

# A brighter tomorrow

**FOSS**

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### About this report

This report summarizes the activities carried out in the fiscal year 2024 (January 1 to December 31, 2024).

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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# Introducing FOSS

**80%**  
of grain traded on the  
world market is analyzed  
with a FOSS solution

- About FOSS
- Business model
- Letter from our Chairman & CEO
- Founding principles
- Strategy
- 2024 at a glance





## ABOUT FOSS

# The leading global provider of analytical solutions



Built on decades of innovation, FOSS delivers cutting-edge analytical solutions to the agri-food industries. Founded in 1956 by Nils Foss, the company remains 100% family-owned and is committed to driving progress in food and agriculture.

FOSS solutions are trusted by companies worldwide, with technologies designed to ensure product quality, fair payment, production efficiency, and waste reduction across various industries. From testing 80% of the world's milk and analyzing 80% of the grain traded globally to supporting over 30,000 laboratories with precise chemical analysis, FOSS plays a pivotal role in critical agri-food sectors.

By empowering our partners to optimize resources and enhance sustainability, FOSS continues to lead the way in creating a more efficient and equitable food system.

**+1,600**  
employees

**55**  
nationalities  
[43 represented  
in Denmark]

**+40,000**  
customers worldwide

**99%**  
revenue outside  
of Denmark

**100%**  
family-owned

**AAA**  
credit rating

## Our 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 our customers to improve quality and optimize food and agricultural production.

## 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.






# Global market leader



 **FOSS INNOVATION CENTER**  
Hillerød, Denmark

 **BIOTECH INNOVATION HUB**  
Pécs, Hungary

 **IT & SOFTWARE HUB**  
Warsaw, Poland

 **PRODUCTION HUB**  
Suzhou, China

 **FOSS SALES & SERVICE SUBSIDIARIES**

- Barcelóna, Spain
- Bangkok, Thailand
- Beijing, China
- Brussels, Belgium
- Buenos Aires, Argentina
- Cambridge, New Zealand
- Hamburg, Germany
- Ho Chi Minh City, Vietnam
- Lima, Peru
- Manchester, UK
- Melbourne, Australia
- Mexico City, Mexico
- Minneapolis, US
- Padova, Italy
- Paris, France
- Pune, India
- San Francisco, US
- Sao Paulo, Brazil
- Seoul, South Korea
- Tokyo, Japan
- Utrecht, Netherlands
- Warsaw, Poland

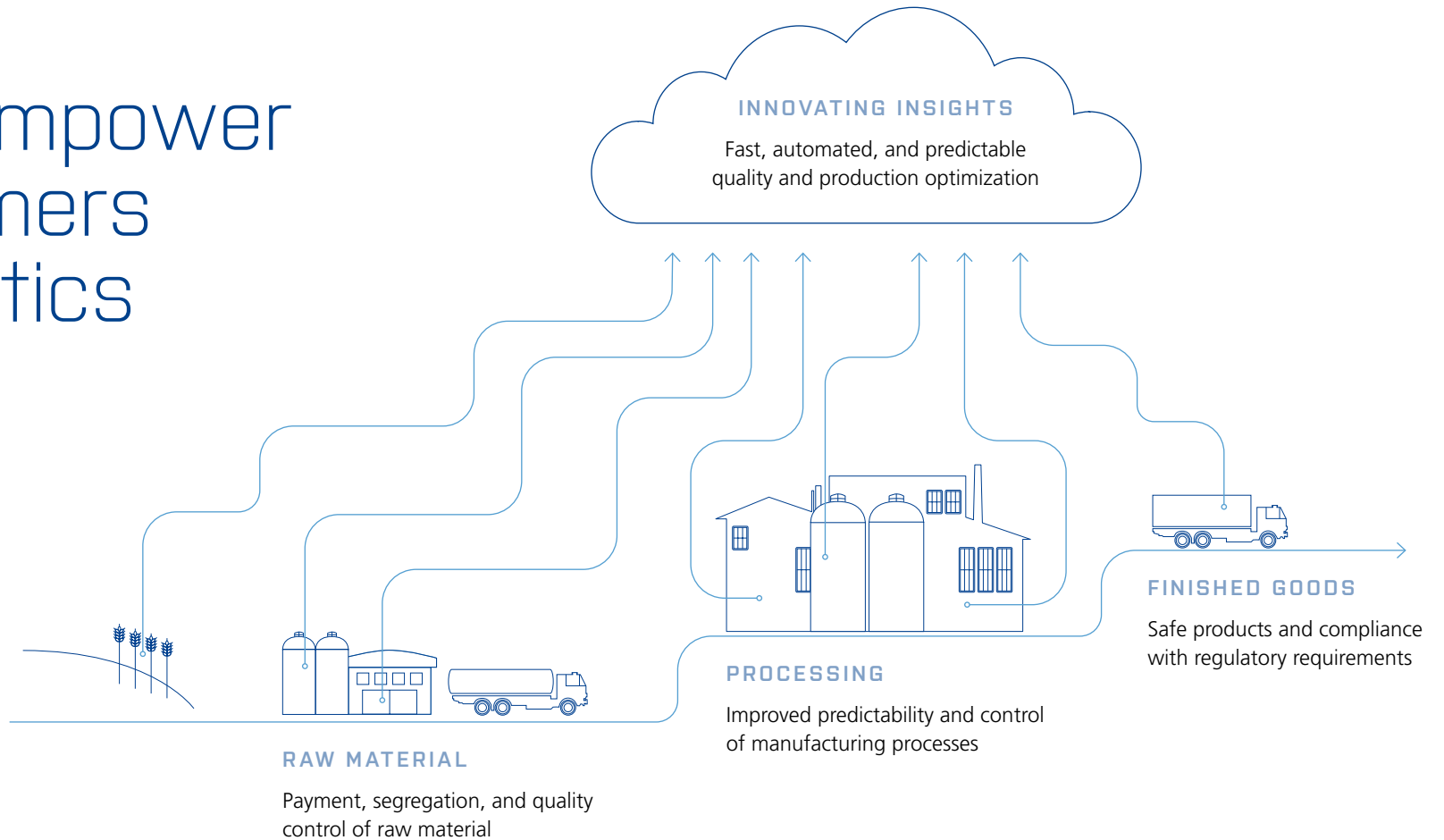
 **DISTRIBUTORS**

**BRANCHES**

- Vienna, Austria
- Brampton, Canada
- Stockholm, Sweden
- Belas, Portugal
- Hong Kong, China

## BUSINESS MODEL

# How we empower our customers with analytics



## PRIMARY INDUSTRIES



DAIRY

GRAIN &  
OILSEEDFEED &  
FORAGE

MEAT

WINE &  
BEER

LABORATORIES





LETTER FROM OUR CHAIRMAN & CEO

# A brighter tomorrow







**2024 has been a remarkable year for FOSS, underscoring the growing demand for our innovative analytical solutions. With our cutting-edge technology, we empower our customers to contribute to a brighter tomorrow.**

#### **Committed to innovate for a better world**

Our world is evolving at an unprecedented pace, presenting us with challenges we have never faced before. By 2050, we must achieve a 60% increase in global food production to meet the demands of a growing population. As the agri-food industry undergoes a transformative revolution focused on resource efficiency, FOSS stands at the forefront, championing the cause of balance. The urgent call for net-zero ambitions, climate change mitigation, and sustainable practices resonates deeply, urging us to discover intelligent, sustainable ways to nourish the global population while preserving our precious natural resources.

At FOSS, innovation is not just a buzzword; it is our way of life. We are dedicated to continuously exploring new avenues to drive sustainability across our products, processes, and operations.



At FOSS, innovation is not just a buzzword; it is our way of life.

From minimizing our carbon footprint to enhancing the efficiency of our supply chain, we are committed to setting the standard for sustainable operations in our industry.

#### **Solutions for a brighter tomorrow**

At FOSS, we understand that achieving the correct balance is the key to sustainably increasing the yield, 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.

Through our relentless pursuit of cutting-edge research and development, we are crafting analytical solutions that will pave the way for a brighter tomorrow in our industry. From pioneering advanced agricultural technologies that ensure food safety to inventing groundbreaking element analysis solutions that significantly reduce the industry's carbon footprint, FOSS is at the forefront of innovation.

#### **Grateful to our valued customers**

We must recognize that this journey is one we cannot undertake alone. Our heartfelt gratitude goes out to our customers and partners worldwide who have passionately joined us on this quest. Your unwavering support is not just appreciated; it is essential and invaluable. Thank you for placing your trust in FOSS. Together, we are working for a more sustainable future and a brighter tomorrow.

Peter Foss  
*Chairman*

Kim Vejlbj Hansen  
*Chief Executive Officer*

# Founding principles

**In 1956, Nils Foss founded FOSS with a bold ambition: to revolutionize the food and agricultural industries through analytical solutions. His entrepreneurial spirit and innovative mindset laid the foundation for our company, principles that continue to guide us to this day.**

## **The first “world’s first” of many**

FOSS' journey of innovation began with the Cera Tester, a groundbreaking invention that transformed the grain industry. Launched during a particularly wet summer in Denmark in the mid-1950s, it addressed a critical need for reliable moisture control in grain, cementing FOSS' reputation as a pioneer.

## **Expanding into new industries**

Building on our success in the grain industry, FOSS ventured into new territory with milk analysis. From there, we continued to grow, developing comprehensive solutions for dairy producers and expanding into industries such as oilseed, feed, meat, wine, beer and sugar.

## **Fast, dedicated, and easy to use**

From the outset, FOSS has been driven by three core principles: speed, dedication to the industry, and user-friendly solutions accessible to everyone – from expert engineers to operators on the front line. These pillars remain at the heart of our approach, fueling innovation and pushing the boundaries of what is possible in the food and agricultural industries.





## STRATEGY 2024-2027



99% of our revenue comes from outside of Denmark.

# The global partner within analytics



**FOSS aims to be the preferred global partner for reliable and innovative analytics that empowers food and agricultural producers to improve quality and optimize production.**

FOSS will continue to partner with strategic customers around the globe and further develop standardized interaction and a comprehensive and competitive product portfolio enabling data-driven, integrated, and automated production optimization and quality assurance.

For small-scale production, FOSS will provide simple, accurate, and robust analytics substituting chemical testing.

