
Annual report



Approved at the annual general meeting on 16-03-2022

Chairman

Kamstrup A/S
Industrivej 28, Stilling
DK-8660 Skanderborg
CVR-no. 21 24 81 18

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Statement from the CEO

2021 was a year full of challenges but also opportunities for Kamstrup. Online presence and collaboration has become the new normal and yet by the end of 2021 we started to see many more colleagues back in our offices. The social work culture that has been a key component in the Kamstrup business for 75 years – picked up again. 75 years of innovative business calls for a celebration and the anniversary was marked with festive activities throughout the year. In Kamstrup, we know that our customers are the number one reason that we have something to celebrate. We greatly appreciate the unique partnership and collaboration with our customers over the years. In 2021 we were again reminded of the importance of close relations to our customers as the global component shortage started to impact our production and the deliveries to our customers. We are doing our utmost to be proactive and plan ahead in our supply chain. We wish to thank our customers for their patience and understanding in this extra-ordinary situation.

In 2021 we experienced a growing interest in our technologies, solutions and services that allows customers to gain insights into what happens in the distribution network. We know the potential to reduce waste of clean water and to increase energy efficiency is significant when utilizing data in the utilities. That is why our statement to customers and society is clear: "It's time to know." The use of data to improve our consumption has never been more relevant than now. This is also why we comfortably keep a steady and high level of investment in innovation and new technologies and why we have seen a solid turnover similar to 2020 despite new challenges in the global business landscape.

We still believe innovation is our main DNA and driver of business. Innovation will be key in the years to come. This goes for both Kamstrup and for our partners and customers. Through continuous collaboration and knowledge sharing we stand prepared with the necessary innovative solutions to be a vital part of a successful green transition of our societies.

Kim Lehmann, CEO

A new positioning

IT'S TIME TO KNOW

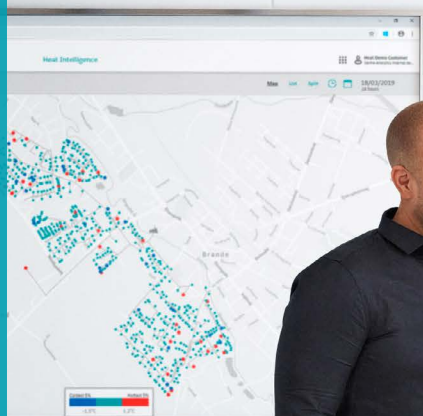
With the right knowledge, it's possible to achieve the best of two worlds: securing high supply and eliminating the negative impact on our environment created by water and energy supply. The utility network is an infinite source of data and insights. The millions of meter points across the network present a unique opportunity to collect and visualise data to create a full picture of conditions close to real-time. All it requires is the right vision, the right technologies, and the right approach.

It's time to give professional decision-makers the insights they need to make the best possible decisions for the planet, for society, and for their business.

At Kamstrup, 'It's time to know' is our commitment to stay curious and keep striving for more and better insights based on accurate data. Our ambition is to provide the best technologies and solutions for making actionable insights available to our customers – always.



Watch the movie here



Statement by the board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kamstrup A/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Stilling, 16 March 2022

Executive Board:

Kim Lehmann
CEO

Henrik Rom
CFO

Board of Directors:

Jørgen Wisborg
Chairman

Flemming Rasmussen
Vice-chairman

Erik Larsen
Board member

Humphrey Lau
Board member

Dan Korsgaard
Board member

Tina Amdisen
Employee representative

Anja Borg
Employee representative

Jimmy Sihm
Employee representative

Independent auditor's report

To the shareholders of Kamstrup A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Kamstrup A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance

Aarhus, 16 March 2022

EY Godkendt revisionspartnerselskab

CVR-no. 30 70 02 28

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's review

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Claus Hammer-Pedersen

State Authorised Public Accountant
MNE21334

Michael Dahl Christiansen

State Authorised Public Accountant
MNE34515

Company details

Kamstrup A/S

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DK-8660 Skanderborg

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E: info@kamstrup.com

CVR-no. 21 24 81 18

Established on 28 August 1931 (founded in 1946).

