Hub
Sao Paulo, Brazil
Seoul, South Korea
Suzhou, China – Production Hub

Tokyo, Japan
Utrecht, Netherlands
Warsaw, Poland – IT, Software Hub, Sales &
Service

Branches:
Vienna, Austria
Brampton, Canada
Höganäs, Sweden
Belas, Portugal
Hong Kong, China

Our values

FOSS has been guided by three core values since our inception in 1956. These values, which continue to shape our business and culture, are a testament to the vision and impact of our founder, Nils Foss.

FIRST

At FOSS, we continuously strive to be first. This value is not just about being the first to market or the first to innovate; it's about the drive to constantly push boundaries and challenge the status quo. Being first is motivating and rewarding, and it's a mindset that has propelled us forward for over six decades.

CUSTOMER

Our customers are at the heart of everything we do. We understand that their success is our success, and we are committed to delivering products and services that exceed their expectations. Our customer-centric approach ensures that we are always listening, learning, and evolving to meet their needs.

PEOPLE & KNOWLEDGE

FOSS is a company built on knowledge, and our people are our most valuable asset. We believe in fostering a culture of collaboration, where employees are empowered to share their expertise and ideas. By investing in our people and their development, we ensure that we continue to lead the way in our industry.

These values are more than just words; they are the principles that guide our actions and decisions every day. As a 100% family-owned company, we are proud to carry on the legacy of Nils Foss and to continue to uphold these values in everything we do.



FOUNDING PRINCIPLES

Nils Foss founded FOSS Electric back in 1956, with an ambition to pioneer analytical solutions for the food and agricultural industries. Today, our guiding principles still continue to build on his entrepreneurial and innovative approach on how to build a company.



THE FIRST "WORLD'S FIRST" OUT OF MANY

The Cera tester, FOSS's first innovation, completely changed the grain industry. Launched with a perfectly lucky timing, it covered a critical need for moisture control in grain during a very wet summer in Denmark in the mid 1950's.



GROWING INTO NEW INDUSTRIES

After succeeding with innovations in the grain industry, FOSS then expanded into a whole new industry: milk analysis. FOSS continued its growth trajectory, moving on to offering comprehensive solutions for dairy producers – and later on into oilseed, feed, meat, wine, beer, sugar, and other industries.



"FAST, DEDICATED AND EASY-TO-USE"

Our commitment to innovating the food and agri industry was from the very start focused on operational speed, industrial dedication, and user-friendly solutions for all customer employees – from the skilled engineer to Joe Big Finger. These three pillars have been our unwavering dedication ever since the beginning, driving continuous innovation and challenging what is possible.

The FOSS mission

We contribute to the sustainable use of our planet's agricultural resources and thus to the nutrition and health of the people of the world.

We innovate analytics beyond measure to empower to our customers by improving quality and optimizing food and agricultural production.

Financials and ESG at a glance

FOSS has achieved another strong year in both revenue and profit.

New launches and high growth in Customer Care Sales have driven an increase in revenue as well as profit. This combined with a successful launch of IQX – our new SaaS solution that enhance data collection and instrument performance – has ensured a year with growth. This is only partly offset by challenging geopolitical and macroeconomic uncertainties.

The increased scale of our business and focus on cost management has increased the profit compared to previous years. Thus, we continue to invest in new software solutions and groundbreaking R&D projects to ensure our customers cutting-edge FOSS products and services going forward as well.

A big thank you to all people at FOSS for their commitment and hard work this year. We can all be proud of the results of 2023.

4%

Organic growth

With double-digit growth rates within Customer Care Sales, 4 new product launches combined with our new software solution IQX, the growth in 2023 was strong. The strong result comes from many of our regions as well as business segments.

12%

Innovation investment

Once again, FOSS has consistently allocated more than 10% of our revenue towards developing new products and solutions, underscoring our unwavering commitment to innovation. This dedication is evident in our strong performance, as innovative solutions have consistently driven our growth trajectory.

570 MDKK

Operating profit

With increased scaling of our business combined with good cost management, the operating profit has improved to a new record-breaking level. Both variable and fixed costs have contributed to a higher profit, due to efficiency gains as well as higher cost leverage.

39%

New products turnover

The turnover of new products introduced within the last 3 years has increased to a record-high 587 MDKK. On top of this positive development, the 4 new product launches in the second half of 2023 are expected to accelerate this development even further going forward.



New launches and high growth in Customer Care Sales have driven a strong increase in revenue as well as profit.

Driving real change

In 2023, we continued to demonstrate how we can make sustainability the foundation for the solutions of tomorrow, utilizing data and insights to drive real change.

One of the ways we've made sustainability a better business is through our data-driven approach. By collecting and analyzing vast amounts of data, we empower our customers with insights on how to reduce waste, improve production efficiency, ensure food safety, and make operations more sustainable.

Our innovative analytics empower food and agricultural producers to optimize their production processes, minimizing waste and reducing their environmental footprint. This not only benefits our customers but also contributes to a more sustainable global food supply chain.

Furthermore, our commitment to ESG extends to our operations. We've invested in green initiatives that reduce our carbon footprint, minimize waste, and enhance energy efficiency.

In 2023, we further embraced diversity and inclusivity within our workplace. We recognize that a diverse team fosters creativity and innovation, which are critical elements in solving the complex issues facing our industry. We're proud to report that our workforce is more inclusive than ever, ensuring that fresh perspectives and ideas continue to drive our innovation.

By focusing on environmental, social, and governance issues, we are laying the foundation for the solutions of tomorrow. Sustainability is not a trend for us; it's an integral part of our DNA. We firmly believe that by combining our data-driven approach with our dedication to ESG principles, we are creating a better world for the future, one where sustainability isn't just an ideal but a reality, and where innovative solutions emerge from a commitment to doing what's right for our planet and society.

Global perspectives



INNOVATING FOR SUSTAINABILITY
MARKET INSIGHTS
STRATEGY 2024-2027
INNOVATION HIGHLIGHTS
CELEBRATING THE CHANGEMAKERS
HOW WE EMPOWER OUR CUSTOMERS



Innovating for sustainability

FOSS is not just a company; it is a catalyst for change, a force committed to fostering the sustainable use of Earth's agricultural riches. The world is hurtling toward a future where a 60% surge in global food production is imperative by 2050. At FOSS, we rise to the challenge with determination, striving to be architects of innovative solutions that transcend conventional boundaries. Our mission echoes through the corridors of progress, focusing on product quality, fair compensation, production efficiency, and waste reduction.

As the agri-food industry undergoes a transformative revolution centered on resource efficiency, FOSS remains at the forefront, championing the cause of balance. The clarion call of net-zero ambitions, climate change, and consumer demand for sustainable practices resonates, urging us to find intelligent, sustainable ways to feed the global population while preserving our natural resources.

Where innovation meets responsibility

Our commitment is fortified by continuous innovation, advanced analytics, and actionable data. Our analytical solutions, designed for high-capacity, fast, and cost-effective analysis, empower agri-food businesses to make informed decisions.

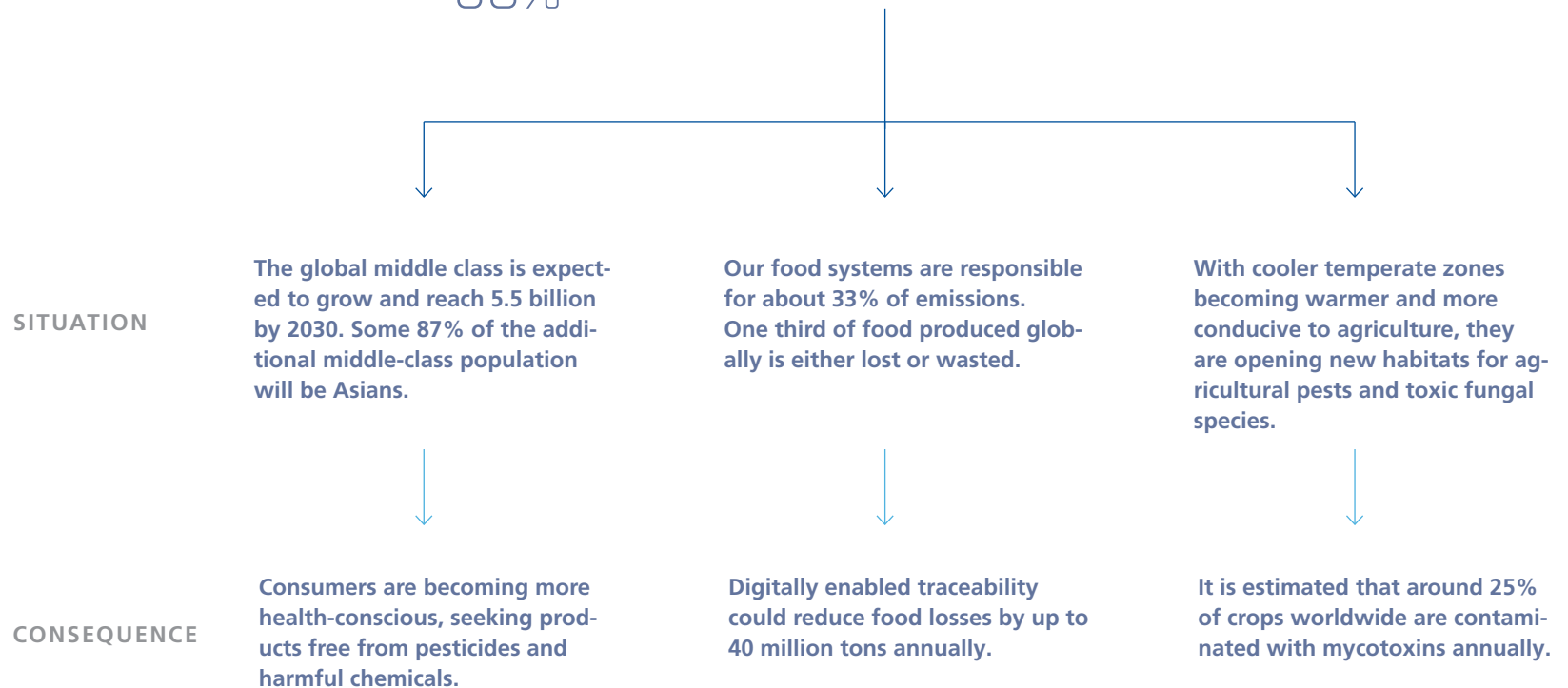
Balancing what matters

At FOSS, we understand that achieving the correct balances is the key to sustainably increasing yields, health, and growth of animals and crops without harming our natural resources. It's a delicate operation, and we are here to lead the way. We must balance what matters – a commitment to precision, sustainability, and the harmonious coexistence of agriculture and nature.

Welcome to a future where innovating for sustainability is not just a mission – it's our way of life.



Feed a projected 10 billion people by 2050 → increase food production by 50%



1.2 bil

more consumers will demand milk products. By 2030 per capita milk consumption is estimated to increase around 16%.



46%

Global milk production increased 46% from 2004 to 2024 while the number of cows increased only 23%, meaning a 20% increase in milk yield.



11%

Global cereal need for food and feed is expected to increase 11% by 2030, with 90% coming from developing countries.

Strategy: The global partner within analytics

Building on our solid foundation as the leading provider of analytical solutions for the food and agri industry, FOSS is now launching our new strategy. Here, we present the key elements.

FOSS aims to be the preferred global partner for reliable and innovative analytics that empower food and agricultural producers to improve quality and optimize production. FOSS will follow strategic customers around the globe with standardized interaction and a comprehensive and competitive product portfolio.

THE STRATEGY AT A GLANCE:

Advance sustainability and secure quality

The increasing global business complexity makes food and agricultural producers look for analytics providing data for supply control and automation. FOSS will empower food and agricultural producers with insights from a competitive product portfolio enabling data-driven, integrated, and automated production optimization to ensure sustainable supply and production of safe food and agricultural products.