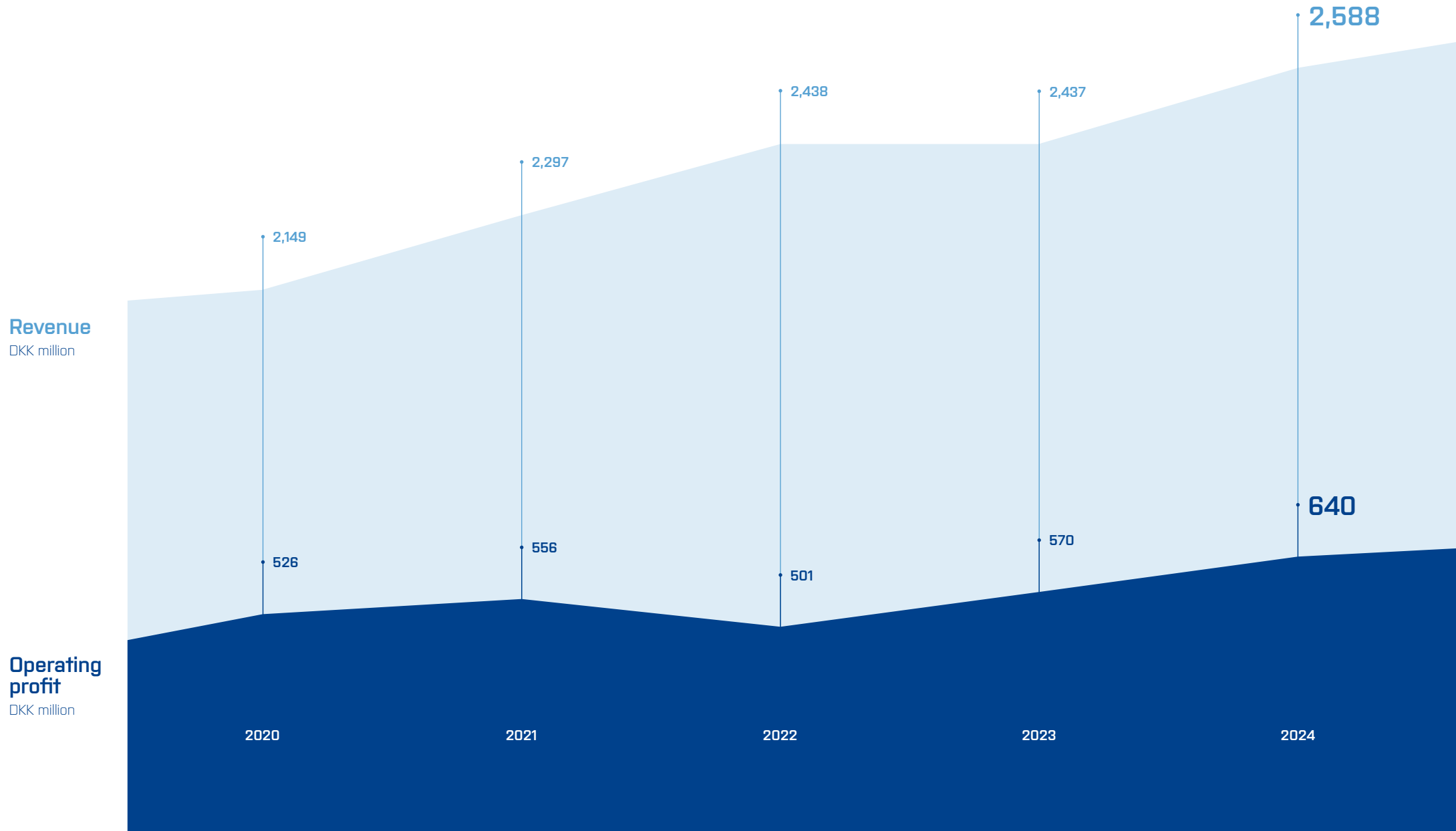
Lastly, FOSS aims to become a market leading service provider of software tools for food quality and sustainability, utilizing the new digital software platform, FOSS IQX.

### **Strategy well underway in 2024**

The current strategy is well underway and new initiatives that have been launched in order to fulfill the ambitions in the strategy, are implemented and running according to schedule. New high-end automation solutions are being launched, and the development of analytical solutions for small-scale production is on track, all the while FOSS IQX has been successfully introduced to the market and is gaining traction.



# 2024 at a glance





### FOSS has achieved another outstanding year, delivering strong growth in both revenue and profit.

With a strong 6% growth in revenue, we have seen significant momentum across regions and business segments. This growth has been fueled by continued high performance in Customer Care Sales, the expansion of our software solutions, and strategic investments.

Despite ongoing geopolitical and macroeconomic uncertainties, our ability to scale operations and maintain a strong cost discipline has contributed to a record-breaking DKK 640 million in operating profit. At the same time, we remain committed to innovation, investing 10% of our revenue in R&D, ensuring a pipeline of groundbreaking solutions that keep us at the forefront of analytical technology.

These achievements are a testament to the dedication and hard work of FOSS' employees. Thank you for your commitment and contributions – together, we continue to drive innovation and create value for our customers worldwide.

## 640 million DKK in operating profit

Through increased scaling and disciplined cost management, our operating profit reached a record-breaking DKK 640 million in 2024. Efficiency gains, combined with optimized cost structures, have strengthened our financial performance, allowing us to reinvest in innovation and customer-centric solutions.

## 6% growth in revenue

FOSS achieved a strong 6% growth in revenue in 2024. This was driven by strong performance across multiple regions and business segments, particularly within Instruments and Customer Care Sales as well as the successful market adoption of our innovative solutions. Despite ongoing geopolitical and macroeconomic uncertainties, our ability to adapt and deliver high-value solutions to customers has been key to our strong growth trajectory.

## 10% innovation investment



FOSS has remained committed to innovation by investing 10% of our revenue into R&D. This dedication ensures a continuous pipeline of groundbreaking products and solutions, maintaining our competitive edge and supporting future growth.

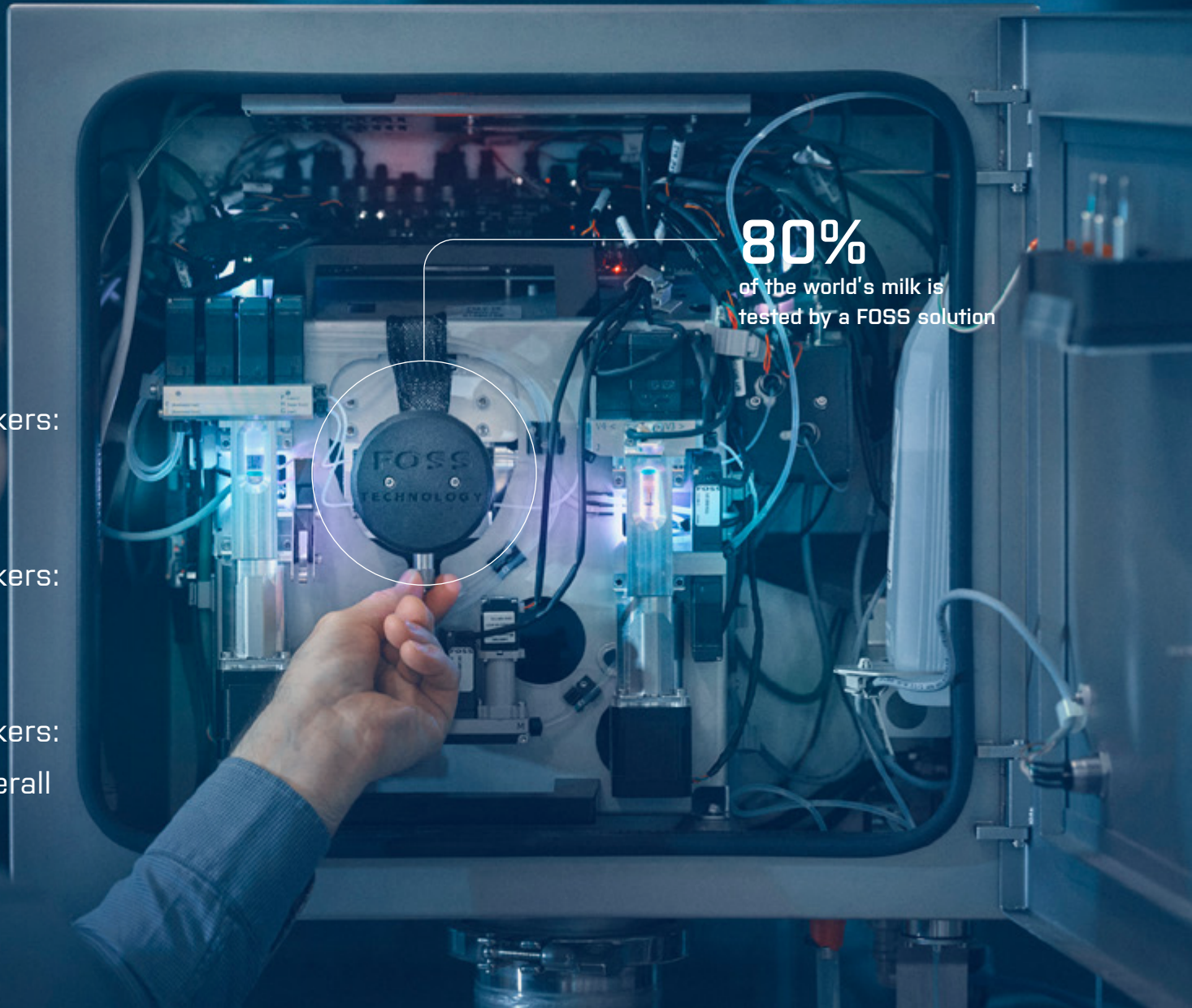
## 216 million DKK in investments

In 2024, FOSS invested DKK 216 million in strategic growth initiatives, including the construction of a new state-of-the-art factory in Vinge. This facility will enhance our production capacity, improve efficiency, and support our long-term sustainability goals. Alongside investments in new product development and software enhancements, this reinforces our commitment to delivering best-in-class solutions to our customers worldwide.



# Business performance

- Financial highlights
- Celebrating the changemakers:  
Dr. Amit Vyas
- Key moments 2024
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Mogens H. Greve
- Risks
- Celebrating the changemakers:  
Cecilie Dohmann Weatherall



**80%**  
of the world's milk is  
tested by a FOSS solution



# Financial highlights

Key figures	2024 DKK million	2023 DKK million	2022 DKK million	2021 DKK million	2020 DKK million
<b>Income statement</b>					
Revenue	2,588	2,437	2,438	2,297	2,149
Operating profit	640	570	501	556	526
Net financial items	-14	-26	-7	1	-21
Profit for the year	474	420	372	437	394
<b>Balance sheet</b>					
Total assets	1,961	1,834	1,881	1,601	1,444
Equity	833	781	794	861	789
<b>Cash flow</b>					
Cash flow from:					
- operating activities	545	479	325	461	484
- investment activities	-216	-108	-33	-68	-35
- financing activities	-429	-473	-114	-375	-421
Net cash flow	-100	-102	178	18	28
<b>Number of employees, average</b>	1,615	1,617	1,602	1,549	1,529
<b>Ratios</b>					
Operating profit margin	24.7%	23.4%	20.6%	24.2%	24.5%
Return on investments	32.6%	30.9%	26.7%	34.8%	36.5%
Solvency ratio	42.4%	42.4%	42.2%	53.8%	54.7%
Return on equity	58.7%	53.3%	44.9%	53.0%	49.3%

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

## Development in activities and financial conditions

The reported group revenue in 2024 is DKK 2,588 million, which is an increase of 151 million compared to the previous year. This amounts to a growth of 6%, which is a strong result in a world with ongoing geopolitical and economic uncertainties and in line with expectations. Financial growth in 2024 has been supported by continued strong performance in Instrument sales, Customer Care sales and further adoption of the IQX business. In the instrument sector, we have seen robust momentum driven by the successful launch of new products last year, which are expected to provide a solid foundation for sustained growth in the coming years.

Operating profit for the Group amounts to DKK 640 million, representing a 12% increase compared to 2023 (DKK 570 million). This improvement reflects an optimized gross margin resulting from a favorable product mix and is above expectations.

Ordinary profit before tax amounts to DKK 626 million, corresponding to a 15% increase from the previous year (DKK 544 million). Overall, revenue development for 2024 and the strong gross margin demonstrates a strong operating profit and a satisfactory result for the year.

### Expected development

FOSS remains committed to continued investments in sales, distribution, and product development throughout 2025. The management anticipates that the strategic focus and market initiatives will further strengthen FOSS' competitive position, supporting the Group's long-term growth ambitions by delivering innovative, high-quality solutions that meet the evolving needs for food quality and safety.

The coming year is expected to deliver growth in both revenue and profitability compared to 2024. Organic revenue growth in 2025 is projected to be in the range of 6-8%. Costs associated with strategic initiatives will continue to impact 2025, while the operating profit margin is expected to remain in line with 2024 levels.