Registered office in Skanderborg.

Board of Directors

Jørgen Wisborg, chairman

Flemming Rasmussen, vice-chairman

Erik Larsen

Dan Korsgaard

Humphrey Lau

Tina Amdisen

Anja Borg

Jimmy Sihm

Executive Board

Kim Lehmann, CEO

Henrik Rom, CFO

Auditors

EY Godkendt revisionspartnerselskab

Værkmestergade 25

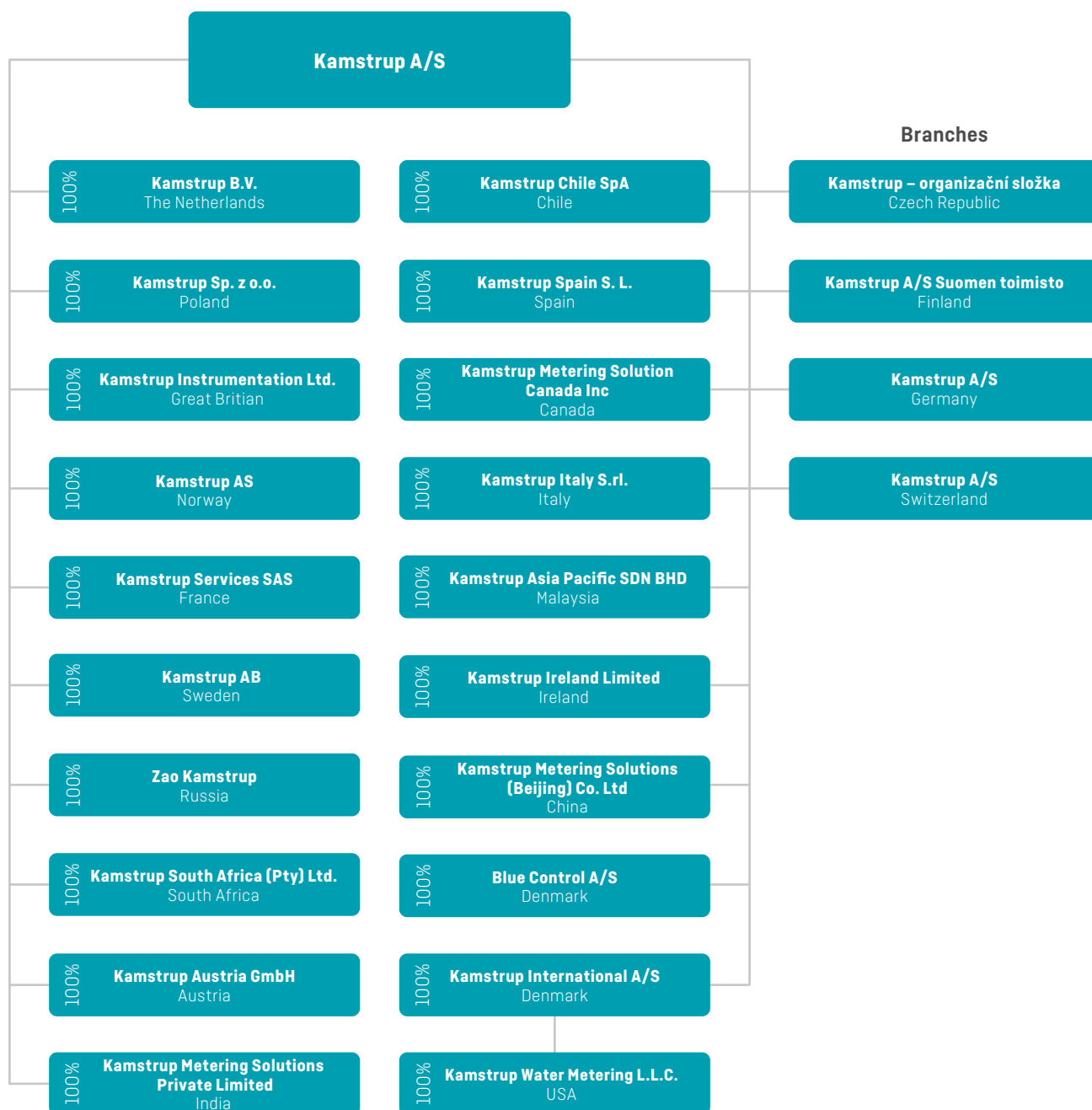
DK-8100 Aarhus C

CVR-no. 30 70 02 28

Annual general meeting

The annual general meeting is to be held on 16 March 2022.

Group chart



Financial highlights of the group

DKKm	2021	2020	2019	2018	2017
Key figures					
Revenue	2.371,2	2.283,0	2.396,9	2.391,3	2.095,3
Operating profit	215,7	174,3	207,6	306,3	321,0
Financial income and expenses	-3,2	-9,4	-5,8	-10,6	-14,1
Profit before tax	213,1	166,5	206,6	296,5	310,6
Profit for the year	183,5	142,5	168,1	234,8	246,6
Non-current assets	926,9	1.018,3	1.054,7	902,7	740,0
Current assets	907,6	808,4	783,4	888,5	802,0
Total assets	1.834,5	1.826,8	1.838,1	1.791,2	1.542,0
Share capital	14,0	14,0	14,0	14,0	14,0
Equity	1.007,3	995,8	1.014,0	844,6	687,8
Provisions	284,8	302,7	309,4	264,4	149,9
Current liabilities	515,3	429,0	454,1	640,6	647,6
Liabilities	542,4	528,3	514,7	682,2	704,2
Investments in property, plant and equipment	60,4	110,0	197,0	169,5	195,1
Cash flows from operating and investing activities	46,4	370,9	292,6	49,0	-5,3
Financial ratios					
Operating margin	9	8	9	13	15
Return on investment	16	14	18	33	49
Current ratio	176	188	173	139	124
Solvency ratio	55	55	55	47	45
Return on equity	18	14	18	31	44
Average number of employees	1.445	1.442	1.438	1.360	1.175

The financial ratios are computed as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}^*}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity, excl non-controlling interests year end} \times 100}{\text{Total liabilities, year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

***Invested capital:** Operating intangible assets and property, plant and equipment as well as net working capital.

Management's review

Principal activities