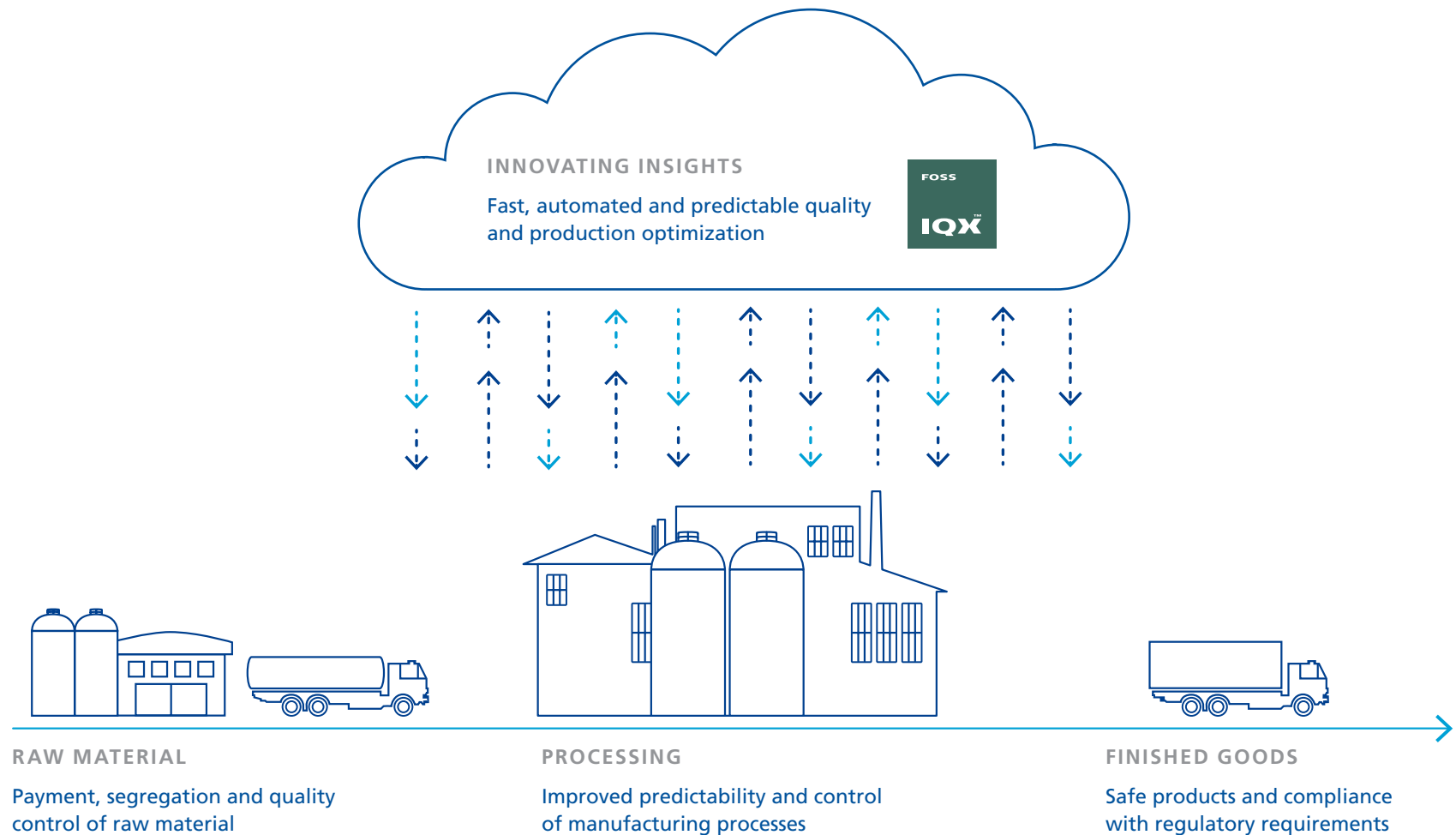
Improve supply chain management insights

An increasing population and the environmental challenges will imply increased food and agricultural production in developing countries, and changes in the global food supply. FOSS will provide simple, accurate, and robust analytics substituting chemical testing for small-scale production and enabling insights for segregation.

Expand FOSS' software services

The new digital software platform 'FOSS IQX' aims to provide our customers with a 'plug-and-play', easy-to-use, and dedicated platform that can also improve coordination and use of data across the company. FOSS' ambition is to become a market leading service provider of software tools for food quality and sustainability.

How we empower our customers



Innovation highlights

FOSS was founded in 1956 by the pioneering engineer Nils Foss, embarking on a journey to revolutionize the food and agriculture industry. Inspired by the visionary ambition to offer automated and cost-efficient alternatives to traditional analyses, Nils Foss laid the foundation for a company that would redefine standards in analytical solutions.

From our inception, our focus was clear: to provide fast, easy-to-use alternatives to time-consuming methods of analysis. Our first breakthrough came with the development of instruments for testing moisture in grain, challenging industry norms and setting a new standard for efficiency.

Over the past seven decades, we have continually pushed the boundaries of what is possible. Evolving from our grain moisture testing roots, we expanded our offerings to encompass a wide array of industries, including dairy, feed & forage, meat, wine, beer, and laboratories.

We reinforced our commitment to innovation and excellence with the additions of technological lighthouses like Tecator AB and NIRSystems Inc., in 1997. Additionally, the integration of Soft Flow in 2016 further bolstered our capabilities in biotech.

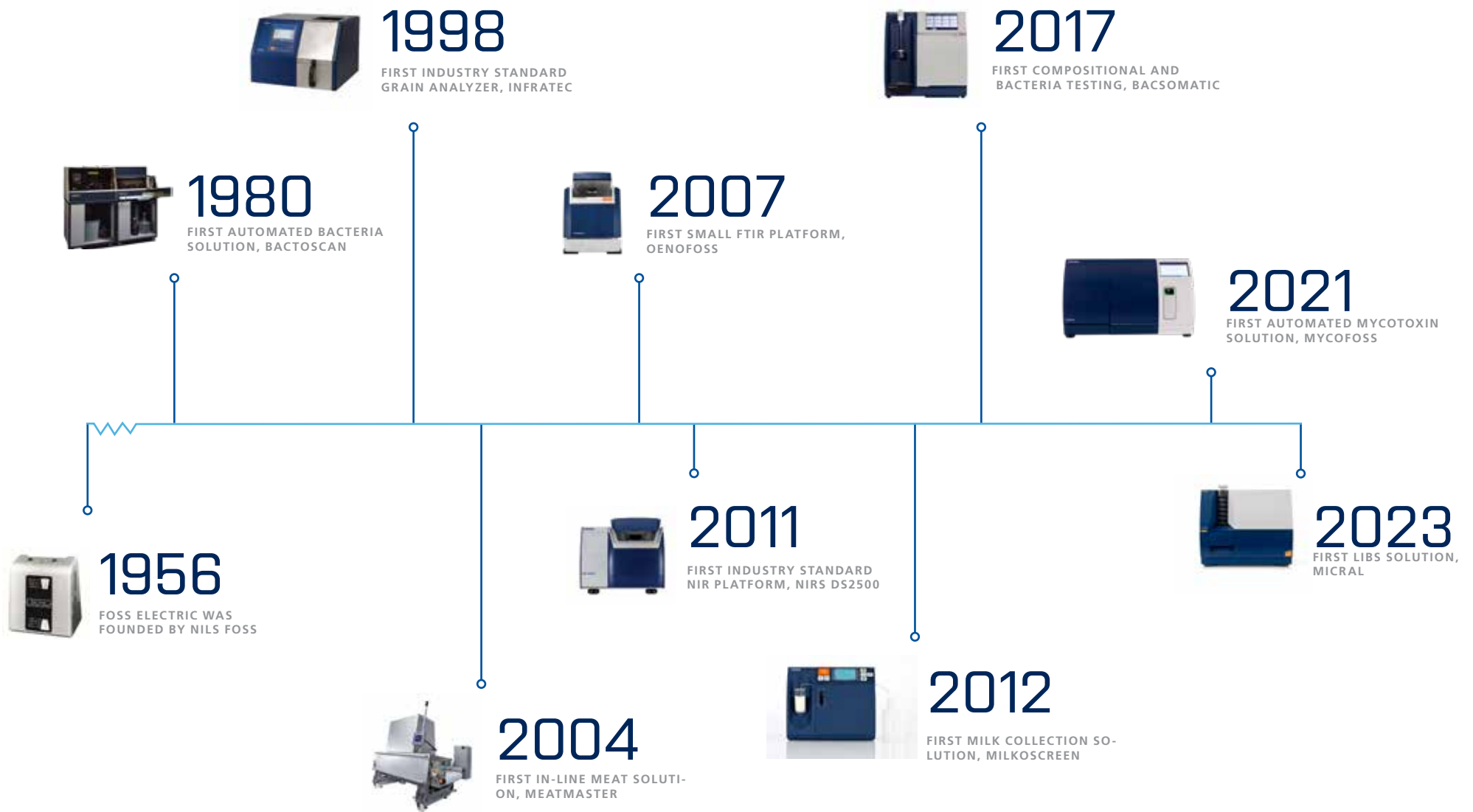
Our dedication to innovation didn't stop with product development. We pioneered the integration of chemical composition analysis into process lines, setting an

industry precedent. Today, we stand as the international benchmark in chemometrics and real-time analytics, with over 100 patents and numerous world-first introductions to our name.

At the heart of our innovation lies our Innovation Center in Hillerød, Denmark, acclaimed as the "chemometrics capital of the world". Here, algorithms are meticulously crafted to turn data into actionable insights, empowering businesses worldwide to optimize their production processes.

As we stand on the cusp of a digital transition, we remain steadfast in our commitment to adding value to our customers' businesses. The launch of FOSS Software Services and the IQX SaaS solution exemplifies this commitment, providing agri-food producers with the tools needed to thrive in a rapidly evolving industry and landscape.

In summary, our journey from our humble beginnings to our current status as a global leader is a testament to our unwavering dedication to innovation and excellence. With Nils Foss' vision as our guiding light, we continue to pave the way for the future, driving the green transformation of the agri-food industry and empowering producers worldwide to achieve more with less.





Celebrating the changemakers Marc & Matthieu Dubernet

In the heart of Europe, where the tradition of winemaking intertwines with modern innovation, the Laboratoires Dubernet group emerges as the continent's premier independent analysis and consulting laboratory dedicated to the wine industry. The Dubernet family, with its roots deeply embedded in the vineyards of Bordeaux, has evolved into a generational force shaping the future of oenology and environmental stewardship.

A Legacy Rooted in Bordeaux

The Dubernet family's association with the wine industry traces back through the annals of time, originating in the renowned wine region of Bordeaux. Today, Mathieu Dubernet, the torch-bearer of this esteemed lineage, leads

the Laboratoires Dubernet group. As the third generation of oenology experts, Mathieu is not merely continuing a family tradition; he is steering the company with a blend of generational passion and a modern scientific approach to oenology and environmental sustainability.

Marc Dubernet: Pioneering Oenological Excellence

The journey of Laboratoires Dubernet began in the 1960s, under the visionary leadership of Marc Dubernet. Starting with a small team of technicians, Marc established the company's first oenological laboratory, laying the groundwork for what would later become a powerhouse in the wine analysis industry. Today, the Dubernet group encompasses three laboratories strategically located in Narbonne, Orange, and Tain l'Hermit-

age. All three are accredited NF EN ISO/CEI 17025, standing as pillars of quality and precision in oenological analysis.

The Dubernet group is not just a laboratory; it's a collective of nearly 80 experts, including chemical engineers, doctors, agricultural engineers, oenologists, technicians, and more. This diverse team utilizes high-performance equipment to deliver a comprehensive range of analyses and innovations. Their commitment extends beyond routine analysis, offering precise, personalized, and creative advice that sets the Dubernet laboratories apart as a trusted partner in the wine industry.

A Revolutionary Collaboration

In a groundbreaking partnership that bridges the areas of oenology and cutting-edge technology, Laboratoires Dubernet partnered with FOSS to revolutionize the wine industry. Leveraging FOSS' expertise in FTIR technology, renowned in the dairy industry for its precision and reliability, the collaboration birthed a series of revolutionary instruments tailored specifically for wine analysis.

The introduction of the WineScan instruments, derived from FOSS' MilkoScan platform with bespoke calibrations developed in tandem with Dubernet, marked a paradigm shift in wine analysis. Simply empowering winemakers with unprecedented insights into their wines' composition and quality.

Nurturing the Vine to the Bottle

At the core of Dubernet's mission is a commitment to providing comprehensive expertise and support throughout the entire production process, from the vine to the bottle. Their influence extends to various industry players, including producers, merchants, and suppliers. By ensuring a seamless journey from grape to glass, Dubernet Laboratories plays a pivotal role in upholding the quality and integrity of wines across the world.

As the global demand for sustainable practices in agriculture rises, the Dubernet group has diversified its mission. The establishment of Terra Mea, a subsidiary dedicated to soils and support for the agro-ecological transition, reflects Dubernet's commitment to addressing broader agricultural challenges. Beyond wine, they aim to contribute to a more sustainable and ecologically conscious future for agriculture on a global scale.