# Celebrating the changemakers



**Dr. Amit Vyas:**  
Empowering India's dairy revolution

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**Mogens H. Greve:**  
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**Cecilie Dohmann Weatherall:**  
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CELEBRATING  
THE CHANGEMAKERS

A portrait of Dr. Amit Vyas, a man with a mustache, wearing a dark suit, white shirt, and a red patterned tie. He is sitting at a desk in an office setting.

## Dr. Amit Vyas: Empowering India's dairy revolution

In the bustling villages of India, as the sun rises over fields of green, the hum of milk collection points comes alive. Farmers pour fresh milk into gleaming steel containers, their hard work representing the heartbeat of rural India. This is no ordinary activity, it is part of a vast, intricate network that has made India the world's largest milk producer. At the center of this transformation is the pioneering co-operative of India, led by Dr. Amit Vyas, Managing Director of Amul Dairy, Anand. →



### A milestone in India's dairy industry

Dr. Amit Vyas has been a part of Amul Dairy since 2012 and became Managing Director in 2018. India's dairy sector is massive, comprising 300 million bovines and 96 million milk producers, many of whom contribute just 2-5 liters of milk daily. This decentralized production system relies on a robust supply chain of 300,000 mobile collection points, ensuring that milk reaches consumers across the country. With its unparalleled scale, the dairy industry is also a political and economic priority in a nation dependent on dairy as a primary source of nutrition.

Amul was founded in 1946, and today, the co-operative has evolved into a global leader, directly benefiting 3.6 million farmers every day. Decades ago, India faced a milk shortage that threatened its ability to feed its growing population. The "White Revolution," spearheaded by Dr. Verghese Kurien, laid the foundation for what Amul would become. Today, under leaders like Dr. Vyas, the revolution has entered its next phase, driven by technology and innovation. The success of this system relies heavily on precision and trust, factors that technology has made possible, thanks to innovations like FOSS' MilkoScreen™.

### Technology transforming lives

In the mid-20th century, India traditionally tested milk fat using the Gerber method. This process required a significant amount of Gerber sulfuric acid and amyl alcohol, along with 10.75 ml of milk per test. Additionally, it consumed substantial electricity to operate centrifuges and required considerable manpower. At the request of Dr. Verghese Kurien, the father of the Indian Dairy Industry, FOSS began developing advanced milk testing technology in the 1980s.

In 2014, the introduction of MilkoScreen marked a turning point. Initially conceptualized in conversations between Amul and FOSS in 2008, this advanced milk analyzer has revolutionized milk quality testing in India. Farmers pour their milk into collection tanks, and in just moments, the MilkoScreen evaluates fat content and other quality parameters. These readings, displayed on a digital dashboard, empower farmers with transparency and ensure fair payments.

Dr. Vyas highlights this transformation, and they now have a confidence level out of this world, which is extremely important for millions of farmers and the industry as a whole. The technology has eliminated fraud, minimized waste, and optimized milk collection systems, making it easier, faster, and more reliable than ever before, thereby increasing returns to the milk producers who own the giant organization. Not only did he help develop and implement MilkoScreen, he

→  
There are around 450,000 milk collection centers across India. Thousands of farmers are making daily trips to these facilities.



also introduced a system of fairness, trust and quality that has benefited both farmers and consumers. His interventions, suggestions, and advocacy have helped transform MilkoScreen from a technological innovation to a symbol of quality, fairness, and progress.

In September 2024, Dr. Amit Vyas visited Denmark to celebrate the sale of MilkoScreen number 10,000, a milestone reflecting the deep collaboration between FOSS and Amul. This partnership has built a resilient infrastructure, enabling Amul to maintain its leading role in feeding the world's most populous country.

### Redefining an industry

Under Dr. Vyas' leadership, Amul Dairy is not just a dairy giant but a symbol of transformation. The co-operative's initiatives have empowered rural communities, ensured fair pricing, and driven technological adoption at an unprecedented

scale. Today, the dairy industry plays a central role in nourishing India's 1.4 billion citizens while setting global benchmarks for efficiency and sustainability.

With real-time dashboards, Amul's leadership can monitor milk quality across its vast network, ensuring consistent standards and food safety. These advancements are underpinned by massive investments in infrastructure, political collaboration, and a strong commitment to innovation.

Amul's journey, driven by the MilkoScreen and visionary leadership, showcases the power of technology to spark social and economic change. As we celebrate these achievements, we honor the dedication of millions of farmers and change-makers like Dr. Amit Vyas, who continue to shape a brighter future for India and beyond.

# Key moments 2024

## FEBRUARY

## MARCH

→ **Kick-off for the new strategy: The Global Partner Within Analytics**

The Senior Management Conference initiated the launch of FOSS' new 2024-2027 strategy. This strategy positions FOSS as the preferred global partner for reliable and innovative analytics that empowers 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.

→ **Breaking ground for the largest-ever investment in FOSS' history**

A spectacular project in all ways, FOSS Vinge will be a new and sustainable 18,000 square meter production facility in Denmark. This strategic, DKK 500 million investment is more than just a construction project – it is the foundation of a competitive production hub that continuously enables manufacturing of FOSS products in Denmark. (1)

→ **Third generation of the FOSS family joined the Board of Directors**

Julia la Cour Krups, representing the third generation of the FOSS family, has joined the board of directors at FOSS A/S. She succeeds Pernille Foss, carrying forward the family legacy in the company's leadership. Jesper Pagh also joins the board, replacing Jais Valeur, who stepped down in July 2023 after serving on the board for 13 years. (2)

2



## APRIL

→ **FOSS Global Milk Symposium brings customers together**

This marked our first large-scale event since 2013, bringing together stakeholders from the entire milk value chain. FOSS hosted over 100 key customers and partners from across the globe at the Milk Symposium. The symposium served as a dynamic platform for sharing insights and discussing collaborative opportunities aimed at advancing sustainability in milk production. (3)

1



## JUNE

→ **IQX – from startup to fully integrated business**

With FOSS IQX, businesses unlock data potential, help to streamline processes, reduce costs, and maximize profitability in the food industry. IQX is now fully integrated in the FOSS business with a newly established department consisting of IQX Products, IQX Development, and IQX Operations, building on the corresponding previous FOSS Software Services teams.

3



## SEPTEMBER

→ **Dairy Symposium: A celebration of innovation and collaboration**

The symposium showcased different examples and learnings in analytical integration, optimization, and digitalization. 12 of the world's 20 largest dairies participated and the event gathered 65 participants, fostering new insights, networks, and collaborations.

→ **Reaching 10,000 MilkoScreen™ sales in India**

A decade after its launch in India, the MilkoScreen™ solution has reached over 10,000 units sold. This milestone underscores FOSS' contribution to the dairy industry's role in global nutrition and sustainability. Each day, MilkoScreen supports fair payment to thousands of farmers, significantly impacting the lives of Indian farmers. .

→ **Celebrating 50 years of partnership in Japan**

FOSS Japan was the first subsidiary FOSS established outside of Europe. In Japan, FOSS has pioneered solutions in milk, grain, and meat analysis, empowering producers to advance quality and safety. (6)

→ **Celebrating 30 years of partnership in South Korea**

In South Korea, FOSS has played a key role in supporting sustainable practices and meeting the growing demand for food safety. South Korea was the third FOSS subsidiary established outside of Europe.

## OCTOBER

→ **Inspiring future scientists on Science Day**

Competencies within Science, Technology, Engineering, and Mathematics (STEM) are essential to innovation and progress, embodying the curiosity and understanding that drives our work. FOSS has participated in Science Day for the past three years to inspire young people toward STEM careers, showcasing the excitement and significance of STEM.

→ **Topping-out ceremony for FOSS Vinge**

What began as a vision has now taken shape, and the progress is on track for moving in, in the beginning of 2026. FOSS Vinge will be DGNB certified and powered by renewable energy, including solar panels and a wind turbine. It will also feature advanced systems for energy-efficient heating, cooling, and water reuse, making it a key part of our commitment to sustainability. (4,5)

4



5



## NOVEMBER

→ **And the Nils Foss Prize goes to...**

The annual Food Analytics Conference and the Nils Foss Prize Award Ceremony honors pioneering research in food science. This year's Excellence Prize was awarded to Professor Rudolf Krska from the BOKU University in Vienna and the Talent Prize went to Co-Principal Investigator, Leoni Jahn from the Technical University of Denmark. (7)

→ **ISO 14001 Certification**

ISO 14001 is the globally recognized standard for environmental management systems. The certification sets rigorous requirements for reducing environmental impact, improving resource efficiency, and ensuring compliance with environmental legislation.

6



7





CELEBRATING  
THE CHANGEMAKERS

A portrait of Mogens H. Greve, a middle-aged man with a grey beard and glasses, wearing a dark blue blazer over a grey button-down shirt. He is standing in front of a red brick wall.

# Mogens H. Greve: Transforming soil science for a sustainable future

The ground beneath our feet holds the key to sustainable agricultural practices, climate solutions, and the future of food production. It conceals secrets about carbon storage, health, and biodiversity. Soil samples collected from fields and landscapes worldwide offer a window into this hidden world. Professor Mogens H. Greve and Aarhus University play a central role in transforming soil research, creating a ripple effect far beyond the borders of Denmark. As part of the university's Department of Agroecology, Mogens H. Greve is a pioneer in soil mapping, and soil health. His work contributes to a brighter tomorrow and redefines how we understand and utilize soil resources. →



Aarhus University, where Mogens H. Greve serves as the section leader at the Department of Agroecology – Soil Physics and Hydropedology.

### Collaboration between industry and academia

For more than 15 years, Aarhus University has fostered a dynamic collaboration with FOSS. This partnership has led to significant breakthroughs and work with cutting-edge technologies like Near-Infrared Spectroscopy (NIR) and Laser-Induced Breakdown Spectroscopy (LIBS). These technologies are revolutionizing how we measure soil health, enabling faster, and more accurate assessments of soil properties such as carbon content, a vital indicator of soil health and climate resilience.

A recent PhD project centered on using LIBS to measure carbon in soil concluded with promising results. Carbon levels are a key component in understanding soil's role in the climate transition. The research offers critical insights into whether soil carbon is stable, resistant to degradation, or, conversely, rapidly releasing harmful greenhouse gases.

### New opportunities with Micral™

In 2023, FOSS launched a new solution, Micral™. Aarhus University uses Micral to measure soil properties, including the quality and stability of carbon content. This research is vital in terms of evaluating whether soil carbon is resilient against decomposition or prone to releasing greenhouse gases.

Micral enables the development of precise models that can expand the use of soil health data, a significant benefit for both research and industry. Aarhus University manages Denmark's national center for soil samples, housing over 150,000 samples from around the world. This data is used to develop models that predict soil properties faster and more cost-effectively. Traditional analyses can cost between 500-2,000

DKK per sample, but with advanced technology such as Micral and databases, this knowledge is more accessible.

### A national and global resource

Mogens H. Greve is also a key player in European collaboration on soil health. In the project AI4SoilHealth and in partnership with 28 institutions across the EU, he is working to create a pan-European monitoring system for soil health. This system, incorporating data from 100,000 soil samples, will be crucial to the EU's goal of ensuring that all soil is healthy by 2050.

Significant strides are being made in soil and health initiatives within the EU. A new Soil and Health Law is expected to be passed in 2025, requiring member states to monitor soil health. This represents a historic opportunity to contribute to a more sustainable future.