The Kamstrup Group develops, produces and sells digital solutions and services for metering and control of energy and water consumption. This includes smart energy and water meters, reading systems, data analysis tools and services to utilities, building owners and other users all over the world.

The head quarter is located in Denmark, south of Aarhus, the second largest city of Denmark. At the head quarter you find the technology development, administration, sales, marketing, service and production facilities. In addition to technology development in Denmark, Kamstrup also has technology development in Spain and Ukraine. Kamstrup's core products are manufactured in the highly automated factories in Denmark and in the United States.

On a world basis, Kamstrup has set up subsidiaries, branches and representation offices in more than 25 countries, please see Group chart at page 9 for a detailed overview. Moreover Kamstrup's products and solutions are sold and marketed through a network of distributors in more than 90 countries.

Development in activities and financial position

Annual result

In 2021 Kamstrup continued the high investment in products and services with 13% of the turnover to support the strong interest in and demand for our high quality solutions.

COVID-19 had also in 2021 a significant negative impact on the business both sales wise and especially on the delivery situation due to the global component shortage crisis. In particular a number of critical components are affected. Kamstrup expects the global component shortage crisis to continue in 2022 with a continued significant negative impact on the delivery situation as well as the financial results.

Kamstrup went live with a new ERP system at the end of 2021, which caused some difficulties in the service level towards the customers. We are working intensively with this and have seen improvement in the situation and expect that the impact to the service level towards our customer will continue to decline over the coming month and be at a normal level in the middle of 2022.