In celebrating the Dubernet Laboratories group, we acknowledge not just a laboratory but a legacy of excellence, innovation, and commitment to the environment. With Mathieu Dubernet steering the ship into the future, the Dubernet family name continues to be synonymous with the highest standards in oenological analysis and a beacon of hope for a more sustainable future in agriculture.

Business performance



FINANCIAL HIGHLIGHTS
CELEBRATING THE CHANGEMAKERS
COMMITMENTS FOR A BETTER FUTURE (ESG)
KEY MOMENTS IN 2023
CELEBRATING THE CHANGEMAKERS
RISKS



Financial highlights

Development in activities and financial conditions

The reported group revenue in 2023 is DKK 2,437 million, which is the same level as last year. Currency impacted negatively by 4%, implying an organic growth of 4%, which is a strong result during geopolitical turmoil. Financial growth has been influenced by high growth in Customer Care Sales and the launch of the IQX product. Additionally, within the instrument sector, we've experienced a strong year with the introduction of new products which will also lay the foundation for next year's growth.

Operating profit for the Group amounts to DKK 570 million (compared to DKK 501 million in 2022), marking an increase of 14% from 2022. This strong result is attributed to an enhanced gross margin driven by a positive product mix, particularly from increased Customer Care Sales.

Ordinary profit before tax amounts to DKK 544 million (compared to DKK 486 million in 2022), reflecting a 12% increase and indicating a robust performance.

The 2023 revenue result is a bit below expectations set out in the annual report 2022, but with a strong operating profit, why the result is satisfactorily.

Expected development

Investments in sales, distribution activities, and product development will continue in 2024. Management expects the strategy and market focus to strengthen FOSS' market position and contribute to fulfilling the growth strategy for the Group by supplying high-quality solutions to meet the increasing demand for food quality.

It is the expectation that the coming year will yield growth in both revenue and profitability compared to 2023. Organic revenue growth in 2024 is expected to be in the range of 6-8%. Costs associated with several long-term strategic initiatives will be incurred in 2024, while the profit margin is projected to remain at the level of 2023.

Subsequent events

No events have occurred after the balance sheet date up to this point that would influence the evaluation of this annual report.

Key figures	2023 DKK million	2022 DKK million	2021 DKK million	2020 DKK million	2019 DKK million
Income statement					
Revenue	2,437	2,438	2,297	2,149	2,155
Operating profit	570	501	556	526	403
Net financial items	-26	-7	1	-21	16
Profit for the year	420	372	437	394	316
Balance sheet					
Total Assets	1,834	1,881	1,601	1,444	1,414
Equity	781	794	861	789	809
Cash flow					
Cash flow from:					
- operating activities	479	325	461	484	288
- investment activities hereof investments in tangible and intangible assets	-108	-33	-68	-35	-69
- financing activities	-473	-114	-375	-421	-380
Net cash flow	-102	178	18	28	-161
Number of employees, average	1,617	1,602	1,549	1,529	1,522
Ratios					
Operating profit for the year vs. revenue	23.4%	20.6%	24.2%	24.5%	18.7%
Return on Investments	30.9%	26.7%	34.8%	36.5%	28.5%
Solvency ratio	42.4%	42.2%	53.8%	54.7%	57.2%
Return on equity	53.3%	44.9%	53.0%	49.3%	37.2%

* Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. Please refer to Accounting Principles.

Celebrating the changemakers

David Julian McClements

In the ever-evolving landscape of food science, Professor David Julian McClements stands out as a trailblazer, making groundbreaking contributions that have reshaped our understanding of plant-based foods. As a distinguished professor at the University of Massachusetts Amherst, Department of Food Science, McClements has become a driving force in the scientific community, dedicated to revolutionizing the way we approach and consume food.

A Pinnacle of Knowledge and Influence

With an impressive 156,889 citations on Google Scholar, Professor McClements holds the title as the world's most widely cited food scientist. His remarkable career has been marked by an unwav-

ering commitment to advancing the field of natural plant-based foods. His pioneering work has not only garnered widespread recognition but has also laid a scientific foundation for the future of food innovation.

In 2019, Professor McClements solidified his status as a thought leader in the field with the publication of "Future Foods: How Modern Science is Changing the Way We Eat." This seminal work explores the intersection of science, technology, and food, offering invaluable insights into the transformative potential of modern scientific approaches in shaping the future of our diets.

As the sole author of this influential piece, McClements demystifies complex scientific concepts, making them accessi-

ble to a broader audience. Through his writing, he not only educates the public but also inspires fellow scientists, policymakers, and industry leaders to embrace innovation in the quest for a sustainable and healthier food future.

McClements further solidifies his impact with his authoritative work, "Next Generation Plant-based Foods: Design, Production, and Properties." This comprehensive resource delves into the intricate processes of designing, producing, and understanding the properties of plant-based foods. By providing a roadmap for the development of these foods, McClements empowers researchers, food technologists, and entrepreneurs to contribute to a more diverse and sustainable food ecosystem.

Professor McClements' prolific output extends beyond his books, with over 1,300 scientific articles published in peer-reviewed journals. His H-index of 188 on Google Scholar is a testament to the depth and breadth of his impact on the scientific community. McClements has not only contributed to the body of knowledge but has actively shaped the trajectory of food science research.

A Catalyst for Change: Industry and Institutional Support

McClements' influence continues beyond academia, with his research receiving support from prestigious institutions and organizations. Grants from the

United States Department of Agriculture, National Science Foundation, US Department of Commerce, and NASA underscore the significance of his work in addressing real-world challenges. His collaboration with the food industry further exemplifies his commitment to bridging the gap between scientific innovation and practical applications.

As we face global challenges such as climate change and resource scarcity, the importance of sustainable food practices cannot be overstated. Professor David Julian McClements stands at the forefront of this movement, advocating for the development and adoption of plant-based foods as a viable and eco-friendly solution.

Through his unwavering dedication to scientific inquiry, Professor McClements has not only elevated the status of plant-based foods but has also set the stage for a more sustainable and nourishing future. His work serves as an inspiration to aspiring scientists and changemakers, reminding us all that the pursuit of knowledge can pave the way for a healthier, more resilient world. As we celebrate the changemakers in the world of food science, Professor David Julian McClements stands as a beacon of innovation, guiding us toward a future where the intersection of science and food transforms the way we eat for the better, which has previously awarded him the Nils Foss Excellence Prize.



Commitments and actions for a better future

Acting responsibly and with integrity has been our approach to doing business since Nils Foss founded the company in 1956. We have a holistic approach to sustainability that transcends company operations and procedures. Our proximity to the food and agriculture production on a global scale comes with a responsibility to ensure sustainability, not just at our end of the business, but with our collaborators as well. We aim to ensure that every part of our value chain adheres to the highest standards across human and labor rights, health and safety, environment, etc.

UN GLOBAL COMPACT

Since 2012, FOSS has been an active participant in the UN Global Compact, the world's largest voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. This framework outlines ten principles in human rights, labor, the environment, and anti-corruption. To ensure that we can meet these requirements and our ambitions, we have policies that cover the core areas of the UN Global Compact and broader issues.

ECOVADIS

FOSS joined the EcoVadis platform in 2022. EcoVadis monitors and measures the sustainability performance of over 100,000 organizations globally. We look forward to leveraging the assessment scorecard to ensure continuous improvements.

SEDEX (SUPPLIER ETHICAL DATA EXCHANGE)

FOSS has been a committed member of Sedex since 2013, and we utilize this platform to identify potential risks across our supply chain. Every third year, we complete third-party SMETA audits at FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary, against the criteria in labor rights, health and safety, the environment, and business ethics.

UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

FOSS is committed to supporting the UN Sustainable Development Goals. The goals most relevant to our business and where FOSS contributes, can be found in the ESG section of this report.

AIM for Climate

In a significant stride towards sustainable agriculture and climate resilience, FOSS proudly joined AIM for Climate (AIM4C) as a Knowledge Partner in 2023. AIM4C is a collaborative initiative dedicated to addressing climate change and global hunger through increased investment in climate-smart agriculture and food systems innovation.

FOSS actively participated in the AIM for Climate Summit held in Washington, D.C. in May 2023. FOSS hosted a pivotal conversation with participation from the agri-food industry with ADM and from academia with

ecovadis



Sedex



THE GLOBAL GOALS

the world-leading food scientist Professor David Julian McClements. This dialogue aimed to explore innovative approaches, technologies, and products crucial for adapting to climate change while fostering sustainable growth in the agricultural sector.

As climate change continues to pose challenges to traditional agricultural practices, impacting global food production and farmer livelihoods, AIM for Climate serves as a catalyst for transformative climate action. FOSS is committed to contributing expertise and insights that align with the initiative's mission, promoting science-based and data-driven decision-making for a resilient and sustainable future in agriculture.

UN Convention against Corruption by the UN Global Compact

FOSS supports the Call-to-Action from Business to Governments on the 20th Anniversary of the UN Convention against Corruption launched by the UN Global Compact.

The Call-to-Action was submitted to the UN Convention against Corruption at the tenth session of the Conference of the States Parties (CoSP10). The Conference is the world's largest global anti-corruption gathering. Every two years, the Parties to the Convention meet to review its implementation and discuss how to improve international cooperation to better prevent and tackle corruption. The UN Convention against Corruption is the only legally binding universal instrument to combat corruption and has near-universal acceptance, with 190 States Parties. The convention, negotiated in Vienna and adopted by the General Assembly in 2003, celebrated its 20th anniversary in 2023.



Our proximity to the food and agriculture production on a global scale comes with a responsibility to ensure sustainability, not just at our end of the business, but with our collaborators as well.

Key moments in 2023



JUNE

Welcoming IQX

FOSS IQX™ is a new innovative software platform that is set to optimize your processes, reduce costs, and improve the quality of your products. FOSS IQX™ is a dedicated solution for managing fleets of instruments, food safety compliance, and simplifying collaboration with your suppliers.



MAY

FOSS becomes knowledge partner in the AIM for Climate and participates in the AIM4C Summit in Washington, D.C.

The Agriculture Innovation Mission for Climate (AIM4C) brings together the worlds' leading actors from academia, industry and politics to enable solutions at the intersection of agriculture and climate through insight sharing, innovation collaboration, coordination, demonstration and deployment.



SEPTEMBER

Buyout and full ownership of FOSS India

FOSS has set up a successful business in India providing state-of-the-art food analysis instruments to improve quality, reduce waste and improve yields. IFU provided equity and business insights in connection with the establishment of the company and FOSS bought them out of their shares.



NOVEMBER

Revolutionizing with Micral™

Micral™ is a groundbreaking new technology that enables the agrifood industry to generate data in the field of element analysis in an easy, fast, and cost-efficient way. It is based on Laser-Induced Breakdown Spectroscopy (LIBS) and stands as the first fully automated solution to measure elements in a broad variety of agricultural samples.



NOVEMBER

And the Nils Foss Prize goes to...

Our yearly Food Analytics Conference honors pioneering research in food science. This year's Excellence Prize was awarded to Professor Anne S. Meyer from the Technical University of Denmark and the Talent Prize went to Lutz Grossmann from the University of Massachusetts Amherst.



JULY

Welcoming ProcesScan™ 2

ProcesScan™ 2 is a fully automated on-line FTIR solution, designed to empower and enable our dairy customers to get more value from their milk. By optimizing milk standardization, this advanced technology enables businesses to save on costly raw materials while enhancing overall product quality.



OCTOBER

Welcoming MeatMaster™ Flex

MeatMaster™ Flex is a "first of its kind" X-ray solution for the meat industry. The exceptional mobility makes it easy to move and integrate into any production facility. Additionally, the agile analyzer is simple and easy to prepare for cleaning the entire production line.



OCTOBER

Welcoming WineScan™ 3

WineScan™ 3 provides an all-new analytical platform. Wine testing is brought up to date with the latest advances in analytical technology, ensuring trustworthy results with far less work than with earlier solutions. The flow of insightful test data becomes a simple and natural part of winemaking and laboratory operations.



DECEMBER

Launch and board approval of new 4-year strategy (The global partner within analytics)

FOSS aims to be the preferred global partner for reliable and innovative analytics that empower food and agricultural producers to improve quality and optimize production. FOSS will follow strategic customers around the globe with standardized interaction and a comprehensive and competitive product portfolio.



Celebrating the changemakers

Thomas Nikolajsen

Thomas Nikolajsen, Director of Front-End Innovation at FOSS, transforms the landscape of food and agricultural resources. With a PhD in Optical Science, Thomas' journey began with academic pursuits that laid the groundwork for a career marked by incredible innovation. Since then, he worked for various tech startups, scaleup and mature companies before joining FOSS in 2010.