Denmark plays a prominent role in developing innovative methods for soil research, with Aarhus University leading the way. From analyzing soil samples from Italy to exploring tropical, Arctic, and temperate soils, Mogens H. Greve and his team contribute to global knowledge and solutions. Their expertise in soil classification, geo-statistics, and digital mapping is essential for creating a more sustainable and climate-friendly future. Mogens' work inspires researchers and students alike, setting a clear direction for the future of soil research. With a focus on innovation, collaboration, and responsibility, Mogens H. Greve and Aarhus University are living examples of what it means to be agents of change.



## RISKS

# Navigating global challenges

**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 relevant moving forward.**

FOSS operates in more than 30 countries and derives over 99% of its revenue from outside Denmark. Our results are impacted by global economic, political, and regulatory changes. To effectively manage these risks, FOSS maintains a Corporate Risk Management procedure that identifies, reviews, and implements measures to prevent, control, and mitigate risks.



**FOSS has +40,000 customers worldwide.**

**Operating risk**

The primary operating risk for the Group is maintaining our strong market position and technological leadership in end-to-end solutions that secure and improve food quality. We mitigate this risk by securing long-term contracts with key suppliers to ensure a stable component supply and predictable price developments. Additionally, as our digital and online offerings expand, we are making significant investments in strengthening IT infrastructure and cybersecurity to reduce potential vulnerabilities.

**Financial risk**

Our financial risk is primarily related to fluctuations in currency exchange rates.

**Credit risk**

The Group's credit risk primarily arises from customer transactions. We manage this through strict guidelines, particularly when dealing with customers in high-risk zones, while offering more flexible terms to well-known, credit-rated customers. This cautious approach has resulted in minimal debtor losses, supported by our centralized and local debtor control practices.

**Information security, cybersecurity, and privacy protection**

With the accelerated digitalization of our operations, the risks related to cybercrime, data breaches, and unauthorized access have intensified. FOSS has implemented multiple layers of security

measures, including advanced firewall protection, encryption, and regular system audits to monitor and address potential vulnerabilities. In addition, we maintain ISO 27001 certification, demonstrating our commitment to high standards of information security. We are also aligning our cybersecurity strategies with the NIS2 Directive, ensuring compliance with EU-wide, enhanced cybersecurity regulations and improving our overall resilience to emerging cyber threats.

**Climate change**

Extreme weather events are becoming more frequent and intense due to climate change. This can adversely affect our customers' crop yields, disrupt operations, or damage distribution infrastructure.

**Environmental, health, and safety risk**

Non-compliance with environmental, health, and safety regulations can result in accidents, injuries, or fatalities. Our integrated health and safety systems ensure thorough risk identification and timely mitigation.

**Business ethics risk**

Issues such as corruption, bribery, fraud, and anti-competitive practices can damage FOSS' reputation and negatively impact employee morale, while also leading to financial penalties. We address these risks through business ethics training and a robust whistleblower framework, ensuring timely identification and mitigation.

**ESG regulation risk**

The increasingly stringent requirements around environmental, social, and governance (ESG) reporting pose significant risks to businesses that fail to comply. FOSS is subject to expanding ESG regulations, including the Corporate Sustainability Reporting Directive (CSRD), which mandates more detailed and transparent reporting on sustainability-related risks and impacts. Non-compliance with these regulations can lead to legal sanctions, reputational damage, and a loss of investor confidence. To address this, FOSS is continuously updating its ESG policies and risk management practices to ensure compliance with the evolving regulatory landscape, while also embedding sustainability considerations into our broader strategic decision-making.



CELEBRATING  
THE CHANGEMAKERS

# Cecilie Dohlmann Weatherall: Driving innovation and strategy

In a world defined by constant change, it takes both courage and a clear sense of direction to help chart the course for innovation and growth. It requires the willingness to ask questions and challenge the status quo. For Cecilie Dohlmann Weatherall, Head of Business Development at FOSS, these questions to ask are the essence of her work. She thrives at the intersection between data and people, strategy, and execution. This is where she finds her drive: to challenge norms and build the foundation for future growth. →

### **From values to action**

Cecilie Dohlmann Weatherall has a unique ability to find structure and direction in complex challenges. Her work is not about fitting into existing molds but about reshaping them for the benefit of the organization and the future. Through her efforts, she has played a pivotal role in developing FOSS' strategy for 2024-2027. This strategy strikes a balance between tradition and innovation, ensuring that FOSS remains at the forefront of meeting customer needs. It is about more than just creating a plan. It is about building a foundation that enables smarter solutions for customers and sets a clear path for FOSS' future innovations and collaborations.

### **Data as a guiding principle**

By grounding decisions in data, Cecilie ensures that change is not only visionary but also evidence based. The strategy process was grounded in a deep understanding of the company's history and strengths. The team mapped historical data and posed critical questions to analyze past successes and challenges. This data-driven approach provided a factual basis to question and refine the narrative. These reflections were instrumental in developing the strategy, bridging the company's past achievements with its future opportunities. It was an iterative process in which key stakeholders were challenged on their perspectives, and the strategy underwent multiple adjustments based on feedback.

This process demanded the courage to push boundaries and ask tough questions, as well as the decisiveness to make critical choices, even in the face of resistance. Support from FOSS' Corporate Management was crucial, providing the mandate to make significant decisions.

### **People and conflicts as catalysts**

For Cecilie, assembling the right team is paramount. People, and the knowledge they bring, are the cornerstones of success. However, strong opinions and high ambitions naturally lead to conflicts. She emphasizes that conflicts are not inherently negative but rather a natural part of the process when pursuing something new. Her team tackles conflict with curiosity and openness, embracing tough questions and challenging each other. The team's curiosity, dynamics, and cross-disciplinary collaboration has been essential in building the right expertise and striking a balance between innovation and practical implementation.

### **A brighter future**

A strategy is only valuable if it can be implemented. A key challenge was to ensure that the strategy aligned with FOSS' existing structure and culture. As a well-functioning organization, FOSS does not always feel an urgent need for change. Cecilie and her team worked to build an understanding that the strategy is not about fixing something but about creating something even stronger.

Looking back on the process, Cecilie feels both pride and humility. The strategy work has not only strengthened FOSS as a company but also created a stronger connection between its values, customers, and the people driving its innovation. The result is a foundation that is robust yet flexible enough to adapt to future needs. It ensures that FOSS continues to be FIRST, not just as a value but in everything the company does.

The values are not just words on paper, they serve as a compass for innovation, ensuring that the solutions developed are not only technologically advanced but also create meaningful impact for customers and the world. With the strategy in place, FOSS is ready to continue the journey as a global leader in innovative solutions that deliver value to customers and contribute to a brighter tomorrow. •



# ESG

- How we work with ESG
- Commitments and actions
- Environment
- Social
- Governance
- ESG data
- ESG Accounting principles

40,000  
customers worldwide





## HOW WE WORK WITH ESG

# Sustainability drives our success

**FOSS' long-lasting commitment to sustainability and environmental stewardship is one of the cornerstones of our continued success.**

In line with our enduring dedication, we have integrated a framework based on Environment, Social, and Governance (ESG) principles. This framework drives our innovation across three pivotal areas: Environment, People & Knowledge and Responsible Practices.

## Innovating for the environment

We are dedicated to pioneering solutions that minimize the ecological footprint. Through cutting-edge technologies and sustainable practices, we aim to reduce emissions – not only our own but also those of our customers, and in the community in which we operate.

## Innovating for people and knowledge

Our people are the heart of our organization, and we are committed to creating a safe, inclusive, and empowering workplace. Through continuous learning and development, we equip our people with the knowledge and skills needed to innovate and advance.

By investing in our employees, and engaging with scientific institutions and our customers, we ensure that our innovations benefit the journey towards a more sustainable world.

## Innovating for responsible practices

Integrity is the core of our business practices, and we are committed to upholding the highest ethical standards, ensuring that our operations are conducted responsibly and sustainably. We are dedicated to ethical business conduct and ensuring responsible practices in our supply chain.

## Guiding us to continuous improvements

The FOSS Sustainability Policy sets out principles and standards that our employees must adhere to and covers the following four key sustainability aspects:

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

These pillars guide our actions and decisions, ensuring that we remain true to our core values and sustainability goals. 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.

## Building on data

Environmental data is provided in absolute numbers to ensure comparability with the guidelines for ESG reporting. All ESG data that is most material for FOSS, is 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 2023.

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.

## ENVIRONMENT

### Innovating for the environment

- » Energy
- » Waste and water



## 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



## COMMITMENTS AND ACTIONS

# Committed to sustainable practices

**EcoVadis Bronze Medal**

EcoVadis is a leading sustainability rating platform that evaluates companies' environmental, social, and ethical performance.

In 2024, FOSS was awarded a Bronze Medal which is given to the top 35% companies. FOSS has achieved the rating "Good" for each of the four pillars measured, except for Sustainable Procurement where we are rated even better as "Advanced".

These results demonstrate our continued commitment to sustainability and responsible business practices.

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 supply chain risks. 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.



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.

**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.

Our proximity to 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.

**THE GLOBAL GOALS**

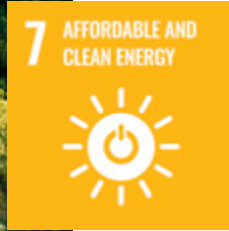




## ENVIRONMENT

# Innovating for the environment

We are dedicated to pioneering solutions that minimize the ecological footprint. Through cutting-edge technologies and sustainable practices, we aim to reduce emissions – not only our own but also those of our customers, and in the community in which we operate. →





# Environment

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

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

## Environmental management system

FOSS' long-lasting commitment to sustainability and environmental stewardship remains a cornerstone of our success. Since 2021, our production site in Suzhou has proudly held an ISO14001 certification. In 2024, we expanded this certification to include FOSS Innovation Center, and our production site and distribution center in Denmark with focus areas such as energy & climate, chemicals, and waste management. This achievement demonstrates our ongoing efforts to continuously improve the environmental performance of our operations, and our commitment to preventing pollution.

## Commitment to environmental stewardship

In 2024, we formalized our commitment to environmental stewardship by establishing an Environmental Management Group for Denmark. This initiative aligns with the principles of ISO14001, ensuring that our environmental management system is robust and comprehensive.

The Environmental Management Group is chaired by our Senior Vice President of HR & Sustainability, demonstrating top-level commitment to our environmental goals. Our Sustainability Manager leads the integration of sustainability practices across the organization. Key functions within the group include our Facility Manager and Environmental, Health, and Safety specialists, ensuring a multidisciplinary approach to environmental management.

In 2024, sessions with key functions were held, focusing on raising awareness of the environmental impact of their work.

This includes:

- » Identification of significant environmental aspects and impacts: Educating employees on the potential environmental effects of their tasks and the importance of proper procedures.
- » Roles and responsibilities: Initiating the discussion of the respective employee's role in maintaining environmental compliance.

## Going forward

We will continuously strive to demonstrate best practices, and no environmental violations occurred during 2024.



# Energy & Climate

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

Our energy consumption and GHG emissions mainly relate to electricity consumption, heating and cooling of our buildings, and company cars. Our reporting scope includes all entities globally, with 2023 as the baseline year.

### Energy consumption

In 2024, our overall energy consumption increased by 5% compared to 2023. However, when adjusting the global energy consumption relative to global net sales, we achieved a reduction of 1%.

This year, we focused on improving the accuracy of our energy data, particularly our car fleet. As a result, we expanded our data pool, resulting in an apparent increase in energy consumption for other fuels including our car fleet. Additionally, the fuel oil conversion factor was corrected, which impacted energy consumption figures for 2022 and 2023.

In 2024, we set targets to reduce our electricity consumption in Denmark by 20% per unit of global net sales between 2023 to 2027.