Despite the difficult situation with component shortage in 2021, the order intake has been record high throughout the year, leading to record high order books by the end of 2021 for the Water and Heat/Cooling business areas. Due to component shortage some of the order book for 2021 was moved to 2022, however the main reason for the high order book in 2022 is new orders won. The component shortage will affect the deliveries to our customers in 2022 and for some customers the deliveries also in 2023.

In the electricity meter market, we see a decline in the order book compared to previous years due to the completion of several large projects in the main markets served.

The development activities are closely linked to market trends and customer needs and through successful collaborations. We have developed product, solutions and services that both increase the competitiveness, and contribute significantly to the efficiency and value creation for the customers. As a consequence of our high focus on technology development, we have in 2021 taken an impairment write down on some product developments from previous years to focus on the newest innovation.

Kamstrup continues to expand into new markets through our subsidiaries and through a growing partner and distributor network.

The development of future solutions to optimise our customers' operations, energy optimization and water conservation also led to a high level of investment in 2021 and a growth in fixed costs. This priority is expected to lead to continued growth in revenue and market shares in the coming years. Short term, we expect a higher level of activity in 2022 than in 2021. The profit for the year is considered very satisfactorily, especially seen in the light of COVID-19 and the component shortage in the market.

Markets and outlook for 2022

Kamstrup experiences a continuously high interest in our intelligent solutions and services and has secured significant orders for 2022; although the situation with the global component shortage is causing serious delivery problems towards the customers. The revenue in 2022 will be significantly affected hereof, however it is expected to increase compared to 2021. It is extremely difficult to predict the development of the component shortage situation in 2022, and this will have a significant impact on the business performance.

Kamstrup is planning to continue the high level of investments in technology development, new services and expansion in new markets over the coming years. We expect Earnings After Tax for 2022 to be positive although at a lower level than 2021. Due to the difficult component situation, the result for 2022 is expected to be at the same level as 2020.

Risks

Kamstrup continues the efforts of being at the forefront with technological development, of maintaining high product quality, and acting rationally in a competitive market. The risk of shortage on critical components is a significant risk for our business performance and deliveries to our customers.

Kamstrup's sensitivity to financial risks is limited. The need for interest-rate and currency hedging instruments is assessed regularly and the instruments are only applied based on commercial needs in order to hedge future cash flows. The risk of losses on customers are, in general, minimized by means of credit lines and by obtaining credit information and credit insurance in selected markets. Kamstrup has a high credit rating and has been awarded the AAA1 rating by D&B, the highest possible rating.

We expect the current conflict between Russia and Ukraine will have a limited effect on our business performance, although an escalation of the conflict is difficult to predict the consequence of. We expect the conflict will increase the risk for cyber-attack, which we in general are working on.

Knowledge resources

Kamstrup has very competent and highly educated employees, and has great focus on the attractive workplace and that employees are motivated. The possibility of continuing to recruit highly educated employees is central to Kamstrup's continued development in Denmark as well as internationally.

Diversity

Kamstrup seeks to be an inclusive workplace with respect for our employees in terms of nationality, gender, sexual orientation, age, ethnicity, religion, political orientation as well as people with special needs. We believe that a diverse work force supports the creation of an innovative high-tech workplace leading to better cooperation and enabling us to better understand and serve our customers. In Kamstrup, a key focus point related to diversity is gender equality.

Gender diversity at Kamstrup

To increase the share of women, Kamstrup has during 2021 signed the Gender Diversity Pledge from Danish Industry. This includes commitment to 16 principles enhancing gender diversity and to set own objectives in order to contribute to increased gender diversity in 2030. Based on the Pledge, Kamstrup is currently working on defining short and long-term targets for gender diversity.

Kamstrup actively seeks to increase the share of the women in the Management Team and in the Board of Directors. The Board of Directors consists of 8 members in total, divided into 5 members appointed at the annual general meeting and 3 employee representatives.