Shaping Future Analytics

At the heart of Thomas' impact is his strategic vision for the future of analytical solutions. His work is founded in LEAP, which gives more opportunities instead of a traditional project model. The LEAP program launched in 2011 and focus was on raising innovation height and ensure FOSS position as technolo-

gy leader in the market – being first. It drives Thomas to be a part of creating new capabilities for FOSS and to start and be involved in the beginning of new projects that end with groundbreaking solutions. To work as a change agent through the process and with the history around a product and to make its potential come to life.

With a keen focus on innovation sustainability, he envisions a world where analytical technologies play a pivotal role in ensuring the judicious use of global food and agricultural resources. Together with his team, he can make huge contributions to a better future, and the initiatives not only push the boundaries of technological innovation but also contribute to addressing pressing challenges in the realm of food safety and sustainability. MycoFoss and Micral are, after

many years of development, results of that incredibly demanding work.

Collaboration is the key

FOSS products are deeply rooted in extensive external collaboration. The foundation lies in robust and fruitful customer partnerships, grounded in the fundamental understanding of their world. It is an ongoing exploration of new markets, emerging needs, and a constant commitment to discerning what the world may require. Universities also play a significant role in the work conducted concerning deep tech, applications, and the sustainable extraction of data from our solutions. This collaborative approach underscores FOSS' dedication to staying at the forefront of innovation and addressing the evolving demands of the global landscape.

Furthermore, Thomas fosters collaboration with great enthusiasm, maintaining continuous and deep contact with external partners. His proactive engagement ensures a dynamic and synergistic relationship between FOSS and its collaborators. He facilitates entrepreneurship in a corporate context and this hands-on approach reflects his commitment to cultivating strong ties, driving innovation through shared insights, and reinforcing the collaborative spirit that is integral to the success of FOSS.

Innovation is more than one thing. For Thomas, innovation defies a singular definition, with each facet complement-

ing the other. His perspective emphasizes the inclusivity of various elements in the innovation process, rejecting the notion that one must exclude the others. He acknowledges the uniqueness of being part of a journey that involves taking risks, exploring new territories, and maintaining unwavering belief. He expresses the profound meaningfulness of participating in such a venture, contrasting it with the potential closure of projects in many other companies.

It is not the easy solution, and Thomas has experienced this up close through his years in first R&D and now in front-end. These are long-term solutions and enable innovation for the playground. It enables leaders, that act as champions of innovation within the organization. They demonstrate personal commitment to innovative ideas and promote them through informal networks. They are willing to take risks and invest their position and reputation to ensure the success of innovative initiatives. The commitment to investing in a vision over a prolonged period is a source of great pride for Thomas, illustrating his deep sense of purpose in being an integral part of this innovative journey. A journey that continues to shape the future of analytical innovation.

Risks

We recognize that risks are ever-changing, and form part of a continual improvement cycle to ensure that our procedures to address these risks remain robust and fit for purpose into the future.

FOSS operates in more than 30 countries and derives more than 99% of its revenue from outside Denmark. Our results are impacted by the effects of, and changes in economics, international trade, politics, and regulations, in the world in which we operate. To address these and other risks, FOSS maintains a Corporate Risk Management procedure to identify, review, and adequately prevent, control, and mitigate risks.

Operating risk

The main operating risk for the Group concerns the ability to be strongly positioned in the market and at the cutting edge of technological development, for end-to-end solutions that secure and improve food quality. The Group has reduced the usual operating risk by entering longer-term contracts with key suppliers for delivery of components that are a part of production, intending

to secure a stable supply and a higher predictability in price development. As a consequence of the COVID-19 pandemic, global supply chains have slowed, causing shortages of key components.

In recent years, our offering to the market contains more digital offerings as well as more online and interface connections within our IT infrastructure. We aim to continuously reduce our risk of being compromised, and thus significant resources for improving the Group's IT infrastructure and security are being invested.

Financial risk

The financial risk is primarily related to changes in currency exchange rates. Currently, the Group does not hedge against currency exchange fluctuations.

Credit risk

The main credit risk for the Group derives from ordinary customer transactions with restrictive guidelines for trade with new customers and customers located in zones of particularly high credit risk, while trade with known and

credit-rated customers is completed on accommodative conditions. These conditions have historically resulted in very few losses on debtors, which is also due to the controlling of debtors on group and local levels.

Information security, cybersecurity and privacy protection

With an increased focus on digitalization, the risks related to being subject to cybercrime or data security breaches increase. FOSS is annually certified in the ISO 27001 Information Security Management System to reduce the new threats constantly emerging.

Climate change

The frequency and strength of extreme weather events are increasing due to climate change. Vulnerability to extreme weather events, can result in an adverse impact on our customers crop yield, disrupt operations, or damage the distribution infrastructure.



The frequency and strength of extreme weather events are increasing due to climate change.

Environmental, health and safety risk

Non-compliance with environmental, health, and safety regulations can lead to incidents, accidents, injuries, and fatalities. We have integrated health and safety organizations along with procedures and guidelines to ensure adequate identification of risks and timely remediation.

Business ethics risk

Issues related to corruption and bribery, fraud, and anti-competitive practices, can impact FOSS's reputation, and our employees' morale, and result in financial penalties. We have training courses in business ethics and our Whistleblower framework allows us to monitor, identify, and mitigate risks in an appropriate and timely manner.

ESG regulations risk

There is an increasing amount of ESG regulations that may affect FOSS' business and supply chain. Failure to adhere to these may result in legal, financial, and reputational risks. We comply with relevant legislation in the regions we operate within and continuously update our policies and procedures to reflect any regulatory changes.

ESG



INNOVATING FOR THE ENVIRONMENT
INNOVATING FOR PEOPLE & KNOWLEDGE
INNOVATING FOR RESPONSIBLE PRACTICES
BOARD OF DIRECTORS
CONSOLIDATED ESG STATEMENTS



Innovating for Sustainability

In 2023, sustainability was strategically anchored into the FOSS strategy, with a mandate in each segment to drive sustainable progress.

Actions in 2023

In 2023, we strengthened our commitment to sustainability by extending our sustainability policy with new sections on topics that are material for FOSS. These topics include human rights, money laundering, anti-competitive practices, climate, air pollution, product end-of-life, and responsible supply chain management throughout our operations and value chain.

The FOSS Sustainability Policy sets out principles and standards that our employees are expected to adhere to. This policy was updated in 2023 and covers the following four key sustainability aspects:

- Environment
- Human and labor rights
- Business ethics
- Sustainable procurement



ENVIRONMENT

Innovating for the environment

- Energy
- Waste and water



Each aspect is complimented with a due diligence procedure assessing the risks, measures to prevent and control adverse impacts, and key performance indicators which lay the foundation for tracking our progress. Furthermore, we are now laying the path to enhance how we work with data.

Our Pathways to Net Zero

Our materiality assessment was made in December 2022. In 2023, we embarked on our pathway to Net Zero and the journey of identifying FOSS's double materiality assessment. This will entail an impact and financial materiality assessment to ensure compliance with the Corporate Social Responsibility Directive.

A sneak peek into some of these topics and data points will be revealed in this report.

Building on data

Environmental data is provided in absolute numbers to ensure comparability with the guidelines for ESG reporting. In 2023, we launched an ESG data collection project on the topics that are most material for FOSS. These data points are collected from FOSS Innovation Center, our production sites in Denmark and China, our R&D facility Soft Flow in Hungary, and our sales and service subsidiaries around the world, with the baseline set to the year 2022.

Our findings include the following:

- Waste data from all our subsidiaries is non-existent, as many are based in leased office spaces within an office building. Likewise, the daily renovation fraction is not measured for our R&D facility Soft Flow in Hungary. Therefore, this data will be estimated based on data from FOSS Innovation Center.

- Water data from our subsidiaries is sparse. If data is not readily available, this data is based on estimates, as water is not a material topic for FOSS.

In this report, we report on energy, waste, and water from FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary. The reporting on energy data is expanded to include our sales and service subsidiaries around the world.

Looking beyond

Our environmental focus for 2024 is to implement systems that ensure reliable data for 2025 data collection on both waste and water. In 2024, we will expand our ISO14001 certification to include FOSS Innovation Center and FOSS Production in Denmark. The scope of the ISO14001 is energy, waste, and chemicals, where the focus on chemicals will be closely related to our 2024 focus on health and safety for our employees.

Our human rights and anti-corruption focus for 2024, is to analyze the data collected in 2023 to gain insight and set targets for our 2025 reporting period.

Our focus for our staff related matters is to further enhance the knowledge of our people in environmental protection, and the material aspects for FOSS while expanding our leadership programs.

In 2024, we will continue our social focus by collaborating with students from primary schools to PhD students from universities worldwide. We will also ensure to document this fruitful collaboration as we continue our journey to advance people and their knowledge.

SOCIAL

Innovating for people and knowledge

- Health and safety
- Human and labor rights
- Diversity and inclusion
- Employees



GOVERNANCE

Innovating for responsible practices

- Business ethics
- Responsible suppliers





Innovating for the Environment

INNOVATING FOR THE ENVIRONMENT IS THE FIRST PILLAR IN OUR SUSTAINABILITY FRAMEWORK AND SUPPORTS FIVE OF THE SDG'S.



Securing the environment

We recognize our position and impact on the environment we operate in, and our ambition is to reduce and minimize any negative footprint we may have on the environment and climate. We strive to set targets and implement procedures that demonstrate best practices in managing these impacts.

Our environmental policy is an integrated part of our sustainability policy and outlines our commitment to continued improvements in compliance with all applicable requirements worldwide.

Environmental Management System

Since 2021, our production site in Suzhou, China, has been ISO14001 certified. In 2024, we are expanding our ISO14001 certification to include FOSS Innovation Center and the FOSS production in Denmark.

In 2023, we implemented procedures to minimize our environmental impact, which will be the basis for ongoing self-assessment and internal and external audits.

Although we strive to demonstrate best practices, one environmental violation occurred in 2023, due to the lack of a dedicated EHS specialist at our production site in China. This was quickly resolved, through a recruitment process.

Waste

We strive to recycle and reuse materials and packaging whenever possible and manage waste in a healthy, safe, responsible, and environmentally friendly manner.

In 2023, we established a procedure for handling waste, managing risks, and preventing adverse impacts to protect our people and the environment. This includes efforts to prevent the generation of hazardous waste and applies to FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary.

Our main fraction of waste consists of organic household waste from the canteen in Denmark. The waste which was previously stored in a container that required electricity for cooling, is now diverted to an automated underground biogas storage tank. In 2023, we sorted 35 tons of household waste that generated 4,030 Nm³ CH₄ (methane). This investment eliminates manual transportation of organic waste to the container and prevents environmental, health, and safety risks.

How we as a company handle waste on a global level is subject to variation, as each country has its own waste-handling infrastructure. In Denmark, waste is sorted in 9 fractions, in Hungary waste is sorted in 3 fractions, whereas the waste at our production site in China is sorted as hazardous and non-hazardous.

Our overall waste generation decreased by 6% from 2022 to 2023. Our fraction of hazardous waste increased by 58% due to an increased use of chemicals at FOSS Innovation Center and at Soft Flow in Hungary. This increase is primarily project-related, as some projects require chemical analysis, consequently impacting the consumption of chemicals. The non-hazardous waste decreased by 15% from 2022 to 2023.

Water

We strive to reduce water consumption by reducing and reusing water in our facilities.

The total water usage is based on FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary. This water includes water for sanitary-, process-, heating-, and cooling systems in our buildings, as well as water used for instrument testing. The assembly process is not water intense, but water is used in low volume for quality assurance of our instruments.

In addition to previously reported data from our sites in Denmark, China, and Hungary, we expanded our data collection in 2023, to include all our sales and service subsidiaries globally. We are now in the process of validating these data to ensure adequate reporting in 2024.

6%

Less waste generated across all R&D and production sites.



35 tons

In 2023, the biogas production facility prevented 35 tons of organic food waste.

Energy

We are committed to responsible energy management and the reduction of greenhouse gas (GHG) emissions.

Our energy consumption and GHG emissions mainly relate to the use of electricity, the heating and cooling of our buildings, and our company cars. We have expanded our reporting scope to include all sales and service subsidiaries globally, with a baseline year of 2022. In 2023, we also laid the foundation for our GHG climate reporting.

Harvesting nature's energy sources

We continuously evaluate and approve investments in renewables to mitigate climate change and minimize our environmental impact.

Since 2022, we have been converting organic household waste from the canteen at FOSS Innovation Center to biogas and nutrient fertilizer. An automated biogas storage tank was installed for this purpose in 2022. With this solution, the amount of CO₂ used for transportation of household waste has been reduced by 90%, corresponding to 4.9 tons of CO₂ saved.