### Transitioning to renewable electricity production

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

Investing in solar panels has been a key part of FOSS' strategy to enhance sustainability and reduce our carbon footprint. This initiative began in 2022 when solar panels were installed at FOSS Innovation Center in Denmark. Recognizing the benefits, we expanded this investment to our R&D facility in Hungary, where solar panels now cover 26% of all electricity used.

In 2024, we set targets to achieve a 100% transition to renewable electricity production in Denmark by 2027, with the baseline year 2023.

In 2024, we had planned to increase the capacity of solar panels at FOSS Innovation Center in Denmark to 210 MW, covering two months of electricity consumption for the building. However, due to the current condition of our rooftop, we need to complete scheduled repairs in March 2025, before installing the solar panels. This adjusted timeline still reflects our ongoing commitment to renewable energy and proactive environmental responsibility.

### A milestone in sustainable innovation

In alignment with our commitment to preventing pollution and our pathway to net zero, we have approved the purchase and installation of an on-site wind-turbine at our new production facility in Vinge, Denmark, in 2026. This strategic investment underscores our dedication to reducing our carbon footprint and supporting our local communities by building a new state-of-the-art production site in Denmark.

With the installation of the wind-turbine in 2026 and subsequent renewable electricity production on-site, FOSS will be net positive in electricity consumption in Denmark.

This bold step not only highlights our proactive approach to sustainability but also demonstrates our willingness to invest in a world based on more renewable energy. By harnessing solar and wind energy, we are taking responsibility in our industry. This achievement reflects our unwavering commitment to working towards a greener future for our planet and the communities we serve.

### Transitioning to renewable energy sources for heating and cooling

In 2023, we embarked on our pathway to net zero and the journey of identifying FOSS' double materiality assessment. This entails an impact and financial materiality assessment to ensure compliance with the Corporate Sustainability Reporting Directive. The double materiality assessment is set to be completed in mid-2025 and shortly thereafter we embark on validating our carbon accounting.

In 2024, we set targets to achieve a 100% transition to renewable energy sources for heating and cooling in Denmark by 2027.

### Going forward

In 2025, we plan to implement an energy-efficient Aquifer Thermal Energy Storage (ATES) facility at FOSS Innovation Center, pending approval from local authorities. Once approved, the ATES system, combined with the installation of solar panels, has the potential to reduce our carbon emissions by 70%.

With the planned installation of another ATES facility at our new production site in Vinge in 2026, FOSS strives to transition to 100% renewable energy sources for heating and cooling.

An ATES system works by leveraging the natural thermal energy stored in underground aquifers. During periods of low demand, excess heat or cooling from the building is transferred to the aquifer, and this thermal energy is later retrieved to regulate building temperatures when needed. This approach significantly reduces carbon emissions, reliance on conventional heating and cooling systems, and dependence on fossil fuels. By integrating ATES with solar power, we can further enhance the transition to renewable energy sources, making this project an important step towards achieving our environmental goals.

# Waste

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

## **Global commitment to waste reduction and pollution prevention**

From 2023 to 2024, our overall waste generation increased by 28%, driven by higher hazardous and non-hazardous waste fractions. This rise is attributed to increased chemical usage in our R&D department at FOSS Innovation Center in Denmark for two specific projects requiring chemical usage.

Waste management practices vary by country due to differing waste handling infrastructures:

- » In Denmark, waste is sorted into more than 10 fractions
- » In Hungary, waste is sorted into 6 fractions
- » At our production site in China, waste is categorized as hazardous and non-hazardous

Globally, our top 3 waste fractions remain unchanged from 2023:

- » Daily renovation waste: 36%
- » Hazardous waste and chemicals: 26%
- » Food waste: 12%

We strive to reduce or responsibly manage all these fractions. Since 2022, our production site in Suzhou, China, has been reporting locally on hazardous and non-hazardous waste fractions.

## **Local impact**

As 89% of our waste is generated at FOSS Innovation Center and our production site in Denmark, we established Danish objectives for waste management goals for the region. Our target was to achieve a 65% recycling rate by 2026, with a baseline of 54% in 2023. We surpassed this target in 2024, reaching a 67% recycling rate for Denmark.

We continuously focus on reducing the daily renovation and have initiated activities to increase the general sorting and especially the separation of plastic and food waste. Since 2022, the daily renovation waste fraction in Denmark has declined.

Since 2022, we have been converting organic household waste from the canteen at FOSS Innovation Center to biogas and nutrient fertilizer. An automated underground biogas storage tank was installed for this purpose in 2022.

In 2024, we sorted 50.3 tons of household waste from the canteens in Denmark. This food waste was processed in our biogas storage tank to prevent environmental, health, and safety risks.

## **Going forward**

In 2025, we will enhance our efforts to improve the separation of waste fractions, thereby increasing recycling rates and extending the lifecycle of material streams. Our focus will include engaging employees and providing training to emphasize the importance of recycling.



**In 2024, we sorted 50.3 tons of household waste from the canteens in Denmark.**





FOSS has reduced the overall water consumption by 14% compared to 2023.

# Water

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

## **Water consumption**

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 encompasses water used for sanitary, process, heating, and cooling systems in our buildings, as well as for instrument testing. Although the assembly process is not water-intensive, a small volume of water is used for the quality assurance of our instruments.

FOSS Innovation Center and our production site in Denmark accounts for more than 60% of the total water consumption between the three main sites due to its R&D activities and instrument quality assurance.

In 2024, overall water consumption was reduced by 14% compared to 2023. This reduction was driven by a significant decrease in water consumption at our R&D facility Soft Flow in Hungary, achieved through focused efforts and the identification of a water leakage in 2023. The production site in China has been working on water reductions since 2022.

## **Going forward**

In 2025, we will continue to improve the data quality from our sales and service subsidiaries and determine our improvement opportunities.



## SOCIAL

# Innovating for people and knowledge

Our people are the heart of our organization, and we are committed to creating a safe, inclusive, and empowering workplace. Through continuous learning and development, we equip our people with the knowledge and skills needed to innovate and advance. By investing in our employees, and engaging with scientific institutions and our customers, we ensure that our innovations benefit the journey towards a more sustainable world. →



# Human and labor rights

We support the Universal Declaration on Human Rights and recognize our responsibility for maintaining high ethical standards in 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 aligning our operations and strategies with 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

*We adhere to international human rights standards, ensuring that our operations respect and uphold the rights of all individuals.*

Since April 2018, FOSS has 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 had no reported human rights incidents globally in 2024.

## Labor rights

Our labor rights commitment includes working conditions with fair wages, reasonable working hours, and the right to employee councils and collective bargaining. We enforce strict policies against child labor, forced labor, and any form of exploitation.



ZERO  
human rights  
incidents in 2024

HR is responsible for enforcing local laws, ILO requirements, and regulations regarding maximum working hours.

In Denmark, worker protection is regulated by local institutions and legislation, often through unions and collective bargaining. Our production colleagues are covered by collective bargaining agreements, while administrative colleagues can choose union membership to protect their labor rights. Complaints can be raised through unions or internally via our working environmental organization, employee council, or whistleblower system. All parts of FOSS are serviced by our HR organization, which reviews all employment contracts.

## Global commitment to fair wages and labor rights

HR ensures employees are paid at least the legal minimum wage and 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.

Our primary focus on labor rights and modern slavery is within our supply chain, which is identified as the highest risk area. We have taken a strong position against modern slavery practices as outlined in the FOSS Anti-Slavery and Human Trafficking Statement, Sustainability Policy, and Supplier Code of Conduct.

At FOSS, it is important to ensure all employees are paid fairly and under legal and contractual obligations, and that there are no issues related to underpayment, delayed payment, or unfair wage practices.

We had no reported incidents related to fair wage issues globally in 2024.

## Going forward

In 2025, we will enhance our efforts to engage with suppliers to uphold human and labor rights in our supply chain. Our focus will include requesting data to understand the sustainability journey of our suppliers to set specific objectives.



# Health and safety

**We are committed to ensuring the health and safety of our employees across all locations and geographies.**

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 has its own respective management and employee representatives responsible for identifying and assessing hazards or risks in the workplace, as well as developing action plans to address potential issues.

## Enhancing employee safety through incident analysis and performance tracking

In 2024, we continued to reduce, review, and document potential risks to the health and safety of our employees. We analyze all reported incidents globally and near-misses in Denmark to identify root causes and prevent recurrence. We track the performance of the lost time injury frequency rate and the lost time injury severity rate.

In 2024, we aligned the calculation method of the lost time injury frequency rate and the lost time injury severity rate with the European Sustainability Reporting Standards.

## Strengthening safety through audits and environmental focus

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 foundation by engaging employees in regular "safety walks" to ensure the safe use of equipment and compliance with procedures. In 2024, this was expanded to include a focus on energy, chemicals, and waste covering our environmental management compliance.

## 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.

In 2024, we invested in a new system to reduce chemical waste handling. Chemical waste from instrument testing will be directed through a pipe system to an external storage tank, eliminating manual handling in several laboratories. This upgrade reduces risks, enhances safety, and improves operational efficiency. By minimizing direct exposure to chemical waste, we protect our employees and reinforce our commitment to a safe, responsible work environment.

In 2024, we assessed the competencies and training needs of our Danish employees handling chemicals and introduced training materials through both face-to-face and e-learning sessions.

## Product safety

*FOSS products meet or exceed safety standards and regulations.*

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

## Going forward

In 2025, we will strengthen our commitment to environmental management by implementing regular awareness and safety training sessions for all employees handling chemicals. Independent third-party SEDEX audits are planned for 2025.



# 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.**

## Fostering diversity, equity, and inclusion

Our commitment is outlined in our global employee handbook and applies to all parts of FOSS. As a multicultural company, we proudly represent at least 55 nationalities worldwide, with 43 nationalities in Denmark alone, and 14% of our workforce in Denmark holding non-Scandinavian passports.

Recognizing the importance of gender balance in our management teams, we acknowledge the need for improvement in terms of achieving a more balanced and inclusive representation of genders, which in FOSS refers to people who identify as female.

As a company with production and R&D facilities, many sought-after professionals have technical and engineering backgrounds; fields typically dominated by males. This is reflected in our current gender ratio of 32% female employees out of the total workforce.

## A diverse management team

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

- » Including diversity, equity, and inclusion in our 2024 Employee Engagement Survey
- » In our recruitment practices we have an internal target of at least one female candidate in the final selection process for open leadership positions
- » Leadership development programs

## Talent recruitment

We are committed to ensuring equal treatment in terms of recruitment, advancement, job training, and salary for 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.

In 2024, we saw an increase in employee satisfaction and motivation among female employees compared to 2023, from index point 78 to 79. The satisfaction and motivation of male employees is indexed at 76 which is also an increase of 1 index point.

## Going forward

In 2025, we will continue with our strong commitment to promoting equal opportunities for all and fostering a workplace that is inclusive for all backgrounds, perspectives, and experiences. We will continue our efforts to ensure equal opportunities in recruitment and career progression.

# 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 potential to become Directors or Vice Presidents. 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  $\geq 45\%$  of leadership positions internally. In 2024, 68% of our vacant leadership positions were filled by internal candidates.

In addition to leadership programs, our employees are invited to participate in annual development reviews. In 2024, 94% of the total workforce across all locations received performance and career development reviews.

## Employee engagement

All employees in our global workforce are invited to participate in an annual Employee Engagement Survey (EES) focusing on satisfaction and motivation. The survey aims to gather feedback and insights about management, development opportunities, and workplace issues.

In 2024, FOSS remained above the industry benchmark, scoring 77 based on a 94% response rate. The result has increased by one index point since 2023 and shows a strong engagement. Our target is to maintain a score of  $\geq 77$  in 2025.

## Equal opportunities for minority groups

Ensuring equal opportunities and inclusiveness is vital for FOSS. This is based on our value of "People & Knowledge", and the company we want to be. We aim to create a workplace where everyone can thrive, regardless of background, identity, or experience.

In this year's Employee Engagement Survey (EES), we asked several questions to get feedback on this. The survey concluded that minority groups (e.g., nationality, language, ethnicity, religion, physical limitations, neurodiversity) have a good level of satisfaction and motivation in the range of 73 to 76 index-points.

We also asked the minority groups about their perceptions of equal opportunity and inclusiveness in FOSS. Here, the ratings from the minority groups were high (ranging from 77 to 89 index points) and the results generally demonstrate that FOSS does well regarding equal opportunities and inclusiveness.

68%  
of all vacant leadership positions were filled by internal candidates.

77 points  
was our Employee Engagement Score. Benchmark was 75.





→  
Since 2022, 235 students have participated in FOSS Science Day



### Education and community collaboration

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. It is the desire to ask questions, explore, and understand the world around us – something we do every day at FOSS.

In 2024, we invited 85 students from our local community to participate in our annual FOSS Science Day at FOSS Innovation Center, tailored for an age range from 8th grade students to final year students in Danish upper secondary school.

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 critical role that STEM fields play in driving innovation and progress in our world, and to give them an idea of how pursuing a career in science can contribute to solving tomorrow's challenges.

### Nils Foss Excellence Prize and Nils Foss Talent Prize

Every year, FOSS proudly sponsors one of the world's most prestigious awards in food science – the Nils Foss Excellence Prize, complemented by the Nils Foss Talent Prize.

In the legacy of founder Nils Foss, the prizes recognize the important research that is key to ensuring food quality and food safety, provided in a sustainable way to an ever-growing global population. The laureate of the Excellence Prize will be honored with €100,000, while €15,000 will be awarded to a promising talent.

### Fostering a collaborative dairy community

The Dairy Symposium 2024, held at FOSS Innovation Center, showcased different examples and learnings in analytical integration, optimization, and digitalization. A majority of the world's largest dairies participated at the event that gathered approx. 65 participants from all over the globe, leaving with new insights, new networks, and new collaborations.

### Going forward

In 2025, we will focus on analyzing the competence development needs of our specialists and project managers. The goal is to design and implement tailored learning journeys for both groups, ensuring that our employees are equipped with the skills and knowledge needed to excel in their roles. These learning journeys will be designed to empower our specialists and project managers to drive innovation and deliver results.



## GOVERNANCE

# Innovating for responsible practices

Integrity is the core of our business practices, and we are committed to upholding the highest ethical standards, ensuring that our operations are conducted responsibly and sustainably. We are dedicated to ethical business conduct and ensuring responsible practices in our supply chain. →



# Governance



↑  
FOSS' Corporate  
Management team

**We are committed to conducting our operations with a keen focus on financial, environmental, and social responsibility.**

To fulfill our 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 Corporate Management. These include pivotal aspects such as strategic direction and ambition levels. Their oversight extends to the endorsement of our ESG policies, initiatives, reporting, and other pertinent aspects.

The Environmental Management Group is chaired by our Senior Vice President of HR & Sustainability, demonstrating top-level commitment to our environmental goals. Leadership is provided by our Sustainability & Environmental Manager, who oversees the integration of sustainability practices across the organization.

The Environmental Management Group was formally established in 2024, to drive continuous improvements and to ensure that environmental considerations are at the heart of our operations.

## **Going forward**

In 2025, we will focus on embedding our environmental strategies and goals throughout the organization. The focus is on enhancing our environmental performance through a collaborative approach, aiming for measurable reductions in our carbon footprint, waste, and energy consumption.



# Board of Directors

FOSS A/S 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.



**JULIA LA COUR KRUPS**

Board member. Born 1983.  
Venture Partner, Angel Investor.



**ANJA ZOEGA WILLUMSEN**

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



**PETER HENRIK  
KÜRSTEIN-JENSEN**

Deputy chairman. Born 1956.  
Board member, Bavarian Nordic.



**JESPER PAGH**

Board member. Born 1977.  
Former Group COO, DLG Group.



**KARINA NØRGAARD GADEGAARD**

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



**NILS CHRISTIAN FOSS**

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



**BENGT MIKAEL LINDHOLM**

Board member. Born 1974.  
CEO, Consat Advisory.



**KRISTIAN WEBER PEDERSEN**

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* encapsulates our mission statement and company values, serving as the guiding compass for FOSS employees across various business units and geographies. It states the importance of maintaining the highest ethical standards in all our business operations and clearly communicates the expectation that all employees, suppliers, and business partners uphold this commitment.

## Managing risks in a global setting

We have specific procedures in place for reviewing risks associated with business ethics. In 2024, we have collected information and insights from all our sites including our sales and service subsidiaries, and our commitment to managing these risks remains highly relevant. We actively implement specific procedures to review and assess risks to business ethics. These actions ensure a thorough understanding of the scale and impact of these risks, covering topics such as compliance with the law, anti-corruption,

fraud, bribery, conflicts of interest, 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.

Our ongoing commitment ensures that we maintain the highest standards of integrity and ethical conduct in all our business operations.

## Taking preventive actions

We view senior management as role models and the key to upholding business ethics. Therefore, in countries with a score below 50 on the annual Transparency International Corruption Perception Index, we mandate a background check for the final candidate in senior management recruitments.

## Business ethics training compliance

Ensuring that our employees act according to our policies and

business ethics is crucial for maintaining the integrity and reputation of our organization. By training our employees, we ensure they are aware of and understand the importance of acting ethically. In 2024, all employees were enrolled in the bi-annual business ethics course. The final completion rate ended at 99%.

Our goal for the future is that 95% of FOSS employees complete the business ethics e-learning every second year. New employees must complete the training within the first 3 months of employment.

## Commitment to anti-money laundering and strengthening 'due diligence' practices

FOSS is committed to combating money laundering and prioritizes due diligence through screening programs for selected suppliers and customers. We continuously work to improve and increase transparency in our processes globally to enhance control measures for effective and secure transaction management. We work closely with our banking partners, who play a key role in monitoring transactions, ensuring traceability, tracking changes in activities, and managing relevant sanctions – all of which are integral to our ongoing anti-money laundering efforts.

### Financial reporting and risk management

All subsidiaries submit a monthly report with financial statements. Our finance department reviews all accounts to identify and investigate any suspicious outliers, helping to prevent money laundering and corruption by ensuring financial transparency and accountability.

Additionally, an automated SAP report, known as the DARI (Deloitte Access Risk Intelligence) report, is generated on an ongoing basis to control the segregation of duties in SAP. This 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 for all subsidiaries to check and validate processes and control measures.

### Annual audits and cost controls

FOSS is audited annually by our external auditor. This ensures compliance with financial regulations and standards, providing an additional layer of oversight and accountability. Furthermore, the double approval principle is implemented for all costs, ensuring that no employee has unilateral control over financial transactions. This is important for preventing fraud and maintaining financial integrity.

### Data ethics

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 transparency around our security practices. We adhere to the General Data Protection Regulation (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 in 2024.

### Going forward

In 2025, we will continue to strengthen our commitment to business ethics by enhancing risk management, particularly in high-risk regions, and we will uphold data ethics by ensuring compliance with GDPR and ISO27001 standards. Through these efforts, we aim to enhance transparency and accountability across our global operations.





# Responsible suppliers



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

The FOSS Supplier Code of Conduct outlines our requirements for suppliers, ensuring alignment with our FOSS Sustainability Policy and core FOSS values. This code follows 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.

All of our direct suppliers have signed the FOSS Supplier Code of Conduct.

## **Direct supplier collaboration**

FOSS verifies the identity of both customers and direct suppliers before establishing a business relationship. All new suppliers – and direct 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.

Further, all customers and direct suppliers are screened against applicable sanction lists from, e.g., the European Union by our compliance department.

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 direct 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 20% of our total suppliers, of which only 1% supply print circuit boards. These suppliers have confirmed the absence of conflict minerals in the parts sourced by FOSS.

As of December 2024, 100% of all our suppliers have provided information on conflict minerals.

The FOSS supply chain consists of approx. 450 suppliers in 25 countries around the world.

## **Going forward**

In 2025, we will continue to ensure that all suppliers adhere to the FOSS Supplier Code of Conduct and uphold our commitment to eliminating conflict minerals in our supply chain. The focus will be to maintain screening and monitoring processes to ensure compliance.

# ESG data

	Unit	2024	2023
<b>Environmental data</b>			
<b>Total amount of energy</b>	<b>MWh</b>	<b>39,983</b>	<b>37,976</b>
Electricity	MWh	4,171	4,033
District heating	MWh	9,350	9,162
Other fuels incl. car fleet	MWh	24,900	23,325
Natural gas	MWh	1,415	1,299
Renewable energy consumed	MWh	147	157
<b>Total waste generated*</b>	<b>Tons</b>	<b>370</b>	<b>289</b>
Hazardous waste*	Tons	95	60
Non-hazardous waste*	Tons	275	229
Water consumption*	m <sup>3</sup>	8,973	10,382
<b>Social data</b>			
Employee engagement score	Score	77	76
Engagement survey participation rate	%	94	96
Voluntary employee turnover (based on headcount)	%	6.5	9.5
Leadership positions filled with internal candidates	%	64	54
Performance and career development reviews	%	94	92
Lost time injury (LTI) frequency rate for direct workforce	Rate	2.7	2.4**
Lost time injury (LTI) severity rate for direct workforce	Rate	11.2	9.2**
Gender diversity in the company (% women)	%	32	32
Gender diversity in management positions (% women)	%	22	21
Gender diversity in top executive positions (% women)	%	13	11
Gender diversity in the Board of Directors (% women)	%	17	20
<b>Governance data</b>			
Suppliers signed the FOSS supplier code of conduct	%	100	100



\* Covering FOSS Innovation Center, our production sites in Denmark and China, and our R&D facility Soft Flow in Hungary.

\*\* In 2024, we aligned the calculation method of the lost time injury frequency rate and the lost time injury severity rate with the European Sustainability Reporting Standards.

# ESG Accounting principles

## 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 0.01 MWh/L, liter diesel is 0.05 MWh/L and liter gasoline is 0.01 MWh/L.

## Natural gas

Principle: The total amount of natural gas used in MWh in the accounting year. The conversion factor for Nm<sup>3</sup> of natural gas to MWh is 0.01055.

## Renewable electricity consumed

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 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 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 work-related injuries divided by the total number of workhours 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 workhours resulting in absence multiplied by 1,000,000.