In 2023, new solar panels with an estimated maximum capacity of 120 MWh were installed at Soft Flow in Hungary. This means that as of 2023, 28.5% of all electricity used at Soft Flow is covered by renewable energy.

Looking beyond

In 2024, we are expanding our renewable energy production. Energy-efficient ATEs facilities and solar panels will be installed at FOSS Innovation Center with the potential to reduce our CO₂ emissions by 70%. The solar panels have an estimated production of 217 MWh, and the total annual production is projected to correspond to two and a half months of the current energy consumption at FOSS Innovation Center.

Energy consumption

Our overall energy consumption decreased by 6% from 2022 to 2023. There is a general reduction in electricity which can be attributed to achieving the full-year effect of energy-saving initiatives such as LED lighting and solar panels. The overall increase in district heating is due to an increase in office space from two to three buildings in one country. Natural gas consumption remained at the same level with a 2% reduction.

The R&D Innovation facility, Soft Flow, in Hungary made extra efforts to find savings opportunities for natural gas and ensured a reduction of 46% from 2022 to 2023. Likewise, Soft Flow reduced electricity consumption by 34% through the installation of solar panels and phased out all company cars running on diesel.

28.5%

28.5% of electricity use at Soft Flow is produced with renewable energy from solar panels.



9%

Reduction in overall electricity use globally.



6%

Reduction in overall energy use globally.



Innovating for People & Knowledge

INNOVATING FOR PEOPLE & KNOWLEDGE IS THE SECOND PILLAR IN OUR SUSTAINABILITY FRAMEWORK AND SUPPORTS THREE OF THE SDG'S.



Human and labor rights

We support the Universal Declaration on Human Rights and recognize our responsibility for maintaining high ethical standards when it comes to upholding human and labor rights.

We pledge to create a workplace and supply chain that respects and safeguards these rights.

In 2012, FOSS became a member of the UN Global Compact, committing to align our operations and strategies to the UN Global Compact principles on business and human rights. We support the UN Global Compact framework “protect, respect, and remedy”, and the principles of due diligence.

Our commitment to human and labor rights is detailed in our Sustainability Policy and employee handbooks, and applies to all parts of FOSS and all employees.

Human rights

Since April 2018, FOSS has annually committed to the Modern Slavery Act. Modern slavery encompasses several human rights issues, including forced labor, bonded labor, child labor, human trafficking, and slavery-like practices.

We have no reported incidents on human rights issues in 2023 globally.

Labor rights

Our labor rights commitment includes working conditions, wages and hours, employee councils, and modern slavery.

All parts of FOSS are serviced by our HR organization. All employment contracts are reviewed by HR.

- HR is responsible for enforcing local laws, ILO requirements, and regulations regarding the maximum number of hours employees can work per day or week.
- HR ensures that employees are remunerated according to the minimum hourly or monthly wage that employers are legally required to pay.
- HR ensures that all job candidates and employees have the right to make choices about their lives, work, and personal well-being without being subjected to any form of slavery, servitude, or forced labor. This includes the right to fair wages.

However, our work pertaining to labor rights and modern slavery is primarily focused on our supply chain, which we have assessed to pose the biggest risk in our operations. We have taken a strong position against these practices as set out in the FOSS Anti-Slavery and Human Trafficking Statement, Sustainability Policy, and Supplier Code of Conduct.

ZERO

*Human rights incidents
in 2023.*



Health and safety

We are committed to ensuring the health and safety of our employees.

Ensuring a safe and healthy workplace environment for all our employees is an important part of our sustainability policy and company values.

Health and Safety Organization

We have dedicated health and safety organizations at FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary. The organizations form a joint team, each of which have their own respective management and employee representatives that are responsible for identifying and assessing hazards or risks in the workplace, as well as developing action plans to address potential issues.

In 2023, we continued to review and document potential risks to the health and safety of our employees and initiated social and governance data collection from our subsidiaries. New data points include reporting on the Lost Time Injury (LTI) severity rate.

We conduct internal health and safety audits at FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary, with independent third-party SEDEX audits conducted every third year. Internally, our management lays the founda-

tion by engaging employees in regular "safety walks" to ensure the safe use of equipment and compliance with procedures.

Chemical Safety

We strive to ensure the safe handling, storage, and disposal of chemicals and hazardous waste in our production facilities.

Preventive control measures are in place to prevent exposure to our employees and the environment. Workplace hazards must be understood and managed effectively to protect our employees, visitors, sites, and communities. All employees are required to follow company policies, procedures, and appropriate national legislation, and ensure that assigned contractors follow procedures on FOSS premises.

Product Safety

FOSS products meet or exceed safety standards and regulations.

Our products undergo rigorous testing to ensure that they are safe for their intended use. We provide clear and user-friendly instructions and safety guidelines with our products to inform users of proper handling, and potential associated risks.



Diversity, equity and inclusion

We are committed to promoting equal opportunities for everyone, regardless of gender, age, culture, nationality, ethnicity, physical ability, political and religious beliefs, sexual orientation, and other attributes.

We are committed to being a diverse, equitable, and inclusive workplace, in which people feel welcome, valued, and respected. This commitment is stated in our global employee handbook and applies to all parts of FOSS. As part of this commitment, we recognize the importance of gender balance throughout our management teams and understand that there is room for improvement in terms of achieving a more balanced and inclusive representation of genders.

We have set a specific target to achieve a minimum of 33% representation of the underrepresented gender on the Board of Directors by the year 2026.

Due to a board members exit, we have temporarily been five board members in our board. Our board size will revert to normal with six members, corresponding to a 33% gender target with two females out of six annual general meeting elected members in total.

To achieve our target and ensure a management team that reflects the diversity of the world in which we operate, we continuously focus on:

- Recruitment practices: We have an internal target of one female candidate in the final selection process for open leadership positions.
- Leadership development programs.
- Bias training of managers: In 2023, we introduced a mandatory training course for people managers, called 'License to Recruit'. In 2023, 25% of our people managers completed the course focused on awareness, bias, and discrimination, which was finalized with a test.
- Adequate policies: In December 2022, we implemented new policies that promote inclusivity, including a global policy for maternity leave and a policy for employees undertaking fertility treatment.

In 2023, we see an increase in satisfaction and motivation among female employees compared with the year before, from index point 75 to 78. The satisfaction and motivation of male employees is indexed at 75. In the

survey question called 'I feel valued at FOSS', we also observe a positive difference for women. This question ranks at index point 81 for women and 77 for men.

Recruiting great talent

We are committed to ensuring equal treatment in terms of recruitment, advancement, job training, and salary to all employees and job candidates. To strengthen diversity, we encourage job applicants to exclude photos or age in their applications. This helps us sustain an unbiased recruitment process. We also prioritize gender-neutral and inclusive language in our job ads.

A great place to work

In 2023, our CEO and SVP of HR hosted a series of lunches at FOSS Innovation Center to gain insight into what constitutes a great workplace. Lunches have been held with different employee groups such as female employees, late-career employees (+60 years), younger employees (up to 33 years), and foreign employees. There has been a high interest in participating in the lunches and many relevant ideas have been brought forward.

FOSS is a multicultural company with 55 nationalities working together around the world. In Denmark, 42 nationalities are represented and 12% of the total workforce holds a non-Scandinavian passport.



Social data FOSS A/S - Parent	Share of the underrepresented gender		Target for the share of the underrepresented gender
	2023	2022	Target
Gender diversity in the Board of Directors (% women)	20% (1/5)	17% (1/6)	Min. 33% by 2026
Gender diversity in top executive positions (% women)	0% (0/2)	0% (0/2)	Not required*

* According to the Danish Financial Statements Act, section 99(b), companies with 2 or fewer executive employees at the company's other management levels are exempt from the requirement to set targets for the underrepresented gender in those levels.

Employees

We want our employees to achieve their ambitions within the company.

We have developed tailored leadership programs that provide opportunities for employees with leadership aspirations and potential.

'Leadership Aspire' is tailored to the specific development needs of each candidate. The purpose is to gain insight into individual strengths, development areas, and potential blind spots. The course runs annually and clarifies the motivation for moving into leadership and develops the participants' skills in preparation for their first people manager position.

'Leadership LEAP' is designed specifically for people managers with director or vice president potential. The purpose is to assess the candidates' readiness for the next level of leadership. The participants are trained to maximize their leadership strengths and develop areas where further support is needed.

Our goal is to recruit $\geq 50\%$ of leadership positions internally. In 2023, 54% of our vacant leadership positions were filled by internal candidates.

In addition to leadership programs our employees are invited for annual development reviews. In 2023, 92% of the total workforce across all locations received performance and career development reviews. The target is 100%.

Employee engagement

All employees in our global workforce are invited to take part in an annual employee engagement survey (EES) with a focus on satisfaction and motivation. The purpose of the survey is to gather feedback and insights about management, development opportunities and workplace issues. Our target is to reach a score of ≥ 77 in 2024.

In 2023, FOSS remained above the industry benchmark with a score of 76 based on a 96% response rate. The result has increased with one index point since 2022 and shows a strong engagement.

Education

We have a huge responsibility to motivate the next generation of scientists and engineers and we believe that curiosity is the spark that ignites the passion for Science, Technology, Engineering & Mathematics (STEM) subjects.

In 2023, we invited 75 students from our local community to participate in our annual FOSS Science Day at FOSS Innovation Center, tailored for 8th and 9th grade students.

Five different workshops provided hands-on experience with programming, model building, and food analysis as well as insight into the advanced technology used in our food analysis instruments. Our goal is for visiting students to understand the impact of STEM subjects on innovation and progress in our world.

54%

of all vacant leadership positions were filled by internal candidates.



75

students participated in FOSS Science Day.



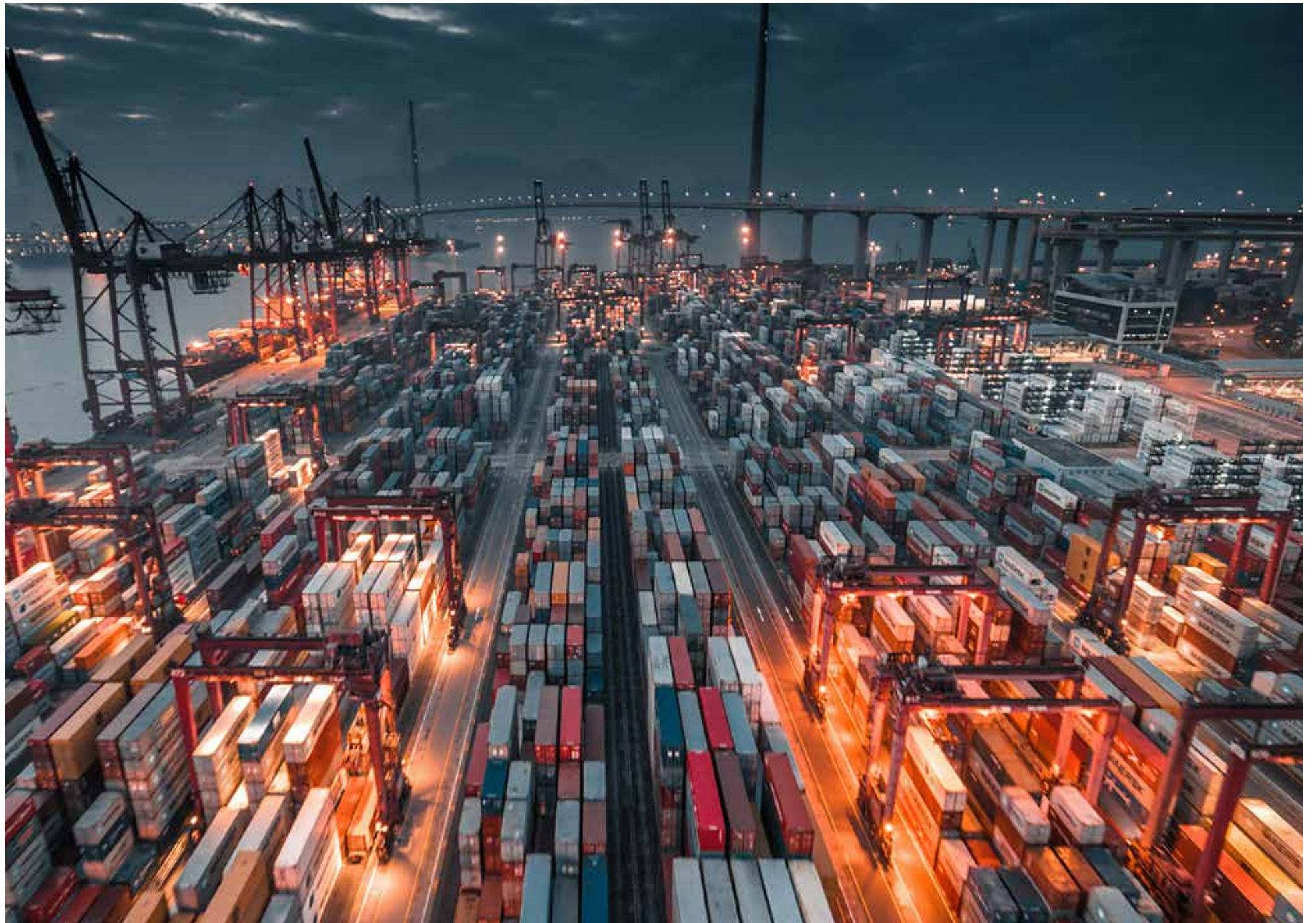
96%

of all employees surved a 76 Employee Engagement Score.