## Gender diversity in the company

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

## Gender diversity in management positions

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

## Gender diversity in top executive positions

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

## 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.





# Financials

- Consolidated financial statements
- Parent company financial statements
- Accounting principles

**216 million**  
DKK in strategic investments



## GROUP

# Consolidated financial statements

DKK million	Notes	2024	2023
<b>Revenue</b>	1	<b>2,588</b>	<b>2,437</b>
Change in inventories of finished goods and work in progress		-7	-24
Other operating income		11	16
Other operating expenses		-7	-4
Cost of raw materials and consumables		-580	-537
Other external expenses		-345	-351
<b>Gross profit</b>		<b>1,660</b>	<b>1,537</b>
Staff costs	2	-977	-937
<b>Earnings before interest, tax, depreciation and amortization</b>		<b>683</b>	<b>600</b>
Depreciation, amortization and impairment losses	3	-43	-30
<b>Operating profit</b>		<b>640</b>	<b>570</b>
Other financial income	4	17	19
Other financial expenses	5	-31	-45
<b>Profit before tax</b>		<b>626</b>	<b>544</b>
Tax on profit for the year	6	-152	-124
<b>Profit before minority share</b>		<b>474</b>	<b>420</b>
Minority interests after tax		-	-
<b>Profit for the year</b>		<b>474</b>	<b>420</b>



# Balance sheet

DKK million	Notes	2024	2023	DKK million	Notes	2024	2023
<b>Assets</b>				<b>Liabilities</b>			
Goodwill		-	6	Contributed capital	13	98	98
Software and patents		8	6	Retained earnings		308	258
<b>Intangible assets</b>	7	<b>8</b>	<b>12</b>	Proposed dividend		425	425
Land and buildings		572	403	Minority interests		2	-
Plant and machinery		6	6	<b>Equity</b>		<b>833</b>	<b>781</b>
Other fixtures, fittings, tools and equipment		44	40	Provision for deferred tax	6, 14	31	27
Leasehold improvements		4	5	Other provisions	15	41	40
<b>Tangible assets</b>	8	<b>626</b>	<b>454</b>	<b>Provisions</b>		<b>72</b>	<b>67</b>
<b>Fixed assets</b>		<b>634</b>	<b>466</b>	<b>Non-current liabilities other than provisions</b>	16	<b>15</b>	<b>9</b>
<b>Inventories</b>	9	<b>371</b>	<b>377</b>	Prepayments received from customers		38	53
Trade receivables		565	518	Trade payables		186	153
Other short-term receivables	10	62	51	Payables to parent company		293	297
Income tax receivable		18	17	Income tax payable		131	109
Deferred tax asset	6, 11	65	65	Other payables		183	179
Prepayments	12	16	14	Deferred income	17	210	186
<b>Receivables</b>		<b>726</b>	<b>665</b>	<b>Current liabilities other than provisions</b>		<b>1,041</b>	<b>977</b>
<b>Cash and cash equivalents</b>		<b>230</b>	<b>326</b>	<b>Liabilities other than provisions</b>		<b>1,056</b>	<b>986</b>
<b>Current assets</b>		<b>1,327</b>	<b>1,368</b>	<b>Equity and liabilities</b>		<b>1,961</b>	<b>1,834</b>
<b>Assets</b>		<b>1,961</b>	<b>1,834</b>	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

<b>Changes in equity 2024</b>	<b>Contributed capital</b> DKK million	<b>Retained earnings</b> DKK million	<b>Proposed dividend</b> DKK million	<b>Total</b> DKK million	<b>Minority interests</b> DKK million	<b>Total</b> DKK million
Equity beginning of year	98	258	425	781	-	781
Ordinary dividend paid	-	-	-425	-425	-	-425
Exchange rate adjustments	-	4	-	4	-	4
Other adjustments	-	-3	-	-3	2	-1
Profit for the year	-	49	425	474	-	474
<b>Equity end of year</b>	<b>98</b>	<b>308</b>	<b>425</b>	<b>831</b>	<b>2</b>	<b>833</b>

<b>Changes in equity 2023</b>	<b>Contributed capital</b> DKK million	<b>Retained earnings</b> DKK million	<b>Proposed dividend</b> DKK million	<b>Total</b> DKK million	<b>Minority interests</b> DKK million	<b>Total</b> 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
<b>Equity end of year</b>	<b>98</b>	<b>258</b>	<b>425</b>	<b>781</b>	<b>-</b>	<b>781</b>

# Consolidated cash flow statement

DKK million	Notes	2024	2023
Operating profit		640	570
Depreciation, amortization and impairment losses		43	30
Other adjustments	18	10	4
<b>Cash flows from operating activities before changes in working capital</b>		<b>693</b>	<b>604</b>
Change in inventories		6	57
Change in trade receivables and other receivables		-60	-49
Change in trade payables and other debt		46	-
Exchange rate adjustments		-2	-9
<b>Change in working capital</b>		<b>-10</b>	<b>-1</b>
<b>Cash flows from operating activities before financial income and expenses and tax</b>		<b>683</b>	<b>603</b>
Net financial items received / paid		-17	-27
Income taxes refunded / paid		-121	-97
<b>Cash flows from operating activities</b>		<b>545</b>	<b>479</b>
Acquisition, sales of intangible and tangible assets, net		-216	-108
<b>Cash flows from investment activities</b>		<b>-216</b>	<b>-108</b>
<b>Cash flows from operating and investment activities</b>		<b>329</b>	<b>371</b>
Loan to parent company		-4	-48
Dividend paid		-425	-425
<b>Cash flows from financing activities</b>		<b>-429</b>	<b>-473</b>
<b>Increase / decrease in cash and cash equivalents</b>		<b>-100</b>	<b>-102</b>
Cash and cash equivalents beginning of year		326	430
Currency translation adjustments of cash and cash equivalents		4	-2
<b>Cash and cash equivalents end of year</b>		<b>230</b>	<b>326</b>

# Notes to the Annual Report

<b>1. Revenue</b>	<b>2024</b> DKK million	<b>2023</b> DKK million
<b>Geographical markets</b>		
EU countries	1,015	945
Other countries	1,573	1,492
	<b>2,588</b>	<b>2,437</b>
<b>2. Staff costs</b>		
Wages and salaries	856	821
Pensions	30	30
Other social security expenses	91	86
	<b>977</b>	<b>937</b>
Hereof salaries and wages for Executive Board and Board of Directors		
Executive Board	13	8
Board of Directors	3	3
	<b>16</b>	<b>11</b>

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

	<b>Employees</b>	<b>Employees</b>
Average number of employees	<b>1,615</b>	<b>1,617</b>

<b>3. Depreciation, amortization and impairment losses</b>	<b>2024</b> DKK million	<b>2023</b> DKK million
Goodwill	5	4
Software and patents	4	6
Land and buildings	17	17
Plant and machinery	3	3
Other fixtures, fittings, tools and equipment	17	18
Leasehold improvements	1	1
Losses and gains from the sale of intangible and tangible assets	-	-17
	<b>47</b>	<b>32</b>
Transferred to raw materials and consumables	-4	-2
	<b>43</b>	<b>30</b>
<b>4. Other financial income</b>		
Interest received	9	10
Exchange rate adjustment	8	9
	<b>17</b>	<b>19</b>

<b>5. Other financial expenses</b>		
Interest paid to affiliated companies	14	12
Exchange rate adjustment	15	30
Other financial expenses	2	3
	<b>31</b>	<b>45</b>

<b>6. Tax on profit for the year</b>	<b>2024</b> DKK million	<b>2023</b> DKK million
Corporation tax for the year	146	100
Changes in deferred tax for the year	8	25
Adjustments to previous years	-3	-2
Dividend tax paid abroad	1	1
<b>Tax for the year</b>	<b>152</b>	<b>124</b>
<b>Deferred tax assets</b>		
Deferred tax beginning of the year	65	74
Adjustments in Profit & Loss	-4	-4
Adjustments in Equity	4	-4
Currency adjustments	-	-1
<b>Deferred tax assets end of year</b>	<b>65</b>	<b>65</b>
<b>Provisions for deferred tax</b>		
Provisions for deferred tax beginning of the year	27	21
Adjustments in Profit & Loss	4	6
<b>Provisions for deferred tax end of year</b>	<b>31</b>	<b>27</b>



# Notes to the Annual Report

7. Intangible assets	Goodwill DKK million	Software and patents DKK million
<b>2024</b>		
Cost beginning of year	32	96
Exchange adjustment	-	-1
Additions for the year	-	5
Disposals for the year	-	-8
<b>Cost end of year</b>	<b>32</b>	<b>92</b>
Amortization and impairment losses beginning of year	26	90
Exchange adjustment	1	-2
Amortization for the year	5	4
Amortization of sold assets for the year	-	-8
<b>Amortization and impairment losses end of year</b>	<b>32</b>	<b>84</b>
<b>Carrying amount end of year</b>	<b>-</b>	<b>8</b>

8. Tangible assets	Land and buildings DKK million	Plant and machinery DKK million
<b>2024</b>		
Cost beginning of year	613	49
Exchange adjustment	-3	-1
Additions for the year	189	3
Disposals for the year	-1	-3
<b>Cost end of year</b>	<b>798</b>	<b>48</b>
Depreciation beginning of year	210	43
Exchange adjustment	-1	-1
Depreciation for the year	17	3
Depreciation of sold assets for the year	-	-3
<b>Depreciation end of year</b>	<b>226</b>	<b>42</b>
<b>Carrying amount end of year</b>	<b>572</b>	<b>6</b>

Investments in land and buildings are located in Denmark and Hungary

8. Tangible assets, continued	Other fixtures, fittings, tools and equipment DKK million	Leasehold improvements DKK million
<b>2024</b>		
Cost beginning of year	239	17
Exchange adjustment	1	-
Additions for the year	27	-
Disposals for the year	-23	-
<b>Cost end of year</b>	<b>244</b>	<b>17</b>
Depreciation beginning of year	199	12
Exchange adjustment	-	-
Depreciation for the year	17	1
Depreciation of sold assets for the year	-16	-
<b>Depreciation end of year</b>	<b>200</b>	<b>13</b>
<b>Carrying amount end of year</b>	<b>44</b>	<b>4</b>

9. Inventories	2024 DKK million	2023 DKK million
Raw materials and consumables	126	126
Work in progress	62	70
Manufactured goods and goods for resale	183	181
	<b>371</b>	<b>377</b>

10. Other short-term receivables	2024 DKK million	2023 DKK million
Deposits	12	12
VAT	42	27
Other receivables	8	12
	<b>62</b>	<b>51</b>

11. Deferred tax assets	2024 DKK million	2023 DKK million
Fixed Assets	3	-
Inventories	48	49
Provisions	5	6
Prepayments and accruals	9	10
	<b>65</b>	<b>65</b>

## 12. Prepayments

Other prepayments	2024 DKK million	2023 DKK million
	<b>16</b>	<b>14</b>

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

## 13. Contributed capital

Contributed capital is composed as follows:	2024 DKK million	2023 DKK million
<b>A-shares:</b> 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>B-shares:</b> 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
	<b>98</b>	<b>98</b>

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

# Notes to the Annual Report

14. Provisions for deferred tax	2024 DKK million	2023 DKK million
Fixed assets	30	28
Inventories	5	5
Provisions	-4	-6
	<b>31</b>	<b>27</b>

15. Other provisions	2024	2023
Provisions for pensions etc.	22	22
Provisions for warranty	19	18
	<b>41</b>	<b>40</b>

16. Non-current liabilities other than provisions	2024	2023
All long-term debt falls due between 1 and 5 years	15	9

17. Deferred income	2024	2023
Service contracts	210	186
	<b>210</b>	<b>186</b>

18. Other adjustments	2024	2023
Change in other provisions	1	-2
Exchange adjustments	1	1
Change in long-term debt	6	5
Minority interests	2	-
	<b>10</b>	<b>4</b>

19. Contingent assets and liabilities	2024 DKK million	2023 DKK million
<b>Contingent assets</b>		
Value of non-recognized tax losses carried forward	2	3
	<b>2</b>	<b>3</b>
<b>Contingent liabilities</b>		
Leases related to offices	14	12
Other lease commitments	27	26
Securities and guarantees	2	2
	<b>43</b>	<b>40</b>
<b>Guarantees etc.:</b>		
Purchase obligations for long-term delivery from suppliers do not exceed	105	115
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. 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.

20. Fee to auditors appointed at the annual general meeting	2024 DKK million	2023 DKK million
Fee for statutory audit	3	3
Tax advice	1	2
Other services	1	1
	<b>5</b>	<b>6</b>

## 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

# Financial statements

DKK million	Notes	2024	2023
Other operating income		39	44
Other external expenses		-34	-43
<b>Gross profit</b>		<b>5</b>	<b>1</b>
Staff costs	1	-21	-25
<b>Earnings before interest, tax, depreciation and amortization</b>		<b>-16</b>	<b>-24</b>
Depreciation, amortization and impairment losses	2	-16	-17
<b>Operating profit</b>		<b>-32</b>	<b>-41</b>
Income from investments in group enterprises	3	499	448
Other financial income	4	16	23
Other financial expenses	5	-17	-17
<b>Profit before tax</b>		<b>466</b>	<b>413</b>
Tax on profit for the year	6	8	7
<b>Profit for the year</b>	7	<b>474</b>	<b>420</b>



# Balance sheet

DKK million	Notes	2024	2023
<b>Assets</b>			
Software and patents		-	-
<b>Intangible assets</b>	8	-	-
Land and buildings		538	364
Other fixtures, fittings, tools and equipment		6	1
<b>Tangible assets</b>	9	<b>544</b>	<b>365</b>
Investments in group enterprises	10	660	632
<b>Fixed asset investments</b>		<b>660</b>	<b>632</b>
<b>Fixed assets</b>		<b>1,204</b>	<b>997</b>
Receivables from group enterprises		38	50
Other short-term receivables	11	14	3
Income tax receivable		8	6
<b>Receivables</b>		<b>60</b>	<b>59</b>
<b>Cash and cash equivalents</b>		<b>130</b>	<b>184</b>
<b>Current assets</b>		<b>190</b>	<b>243</b>
<b>Assets</b>		<b>1,394</b>	<b>1,240</b>

DKK million	Notes	2024	2023
<b>Liabilities</b>			
Contributed capital	12	98	98
Reserve for net revaluation according to the equity method		117	82
Retained earnings		193	176
Proposed dividend		425	425
<b>Equity</b>		<b>833</b>	<b>781</b>
Provision for deferred tax	6, 13	9	8
Other provisions	14	41	51
<b>Provisions</b>		<b>50</b>	<b>59</b>
<b>Non-current liabilities other than provisions</b>	15	<b>6</b>	<b>3</b>
Trade payables		39	11
Payables to group enterprises		168	74
Payables to parent company		296	306
Other payables		2	6
<b>Current liabilities other than provisions</b>		<b>505</b>	<b>397</b>
<b>Liabilities other than provisions</b>		<b>511</b>	<b>400</b>
<b>Equity and liabilities</b>		<b>1,394</b>	<b>1,240</b>

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

# Statement of changes in equity

<b>Changes in equity 2024</b>	<b>Contributed capital</b> DKK million	<b>Reserve for net revaluation according to the equity method</b> DKK million	<b>Retained earnings</b> DKK million	<b>Proposed dividend</b> DKK million	<b>Total</b> DKK million
Equity beginning of year	98	82	176	425	781
Ordinary dividend paid	-	-	-	-425	-425
Dividend received from subsidiaries	-	-461	461	-	-
Exchange rate adjustments	-	4	2	-	6
Other adjustments	-	-3	-	-	-3
Profit for the year	-	497	-448	425	474
<b>Equity end of year</b>	<b>98</b>	<b>117</b>	<b>193</b>	<b>425</b>	<b>833</b>

<b>Changes in equity 2023</b>	<b>Contributed capital</b> DKK million	<b>Reserve for net revaluation according to the equity method</b> DKK million	<b>Retained earnings</b> DKK million	<b>Proposed dividend</b> DKK million	<b>Total</b> 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
<b>Equity end of year</b>	<b>98</b>	<b>82</b>	<b>176</b>	<b>425</b>	<b>781</b>

# Notes to the Annual Report

	2024 DKK million	2023 DKK million
<b>1. Staff costs</b>		
Wages and salaries	21	25
	<b>21</b>	<b>25</b>
Hereof salaries and wages for Executive Board and Board of Directors		
Executive Board	7	4
Board of Directors	3	3
	<b>10</b>	<b>7</b>
Remuneration to registered member of the Executive Board consists of salary and bonus from parent company as well as subsidiaries. Furthermore, a car has been provided for the Executive Board's free disposal.		
Average number of employees	<b>16</b>	<b>20</b>
<b>2. Depreciation, amortization and impairment losses</b>		
Land and buildings	15	15
Other fixtures, fittings, tools and equipment	1	2
	<b>16</b>	<b>17</b>
<b>3. Income from investments in group enterprises after tax</b>		
Share of earnings from subsidiaries	496	442
Change of internal profit on inventories inside the group	3	6
	<b>499</b>	<b>448</b>
<b>4. Other financial income</b>		
Interest received	6	7
Interest received from affiliated companies	10	16
	<b>16</b>	<b>23</b>

	2024 DKK million	2023 DKK million
<b>5. Other financial expenses</b>		
Interest paid to affiliated companies	17	16
Exchange rate adjustment	-	1
	<b>17</b>	<b>17</b>
<b>6. Tax on profit for the year</b>		
<b>Tax for the year</b>		
Corporation tax for the year	-7	-6
Changes in deferred tax for the year	-1	-1
	<b>-8</b>	<b>-7</b>
<b>Provisions for deferred tax</b>		
Provisions for deferred tax beginning of the year	8	9
Adjustments in Profit & Loss	1	-1
	<b>9</b>	<b>8</b>
<b>7. Proposed distribution of profit</b>		
Proposed dividend for the financial year	425	425
Reserve for net revaluation according to the equity method	499	448
Retained earnings	-450	-453
	<b>474</b>	<b>420</b>

	Land and buildings DKK million	Software and patents DKK million	Other fixtures, fittings, tools and equipment DKK million
<b>8. Intangible assets</b>			
<b>2024</b>			
Cost beginning of year		22	
<b>Cost end of year</b>		<b>22</b>	
Amortization beginning of year		22	
<b>Amortization end of year</b>		<b>22</b>	
<b>Carrying amount end of year</b>		<b>-</b>	
<b>9. Tangible assets</b>			
<b>2024</b>			
Cost beginning of year	481		31
Additions for the year	189		6
<b>Cost end of year</b>	<b>670</b>		<b>37</b>
Depreciation beginning of year	117		30
Depreciation for the year	15		1
<b>Depreciation end of year</b>	<b>132</b>		<b>31</b>
<b>Carrying amount end of year</b>	<b>538</b>		<b>6</b>

Investments in land and buildings are located in Denmark and Hungary.



# Notes to the Annual Report

10. Investments in group enterprises	2024 DKK million	2023 DKK million
Cost beginning of year	482	449
Additions for the year	-	33
<b>Cost end of year</b>	<b>482</b>	<b>482</b>
Net revaluations beginning of year	84	77
Exchange rate adjustment	4	-8
Dividend received	-461	-433
Amortization on goodwill	-6	-4
Change in internal profit on inventory	3	6
Other adjustments	-3	4
Profit for the year	496	442
<b>Net revaluations end of year</b>	<b>117</b>	<b>84</b>
Set of against receivables	20	17
Transferred to provisions for negative investments in group enterprises	41	51
<b>Carrying amount end of year</b>	<b>660</b>	<b>632</b>
Goodwill included in the above amounts to	-	6

Shares in subsidiaries:	Country	Ownership	Share capital
FOSS Analytical A/S	Denmark	100%	MDKK 20,5
FOSS Ejendomme SLG A/S	Denmark	90%	TDKK 1,111
FOSS Holding AB	Sweden	100%	TSEK 250
FOSS Electric Holding Inc.	USA	100%	TUSD 7,000
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 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

11. Other short-term receivables	2024 DKK million	2023 DKK million
Other receivables	14	3
	<b>14</b>	<b>3</b>

## 12. Contributed capital

Contributed capital is composed as follows:		
<b>A-shares:</b> 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>B-shares:</b> 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
	<b>98</b>	<b>98</b>

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

## 13. Provisions for deferred tax

Fixed assets	9	8
	<b>9</b>	<b>8</b>

# Notes to the Annual Report

<b>14. Other provision</b>	<b>2024</b> DKK million	<b>2023</b> DKK million
Provisions for negative investments in group enterprises	41	51
	<b>41</b>	<b>51</b>

## 15. Non-current liabilities other than provisions

All long-term debt falls due between 1 and 5 years	6	3
----------------------------------------------------	---	---

## 16. Contingent assets and liabilities

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. 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 and letter of support 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 more than 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.

## Income statement

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.

### 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 comprises expenses that support 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:

$$\text{Operating profit margin} = \frac{\text{Operating profit} \times 100}{\text{Revenue}}$$

$$\text{Return on investments} = \frac{\text{Operating profit} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$



# Reports

- Statement by management
- Independent auditors report

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# Statement by management

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, 2024.

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, 2024 and of their financial performance as well as the consolidated cash flow for the financial year January 1st to December 31st, 2024.

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 19th, 2025*

## Executive Board

Kim Vejlby Hansen  
*Chief Executive Officer*

## Board of Directors

Peter Foss  
*Chairman*

Peter Henrik Kürstein-Jensen  
*Vice Chairman*

Bengt Mikael Lindholm

Jesper Pagh

Anja Zoega Willumsen

Nils Christian Foss

Karina Nørgaard Gadegaard

Julia la Cour Krups

Kristian Weber Pedersen



# Independent auditors 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 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



### Auditor's responsibilities for the audit of the 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 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 Entity's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- » Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated

ed 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- » Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

*Hillerød, 19.03.2025*

#### Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### Kirsten Aaskov Mikkelsen

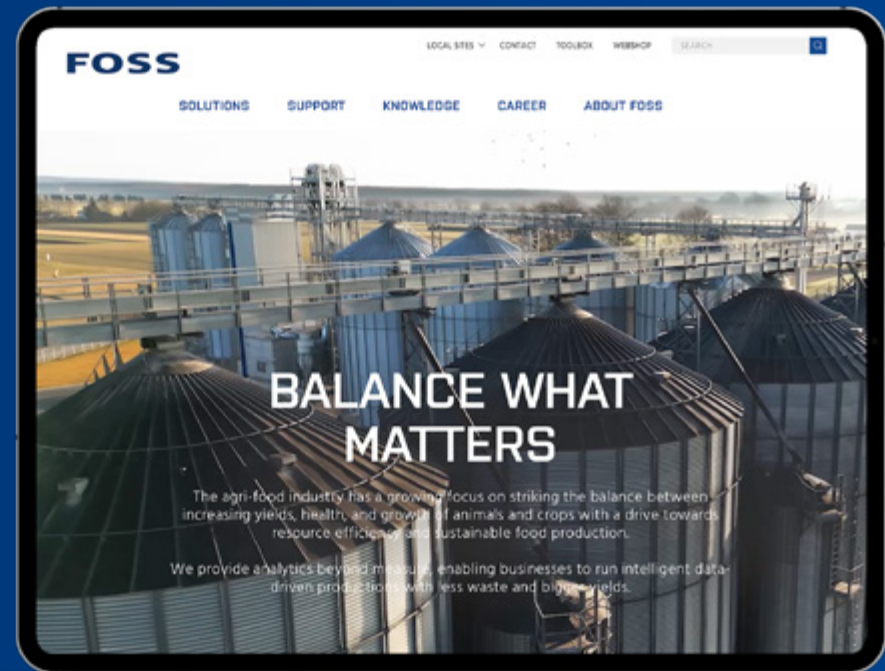
State Authorised Public Accountant  
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#### Nikolaj Thomsen

State Authorised Public Accountant  
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