Innovating for Responsible practices

INNOVATING FOR RESPONSIBLE PRACTICES IS THE THIRD PILLAR IN OUR SUSTAINABILITY FRAMEWORK INCLUDING BUSINESS ETHICS AND OUR SUPPLIERS. THIS PILLAR SUPPORTS FIVE OF THE SDG'S.





Governance

We are dedicated to conducting our operations with a keen focus on financial, environmental, and social responsibility. To fulfill this commitment and seamlessly integrate sustainability considerations into FOSS' strategy and operational framework, ESG principles are entrenched and deliberated upon within pertinent governance bodies throughout the organization.

Our ESG Governance framework encompasses the oversight and counsel of both the Board of Directors and the Board Committees regarding ESG matters. These include pivotal aspects such as strategic direction and ambition levels, as determined by Corporate Management. Their oversight extends to the endorsement of our ESG policies, initiatives, reporting, and other pertinent aspects.

Operational decisions are centralized at the executive level in the Compliance Committee, which reports directly to Corporate Management. This committee comprises key figures including our Chief Financial Officer, Senior Vice President for Research & Development, Senior Vice President for Production & Supply Chain, and Senior Vice President for Human Resources and Sustainability

Backed by the supportive infrastructure of underlying groups, the Compliance Committee offers insightful guidance on the implementation of initiatives pertaining to our social and environmental initiatives.

BOARD OF DIRECTORS

Approves the Annual Report.

FOSS CORPORATE MANAGEMENT

Approves relevant sustainability policies.

Approves sustainability initiatives (ATES, solar panels).

Approves sustainability prioritization according to materiality.

COMPLIANCE COMMITTEE

Oversees priorities in compliance, quality, and health and safety.

Reviews and reports on risks to Corporate Management.

Board of Directors

FOSS is a 100% family-owned company.

The company's board of directors consists of both FOSS family members, specially appointed business professionals and employee representatives.

The latter are elected for a 4-year period. Other members are elected for 1 year at a time at the yearly general meeting. The board chooses its own chairman and deputy chairman.



PETER FOSS

Chairman. Born 1956.
Former CEO, FOSS.



MIKAEL LINDHOLM

Independent board member. Born 1974.
Chief Operating Officer, ChargeNode.



PETER KÜRSTEIN

Deputy chairman. Independent. Born 1956.
Chairman, Ferrosan Medical Devices.
Board member, Bavarian Nordic.



ANJA ZOEGA WILLUMSEN

Employee-elected member. Born 1970.
Senior Launch Manager, Marketing.



NILS CHRISTIAN FOSS

Board member. Born 1961.
Business Angel, Private Equity Professional.



KARINA NØRGAARD GADEGAARD

Employee-elected member. Born 1972.
Logistic Development Manager.



PERNILLE FOSS

Board member. Born 1953.
Founding Partner, Human Practice Foundation.
Investor, Miild, KRING



KRISTIAN WEBER

Employee-elected member. Born 1986.
Chemical & Materials Compliance Specialist.

Business ethics

We are committed to conducting our business activities lawfully, and in a manner that is consistent with our ethical obligation to drive continuous improvement.

The FOSS Blue Book contains our mission statement and company values and is the compass that binds FOSS employees together across business units and geographies.

It states the importance of upholding the highest ethical standards across all our business operations. It states the expectation that all employees, suppliers, and business partners share this commitment.

Managing risks in a global setting

In 2023, we updated our Sustainability Policy, adding new commitments on anti-competitive practices and money laundering.

We have specific procedures in place for reviewing risks associated with business ethics. The procedures gave us the full picture of these risks, in terms of scale and impact, and cover topics such as compliance with the law, anti-corruption, fraud, bribery, conflict of interests, money laundering, anti-competitive practices, and responsible management of information.

We never compromise on business ethics and always strive to reduce any ethical risks in our business activities. Due to the frequent direct engagement with customers, our sales, service, and sourcing functions have been identified as holding the highest potential risk in terms of business ethics.

Taking preventive actions

We believe that senior management are role models and thereby the key to ensuring business ethics. Hence, in countries with a score below 50 on the annual Transparency International, Corruption Perception Index, the process of recruiting for senior management positions requires a background check on the final candidate.

- All FOSS employees must complete the business ethics e-learning every second year.
- New employees must complete the training within the first 3 months of employment.

Controlling of accounting and purchasing

All subsidiaries submit a monthly report with financial statements. Based on this report, our Finance department reviews all accounts to identify amounts that could be considered outliers. Suspicious outliers are investigated.

Furthermore, an automated SAP report, known as the DARI (Deloitte Access Risk Intelligence) report, runs every month to control the segregation of duty in SAP. The report correlates all transactions and classifies them as high or low risk. All high-risk transactions are reviewed and investigated.

Every quarter, a desktop review is conducted of all subsidiaries where processes and control measures are checked and validated.

FOSS is audited annually by our external auditor. The double approval principle is implemented for all costs.

Data Ethics Policy

We value the trust that our customers place in us as custodians of their data. We take our responsibility to protect and secure information seriously and strive for complete transparency around our security practices. We adhere to the General Data Protection Regulative (GDPR) and other applicable laws concerning data privacy, data protection and data security.

Our data ethics policy concerns the responsible use of data and new technologies, complementing the principles of transparency, data minimization, integrity and confidentiality stated in the FOSS Global Data Protection Policy. This policy covers four key data ethics principles and applies to the FOSS Group.

FOSS has been ISO27001 certified since 2019 and successfully passed a follow-up audit, reaffirming our commitment to continuous improvement in May, 2023. This certification provides a strong foundation for FOSS' security practices.

ISO27001

Was recertified for the fourth continuous year.



Responsible suppliers

We are committed to ensure that our suppliers have appropriate measures in place to address the environmental, ethical, and social risks.

The FOSS Supplier Code of Conduct provides information on our requirements regarding our suppliers. The FOSS Supplier Code of Conduct is based on the FOSS Sustainability Policy, and the FOSS values, and aligns with the Ten Principles of the UN Global Compact. The FOSS Supplier Code of Conduct binds us together across geographies and applies to all suppliers and business partners globally. We will continuously evaluate our suppliers to ensure they meet our high standards. In 2023, we implemented a new policy and procedure to strengthen our engagement in ensuring a responsible supply chain.

100% of our suppliers sign onto the FOSS Supplier Code of Conduct.

Supplier collaboration

FOSS verifies the identity of both customers and suppliers before establishing a business relationship. All new suppliers or suppliers with whom FOSS is about to renew an existing supplier agreement are screened according to our Supplier Code of Conduct, membership of the UN Global Compact, or commitment to the Ten Principles of the UN Global Compact.

This screening is part of our mandatory pre-evaluation CSR questionnaire. This addresses issues, like business ethics, labor and human rights, environment, health and safety, product safety, and quality. Existing direct

suppliers are reviewed annually based on corporate social responsibility issues and audited on a prioritized basis. FOSS ensures regular monitoring and auditing of suppliers to ensure ongoing compliance with FOSS sustainability practices, and standards.

Conflict minerals

FOSS supports the goals of the Organization for Economic Co-operation and Development (OECD) to avoid and eliminate the use of raw materials, that directly or indirectly finance or benefit armed groups in conflict-affected and high-risk areas.

FOSS does not source minerals directly. However, FOSS does source parts like print circuit boards from suppliers that may contain small amounts of minerals, e.g., tin, tantalum, tungsten, and gold. We therefore take continuous actions to ensure that all our suppliers provide information on conflict minerals. In total, our electronic suppliers constitute 18% of our total suppliers, of which only 2% supply print circuit boards. These suppliers are based in Denmark and Thailand and have both confirmed the absence of conflict minerals in the parts FOSS source.

As of December 2023, 98.5% of all our suppliers have provided information on conflict minerals.

The FOSS supply chain consists of approximately 500 suppliers across 9 subcategories and 30 countries around the world.

100%

*of all suppliers sign
onto the FOSS Supplier
Code of Conduct.*



ESG Data

	Unit	2023	2022
Environmental data			
Total amount of energy	MWh	601,459	640,140
Electricity	MWh	3,931	4,336
District heating	MWh	9,017	5,277
Other fuels incl car fleet	MWh	587,236	629,231
Natural gas	MWh	1,276	1,296
Renewable energy produced	MWh	157	95
Total waste generated*	Tons	289	306
Hazardous waste*	Tons	60	38
Non-hazardous waste*	Tons	229	268
Water consumption*	m ³	10,382	9,617
Social data			
Employee engagement score	Score	76	75
Engagement survey participation rate	%	96	95
Voluntary employee turnover (based on headcount)	%	9.5	11.6
Leadership positions filled with internal candidates	%	54	58
Performance and career development reviews	%	92	92
Lost time injury (LTI) frequency rate for direct workforce	Rate	71.6	-
Lost time injury (LTI) severity rate for direct workforce	Rate	3.5	-
Gender diversity in the company (% women)	%	32	32
Gender diversity in management positions (% women)	%	21	25
Gender diversity in top executive positions (% women)	%	11	11
Gender diversity in the Board of Directors (% women)	%	20	17
Governance data			
Suppliers signed the FOSS supplier code of conduct	%	100	100

*Covering FOSS Innovation Centre and FOSS Production in Hillerød, Denmark; Soft Flow in Pécs, Hungary; and FOSS Production hub in Suzhou, China.



Financials



CONSOLIDATED FINANCIAL STATEMENTS
PARENT COMPANY FINANCIAL STATEMENTS



Group

INCOME STATEMENT - GROUP

DKK million	Notes	2023	2022
Revenue	1	2,437	2,438
Change in inventories of finished goods and work in progress		-24	59
Other operating income		16	4
Other operating expenses		-4	-16
Cost of raw materials and consumables		-537	-693
Other external expenses		-351	-351
Gross profit		1,537	1,441
Staff costs	2	-937	-893
Earnings before depreciation and interest		600	548
Depreciation, amortization and impairment losses	3	-30	-47
Operating profit		570	501
Other financial income	4	19	13
Other financial expenses	5	-45	-28
Profit from ordinary activities before tax		544	486
Tax on profit for the year	6	-124	-115
Profit before minority share		420	371
Minority interests after tax		-	1
Profit for the year		420	372

BALANCE SHEET - GROUP

DKK million	Notes	2023	2022
Assets			
Goodwill		6	4
Software and patents		6	8
Intangible assets	7	12	12
Land and buildings		403	336
Plant and machinery		6	5
Other fixtures, fittings, tools and equipment		40	33
Leasehold improvements		5	4
Tangible assets	8	454	378
Fixed assets		466	390
Inventories	9	377	435
Trade receivables		518	458
Other short-term receivables	10	51	55
Income tax receivable		17	17
Deferred tax asset	6, 11	65	74
Prepayments	12	14	22
Receivables		665	626
Cash and cash equivalents		326	430
Current assets		1,368	1,491
Assets		1,834	1,881

DKK million	Notes	2023	2022
Liabilities			
Contributed capital	13	98	98
Retained earnings		258	273
Proposed dividend		425	425
Minority interests		-	-2
Equity		781	794
Provision for deferred tax	6, 14	27	21
Other provisions	15	40	42
Provisions		67	63
Non-current liabilities other than provisions	16	9	4
Prepayments received from customers		53	61
Trade payables		153	149
Payables to parent company		297	345
Income tax payable		109	106
Other payables		179	189
Deferred income	17	186	171
Current liabilities other than provisions		977	1,021
Liabilities other than provisions		986	1,025
Equity and liabilities		1,834	1,881

Other adjustments	18
Contingent assets and liabilities	19
Fee to auditors appointed at the annual general meeting	20
Related parties	21
Ownership	22
Subsequent events	23

STATEMENT OF CHANGES IN EQUITY - GROUP

Changes in equity 2023	Contributed capital DKK million	Retained earnings DKK million	Proposed dividend DKK million	Total DKK million	Minority interests DKK million	Total DKK million
Equity beginning of year	98	273	425	796	-2	794
Ordinary dividend paid	-	-	-425	-425	-	-425
Exchange rate adjustments	-	-10	-	-10	-	-10
Other adjustments	-	-	-	-	2	2
Profit for the year	-	-5	425	420	-	420
Equity end of year	98	258	425	781	-	781

Changes in equity 2022	Contributed capital DKK million	Retained earnings DKK million	Proposed dividend DKK million	Total DKK million	Minority interests DKK million	Total DKK million
Equity beginning of year	98	340	425	863	-2	861
Ordinary dividend paid	-	-	-425	-425	-	-425
Exchange rate adjustments	-	-14	-	-14	-	-14
Other adjustments	-	-	-	-	-	-
Profit for the year	-	-53	425	372	-	372
Equity end of year	98	273	425	796	-2	795

CONSOLIDATED CASH FLOW STATEMENT - GROUP

DKK million	Notes	2023	2022
Operating profit		570	501
Depreciation, amortization and impairment losses		30	47
Other adjustments	18	4	-21
Cash flows from operating activities before changes in working capital		604	527
Change in inventories		57	-104
Change in trade receivables and other receivables		-49	-4
Change in trade payables and other debt		-	48
Exchange rate adjustments		-9	-3
Change in working capital		-1	-63
Cash flows from operating activities before financial income and expenses and tax		603	464
Net financial items received / paid		-27	-16
Income taxes refunded / paid		-97	-123
Cash flows from operating activities		479	325
Acquisition, sales of intangible and tangible assets, net		-108	-33
Cash flows from investing activities		-108	-33
Cash flows from operating and investing activities		371	292
Loan to Parent Company		-48	311
Dividend paid		-425	-425
Cash flows from financing activities		-473	-114
Increase / decrease in cash and cash equivalents		-102	178
Cash and Cash equivalents beginning of year		430	253
Currency translation adjustments of cash and cash equivalents		-2	-1
Cash and Cash equivalents end of year		326	430

NOTES TO THE ANNUAL REPORT - GROUP

1. Revenue	2023 DKK million	2022 DKK million
Geographical markets		
EU countries	945	929
Other countries	1,492	1,509
	2,437	2,438

The Group, pursuant to section 96 (1) of the Danish Financial statements Act, chooses not to disclose these segments further.

2. Staff costs		
Wages and salaries	821	784
Pensions	30	26
Other social security expenses	86	83
	937	893
Hereof salaries and wages for Executive Board and Board of Directors		
Executive Board	8	16
Board of Directors	3	3
	11	19

Remuneration to registered members of the executive board consist of salary and bonus from parent company as well as subsidiaries. Furthermore, car has been provided for the Executive Board's free disposal.

	Employees	Employees
Average number of employees	1,617	1,602

3. Depreciation, amortization and impairment losses	2023 DKK million	2022 DKK million
Goodwill	4	3
Software and patents	6	8
Land and Buildings	17	16
Plant and Machinery	3	3
Other fixtures, fittings, tools and equipment	18	19
Leasehold improvements	1	1
Losses and gains from the sale of intangible and tangible assets	-17	-
	32	50
Transferred to raw materials and consumables	-2	-3
	30	47

4. Other financial income		
Interest received	10	2
Exchange rate adjustment	9	11
	19	13

5. Other financial expenses		
Interest paid	-8	2
Interest paid to affiliated companies	12	1
Exchange rate adjustment	38	25
Other financial expenses	3	-
	45	28

	2023 DKK million	2022 DKK million
6. Tax on profit for the year		
Corporation tax for the year	100	107
Changes in deferred tax for the year	25	-4
Adjustments to previous years	-2	11
Dividend tax paid abroad	1	1
Tax for the year	124	115
Deferred tax assets		
Deferred tax beginning of the year	74	66
Adjustments in Profit & Loss	-4	6
Adjustments in Equity	-4	2
Currency adjustments	-1	-
Deferred tax assets end of year	65	74
Provisions for deferred tax		
Provisions for deferred tax beginning of the year	21	16
Adjustments in Profit & Loss	6	5
Provisions for deferred tax end of year	27	21

	Goodwill DKK million	Software and Patents DKK million
7. Intangible Assets		
2023		
Cost beginning of year	26	92
Additions for the year	6	4
Cost end of year	32	96
Amortization and impairment losses beginning of year	22	84
Amortization for the year	4	6
Amortization and impairment losses end of year	26	90
Carrying amount end of year	6	6

NOTES TO THE ANNUAL REPORT - GROUP

8. Tangible Assets	Land and buildings DKK million	Plant and machinery DKK million	Other fixtures, fittings, tools and equipment DKK million	Leasehold improvements DKK million
2023				
Cost beginning of year	540	45	220	16
Exchange adjustment	1	-	-	-
Additions for the year	85	4	31	1
Disposals for the year	-13	-	-11	-
Transfers	-	-	-1	-
Cost end of year	613	49	239	17
Depreciation beginning of year	204	40	187	12
Depreciation for the year	17	3	18	1
Depreciation of sold assets for the year	-11	-	-6	-
Depreciation end of year	210	43	199	12
Carrying amount end of year	403	6	40	5

Investments in land and buildings are located in Denmark and Hungary

9. Inventories	2023	2022
	DKK million	DKK million
Raw materials and consumables	126	159
Work in progress	70	72
Manufactured goods and goods for resale	181	204
	377	435

10. Other short-term receivables

Deposits	12	10
Leasing receivables	-	9
Other receivables	39	36
	51	55

11. Deferred tax assets

Fixed Assets	-	3
Inventories	49	50
Provisions	6	9
Prepayments and accruals	10	12
	65	74

12. Prepayments

Other prepayments	14	22
	14	22

Prepayments consist of prepaid costs relating to rent, insurance premiums, subscriptions and tenants.

13. Contributed Capital	2023	2022
	DKK million	DKK million
Contributed capital is composed as follows:		
A-shares:		
2,208 units of DKK 500		
90 units of DKK 1,000		
151 units of DKK 2,000		
3,126 units of DKK 4,000	14	14
B-shares:		
1,616 units of DKK 500		
500 units of DKK 1,000		
702 units of DKK 2,000		
20,322 units of DKK 4,000	84	84
	98	98

There has not been any capital changes the last 5 years.

14. Provisions for deferred tax

Fixed assets	28	11
Inventories	5	6
Provisions	-6	4
	27	21

15. Other provisions

Provisions for pensions etc.	22	23
Provisions for warranty	18	19
	40	42

Provision for restructuring relates to severance pay, expenses for closing of site and settlement of other obligations.

16. Non-current liabilities other than provisions

All long-term debt falls due between 1 and 5 years	9	4
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NOTES TO THE ANNUAL REPORT - GROUP

	2023 DKK million	2022 DKK million
17. Deferred income		
Service contracts	186	171
	186	171
18. Other adjustments		
Change in other provisions	-2	-1
Exchange adjustments	1	-5
Change in long-term debt	5	-15
	4	-21
19. Contingent assets and liabilities		
Contingent assets		
Value of non-recognized tax losses carried forward	10	8
	10	8
Contingent liabilities		
Leases related to offices	12	6
Other lease commitments	26	32
Securities and guarantees	2	2
	40	40
Guarantees etc.:		
Purchase obligations for long-term delivery from suppliers do not exceed	115	158
Security concerning credit cards	2	2

The parent company and its Danish subsidiaries are a part of a Danish joint taxation of which N. Foss & Co. A/S is the administrative entity. From July 1st, 2012 the company is liable for potential obligations for withholding taxes on interest, royalties and dividends and from January 1st, 2013 for company taxes within the joint taxation according to the company taxation law.

The parent company has issued guarantees to a number of subsidiaries.

	2023 DKK million	2022 DKK million
20. Fee to auditors appointed at the annual general meeting		
Fee for statutory audit	3	2
Tax advice	2	1
Other services	1	1
	6	4

21. Related parties

N. Foss & Co. A/S is a related party and has a controlling interest in the company.

Transactions with related parties are based on market price (arm's length).

22. Ownership

All shares are owned by:

N. Foss & Co. A/S, Hillerød, Denmark.

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 statements of N. Foss & Co. A/S.

23. Subsequent events

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

Parent

INCOME STATEMENT - PARENT

DKK million	Notes	2023	2022
Other operating income		44	43
Other external expenses		-43	-45
Gross profit		1	-2
Staff costs	1	-25	-27
Earnings before depreciation and interest		-24	-29
Depreciation, amortization and impairment losses	2	-17	-17
Operating profit		-41	-46
Income from investments in group enterprises after tax	3	448	404
Other financial income	4	23	7
Other financial expenses	5	-17	-1
Profit from ordinary activities before tax		413	364
Tax on profit for the year	6	7	8
Profit for the year	7	420	372

BALANCE SHEET - PARENT

DKK million	Notes	2023	2022
Assets			
Software and patents		-	-
Intangible assets	8	-	-
Land and buildings		364	296
Other fixtures, fittings, tools and equipment		1	3
Tangible assets	9	365	299
Investments in group enterprises	10	632	574
Fixed asset investments		632	574
Fixed assets		997	873
Receivables from group enterprises		50	65
Other short-term receivables	11	3	4
Income tax receivable		6	10
Prepayments		-	6
Receivables		59	85
Cash and cash equivalents		184	318
Current assets		243	403
Assets		1,240	1,276

DKK million	Notes	2023	2022
Liabilities			
Contributed capital	12	98	98
Reserve for net revaluation according to the equity method		82	76
Retained earnings		176	197
Proposed dividend		425	425
Equity		781	796
Provision for deferred tax	6, 13	8	9
Other provisions	14	51	32
Provisions		59	41
Non-current liabilities other than provisions	15	3	-
Trade payables		11	5
Payables to group enterprises		74	87
Payables to parent company		306	341
Other payables		6	6
Current liabilities other than provisions		397	439
Liabilities other than provisions		400	439
Equity and liabilities		1,240	1,276

Contingent assets and liabilities	16
Related parties	17
Ownership	18
Subsequent events	19

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY

Changes in equity 2023	Contributed capital DKK million	Reserve for net revaluation according to the equity method DKK million	Retained earnings DKK million	Proposed dividend DKK million	Total DKK million
Equity beginning of year	98	76	197	425	796
Ordinary dividend paid	-	-	-	-425	-425
Dividend received from subsidiaries	-	-432	432	-	-
Exchange rate adjustments	-	-10	-	-	-10
Profit for the year	-	448	-453	425	420
Equity end of year	98	82	176	425	781

Changes in equity 2022	Contributed capital DKK million	Reserve for net revaluation according to the equity method DKK million	Retained earnings DKK million	Proposed dividend DKK million	Total DKK million
Equity beginning of year	98	151	189	425	863
Ordinary dividend paid	-	-	-	-425	-425
Dividend received from subsidiaries	-	-466	466	-	-
Exchange rate adjustments	-	-13	-	-	-13
Profit for the year	-	404	-457	425	372
Equity end of year	98	76	197	425	796

	2023 DKK million	2022 DKK million
1. Staff costs		
Wages and salaries	25	27
	25	27
Hereof salaries and wages for Executive Board and Board of Directors		
Executive Board	4	8
Board of Directors	3	3
	7	10
Remuneration to registered members of the executive board consist of salary and bonus from parent company as well as subsidiaries. Furthermore, car has been provided for the Executive Board's free disposal.		
Average number of employees	20	24
2. Depreciation, amortization and impairment losses		
Land and Buildings	15	15
Other fixtures, fittings, tools and equipment	2	2
	17	17
3. Income from investments in group enterprises after tax		
Share of earnings from subsidiaries	442	432
Change of internal profit on inventories inside the group	6	-28
	448	404
4. Other financial income		
Interest received	7	1
Interest received from affiliated companies	16	4
Exchange rate adjustment	-	2
	23	7

	2023 DKK million	2022 DKK million
5. Other financial expenses		
Interest paid to affiliated companies	16	1
Exchange rate adjustment	1	-
	17	1

	2023	2022
6. Tax on profit for the year		
Corporation tax for the year	-6	-9
Changes in deferred tax for the year	-1	1
Tax for the year	-7	-8
Provisions for deferred tax		
Provisions for deferred tax beginning of the year	9	8
Adjustments in Profit & Loss	-1	1
Provisions for deferred tax end of year	8	9

	2023	2022
7. Proposed distribution of profit		
Proposed dividend for the financial year	425	425
Reserve for net revaluation according to the equity method	448	404
Retained earnings	-453	-457
	420	372

	Software and Patents DKK million
8. Intangible Assets	
2023	
Cost beginning of year	22
Cost end of year	22
Amortization beginning of year	22
Amortization end of year	22
Carrying amount end of year	-

9. Tangible Assets	Land and buildings DKK million	Other fixtures, fittings, tools and equipment DKK million
2023		
Cost beginning of year	398	31
Additions for the year	83	-
Cost end of year	481	31
Depreciation beginning of year	102	28
Depreciation for the year	15	2
Depreciation end of year	117	30
Carrying amount end of year	364	1

Investments in land and buildings are located in Denmark and Hungary

10. Investments in group enterprises	2023 DKK million	2022 DKK million
Cost beginning of year	449	449
Additions for the year	33	-
Cost end of year	482	449
Net revaluations beginning of year	77	152
Exchange rate adjustment	-10	-13
Dividend received	-433	-466
Amortization on goodwill	-4	-3
Change in internal profit on inventory	6	-
Profit for the year	448	407
Net revaluations end of year	84	77
Set of against receivables	16	16
Transferred to provisions for negative investments in group enterprises	51	32
Carrying amount end of year	632	574
Goodwill included in the above amounts to	6	4

10. Investments in group enterprises, continued

Shares in subsidiaries:	Country	Ownership	Share capital
FOSS Analytical A/S	Denmark	100%	MDKK 20,5
SOFT FLOW Kft.	Hungary	100%	MHUF 4,020
FOSS Ejendomme SLG A/S	Denmark	100%	TDKK 1,000
FOSS Holding AB	Sweden	100%	TSEK 250
FOSS Analytical AB	Sweden	100%	TSEK 3,000
FOSS Sverige AB	Sweden	100%	TSEK 3,000
FOSS S.A	Argentina	10%	TARS 6,837
FOSS Analytical Co. Ltd.	China	100%	TCNY 11,141
FOSS Electric Holding Inc.	USA	100%	TUSD 7,000
FOSS MD Inc.	USA	100%	TUSD 23,327
FOSS North America Inc.	USA	100%	TUSD 1,750
FOSS Benelux B.V.	Netherlands	100%	TEUR 18
FOSS Benelux N.V.	Belgium	100%	TEUR 62
FOSS Centro America S.A. de C.V.	Mexico	100%	TMXN 50
FOSS (Beijing) Science Technology and Trading Co., Ltd.	China	100%	TCNY 4,483
FOSS Iberia S.A.	Spain	100%	TEUR 150
FOSS af 24. august 1998 ApS	Denmark	100%	TDKK 335
FOSS Electric LLC	Russia	100%	TRUB 562
FOSS S.A	Argentina	90%	TARS 6,900
FOSS do Brasil Instrumentos Analíticos e Solucoes Dedicadas Ltda.	Brazil	100%	TBR1 1,053
FOSS France SAS	France	100%	TEUR 280
FOSS GmbH	Germany	100%	TEUR 1,600
FOSS India Private Limited	India	100%	TINR 17,900
FOSS Ireland Ltd.	Ireland	100%	TEUR 58
FOSS Italia S.L.R.	Italy	100%	TEUR 520
FOSS Japan Ltd.	Japan	100%	TJPY 80,000
FOSS Korea Ltd.	Republic of Korea	100%	MKRW 1,200
FOSS Nordic A/S	Denmark	100%	TDKK 3,000
FOSS Pacific Pty Ltd	Australia	100%	TAUD 2,000
FOSS Pacific (NZ) Ltd	New Zealand	100%	TNZD 0
FOSS Peru Soluciones SAC	Peru	100%	TPEN 0.5
FOSS Polska Sp. z o.o.	Poland	100%	TPLN 1,200
FOSS Servicios S.A. de C.V.	Mexico	100%	TMXN 50
FOSS South East Asia Co., Ltd.	Thailand	100%	TTHB 26,540
FOSS UK Ltd.	United Kingdom	100%	TGBP 1,225
FOSS VIETNAM JSC.	Vietnam	100%	MVND 12,000

	2023 DKK million	2022 DKK million
11. Other short-term receivables		
Other receivables	3	4
	3	4

12. Contributed capital

Contributed capital is composed as follows:

A-shares:		
2,208 units of DKK 500		
90 units of DKK 1,000		
151 units of DKK 2,000		
3,126 units of DKK 4,000		
	14	14
B-shares:		
1,616 units of DKK 500		
500 units of DKK 1,000		
702 units of DKK 2,000		
20,322 units of DKK 4,000		
	84	84
	98	98

There has not been any capital changes the last 5 years.

13. Provisions for deferred tax

Fixed assets	8	9
	8	9

14. Other provision

Provisions for negative investments in group enterprises	51	32
	51	32

Provision for restructuring relates to severance pay, expenses for closing of site and settlement of other obligations.

15. Non-current liabilities other than provisions

All long-term debt falls due between 1 and 5 years	3	-
--	---	---

	2023 DKK million	2022 DKK million
16. Contingent assets and liabilities		
Contingent liabilities		
Other lease commitments	0	1
	0	1

The parent company and its Danish subsidiaries are a part of a Danish joint taxation of which N. Foss & Co. A/S is the administrative entity. From July 1st, 2012 the company is liable for potential obligations for withholding taxes on interest, royalties and dividends and from January 1st, 2013 for company taxes within the joint taxation according to the company taxation law.

The parent company has issued guarantees to a number of subsidiaries.

17. Related parties

N. Foss & Co. A/S is a related party and has a controlling interest in the company.

Transactions with related parties are based on market price (arm's length).

18. Ownership

All shares are owned by:

N. Foss & Co. A/S, Hillerød, Denmark.

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 statements of N. Foss & Co. A/S.

19. Subsequent events

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

Accounting principles

Basis of preparation

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies for these financial statements are consistent with those applied last year.

The annual report is prepared in DKK million.

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 Group, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Group 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 Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected 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.

Consolidated financial statements

The consolidated financial statements comprise FOSS A/S (Parent) and the group enterprises (subsidiaries) that are

controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates. Companies in which FOSS A/S does not have determining influence but owns 50% are prorated line by line consolidated.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of FOSS A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognized in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortized goodwill and estimated divestment or winding-up expenses.

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 differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognizing foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at

fair value. Derivative financial instruments are recognized under prepayments or deferred income.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly in equity. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and measured at fair value of the consideration fixed.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature viewed in relation to

the Group's primary activities, including subsidies, rental income, license income, etc.

Cost of raw materials and consumables

Cost of raw materials and consumables comprise of expenses that supports the revenue of the financial year. Included is the cost of goods sold for the financial year measured at cost price and adjusted for obsolescence.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs, costs of development projects that do not meet the criteria for recognition in the balance sheet. In addition, provisions for loss on contract work in progress are recognized.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions etc for the Company's staff.

Other financial income and expenses

These items comprise interest income and expenses, realized and unrealized capital gains and losses on securities, payables and transactions in foreign currencies as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

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, adjusted for prepaid tax.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognized in the income statement.

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.

The Company is part of a Danish joint taxation of which N. Foss & Co. A/S is the administrative entity. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognized based on a specific assessment of the purpose of the individual subsidiary.

Balance sheet

Goodwill and goodwill on consolidation

Goodwill is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The period of amortization is usually five years; however, it may be up to 10 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortization is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Other intangible assets

Other intangible assets comprise acquired intellectual property rights.

Acquired intellectual property rights in the form of patents and licenses are measured at cost less accumulated amortization and impairment losses. Patents are amortized over their remaining duration, and licenses are amortized over the term of the agreement, but over no more than 3 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognized in the income statement as an adjustment to amortization and impairment losses, or under other operating income if the selling price exceeds original cost.

Property, plant and equipment

Land and buildings, plant and machinery as well as other

fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-25 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	through the rental period

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognized in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognized and measured under the equity method. This means that 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 Parent's share of the enterprises' profits or losses after elimination of un-realized intra-group profits and losses and less or plus amortization of positive, or negative, goodwill is recognized in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent'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 Parent 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 subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

The purchase method is applied in the acquisition of investments in subsidiaries and associates; see above description under consolidated financial statements.

Inventories

Inventories are measured at the lower of cost using the FIFO method or net realizable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labor costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labor costs, costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividend

The proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Other provisions comprise anticipated warranty commitments, decided and published restructurings, etc.

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Warranty commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Lease commitments

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise of debt raised and repayments of short- and long-term loans as well as payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Operating profit for the year vs. revenue =	$\frac{\text{Operating Profit} \times 100}{\text{Revenue}}$
Return on Investments =	$\frac{\text{Operating Profit} \times 100}{\text{Total Assets}}$
Solvency ratio =	$\frac{\text{Equity at year end} \times 100}{\text{Total Assets}}$
Return on equity =	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$

ESG Data

Energy

Principle: Total annual consumption of energy in the sum of electricity, district heating, other fuels incl car fleet, natural gas and renewable energy produced.

Electricity

Principle: Total amount of electrical energy in MWh used in the accounting year.

District heating

Principle: Total district heating in centralized heating and hot water in MWh used in the accounting year.

Other fuels incl. car fleet

Principle: The total amount of other fuels including fuel oil, diesel, gasoline, and natural gas used in vehicles directly owned, leased, or rented by FOSS Group in the accounting year. Conversion factors applied for liter fuel oil is 11.17 MWh/L, liter diesel is 0.05 MWh/L, liter gasoline is 0.01 MWh/L, and tons of natural gas is 15.21 MWh/ton.

Natural gas

Principle: The total amount of natural gas used in MWh in the accounting year. The conversion factor for Nm³ of natural gas to MWh is 0.01055.

Renewable electricity produced

Principle: The total amount of electrical energy in MWh produced by renewable sources owned or operated by FOSS in the accounting year.

Waste

Principle: Total annual generation of waste in the sum of hazardous and non-hazardous waste.

Hazardous Waste

Principle: Total annual generation of hazardous waste at our FOSS Innovation center, our two production sites in Denmark and China, and our R&D facility in Hungary.

Non-hazardous Waste

Principle: Total annual generation of non-hazardous waste at our FOSS Innovation center, our two production sites in Denmark and China, and our R&D facility in Hungary.

Water

Principle: Total annual water consumption includes all process -, production -, and tap water at our FOSS Innovation Center, our two production sites in Denmark and China, and our R&D Innovation facility in Hungary.

Employee engagement score

Principle: Weighted average of four questions in the annual engagement survey covering all employees.

Employee survey participation rate

Principle: % of the workforce who has submitted their answer in the engagement survey covering all employees.

Voluntary employee turnover

Principle: The number of voluntary leavers divided by the average headcount.

Leadership positions filled with internal candidates

Principle: Positions with at least three direct reports are categorized as leadership positions.

Performance and career development review

Principle: % of respondents in the engagement survey

who have stated that they have participated in the Annual Review the last 12 months.

Lost time injury (LTI) frequency rate

Principle: Number of lost days due to work-related injuries divided by the total number of workdays multiplied by 1.000.000.

Lost time injury (LTI) severity rate

Principle: Total lost workdays due to work-related injuries divided by the number of work-related injuries resulting in absence.

Gender diversity in the company

Principle: % of females in the workforce (based on headcounts).

Gender diversity in management positions

Principle: % of females in management positions with at least three direct reports (based on headcounts).

Gender diversity in top executive positions

Principle: % of females in the top management team (based on headcounts).

Gender diversity in board of directors

Principle: % of females among the general assembly elected members of the Board of Directors.

Suppliers signed the FOSS Supplier Code of Conduct

Principle: % of suppliers signing onto a contract with FOSS, who sign the FOSS Supplier Code of Conduct.

Reports



MANAGEMENT STATEMENT
INDEPENDENT AUDITORS REPORTS



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 A/S for the financial year January 1st to December 31st, 2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at December 31st, 2023 and of their financial performance as well as the consolidated cash flow for the financial year January 1st to December 31st, 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, March 14th, 2024

EXECUTIVE BOARD

Kim Vejlby Hansen
Chief Executive Officer

BOARD OF DIRECTORS

Peter Alexander Foss
Chairman

Mikael Lindholm

Peter Henrik Kürstein-Jensen
Vice Chairman

Anja Zoega Willumsen

Pernille Foss

Karina Nørgaard Gadegaard

Nils Christian Foss

Kristian Weber Pedersen

Independent Auditor's Report

To the shareholder of FOSS A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of FOSS A/S for the financial year 01.01.2023 – 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 – 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent

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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, March 14th, 2024

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Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

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