- The appointed members consist of five men
- The employee representatives consist of two women and one man

The relative number of women and men has not changed among the appointed members in 2021 as there was not any elections made to the appointed members of the board.

Kamstrup's objective is to obtain a representation of at least one woman, appointed at the annual general meeting, of the Board of Directors by 2025.

Data ethics

Kamstrup protects data privacy by handling customer and employee data in a secure manner which is demonstrated through the ISO 27001 certification, as well as the ISAE3000 declaration.

In 2021 a new Governance, Risk and Compliance system was implemented to ensure monitoring of processes relating to processing of personal data. Kamstrup obtained an ISAE3000 type 2 audit declaration proving the commitment to responsible and compliant data processing of the data Kamstrup is entrusted from their customers.

During 2021 Kamstrup has been working with a data ethics policy with a number of focus areas as part of the general compliance training program. The focus areas include security, handling of data in a confidential and responsible way, and collection of data which creates value for the customers. The data ethics policy will be published early 2022.

In the aftermath of the EU Court case Schrems II, Kamstrup worked extensively and in close dialogue with selected customers to improve the set up regarding international transfers, always keeping personal data adequately safeguarded.

Kamstrup continuously improve the protection of information security assets corresponding to the changing risk landscape. The ISO 27001 certification demonstrates the continuous effort and dedication to ensure confidentiality and information integrity throughout the lifecycle of valuable information.

Corporate Social Responsibilities/Sustainability Report - Communication on Progress (COP)

Since 2010 Kamstrup has been an official member of the UN Global Compact demonstrating their long lasting commitment contributing to a more sustainable world both with the solutions as well as the internal footprint. During August 2021 a Sustainability department was established expanding the existing Quality function, while at the same time establishing a cross organizational strategic project to mature the long-term sustainability strategy and targets.

Every year the Communication on Progress report (COP) is prepared in line with both the UN Global Compact as well as addressing the requirements outlined by the Danish Financial Statements Act § 99a and 99b on reporting of Corporate Social Responsibility.

The report covers the following areas:

- About Kamstrup – our business model and policies
- Compliance - incl. information security
- Climate and environment
- A great place to work incl. health & safety performance
- Diversity incl. number of women in the Board of Directors
- Supplier management
- Getting better through COVID-19

The Communication on Progress report (COP) is publicly available at [kamstrup.com/sustainability2021](https://www.kamstrup.com/sustainability2021)

Energi Ikast prepares the electrical grid for the green conversion

CUSTOMER CASE

“Kamstrup’s analytical tools keep us on top of things before fuses blow.”

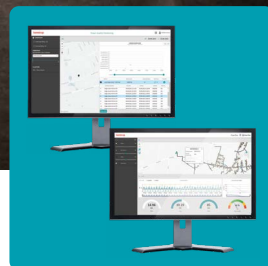
Carsten Aagaard, Operations Manager,
Energi Ikast, Denmark

energi|ikast



Added
income for
consumption
increases

Return on
investment
within less
than a year



ENERGI IKAST, DENMARK

Kamstrup’s green conversion has now reached Ikast, making big demands on the stability of the electrical grid. The analytical tools Power Flow and Power Quality Monitoring enable Energi Ikast to identify any cables that need replacement, which makes it possible to plan grid investments based on actual need, instead of automatically replacing components based on service life, as previously.

Income statement

DKK'000	Note	Consolidated		Parent company	
		2021	2020	2021	2020
Revenue	1	2.371.161	2.282.976	1.745.197	1.867.293
Production costs	2, 3	-1.511.731	-1.519.617	-1.216.388	-1.403.171
Gross profit		859.430	763.359	528.810	464.122
Sales and distribution costs	2, 3	-426.643	-411.964	-213.523	-228.277
Administrative expenses	2, 3, 4	-217.098	-177.126	-165.754	-135.570
Operating profit		215.689	174.269	149.532	100.275
Other operating income		584	1.549	344	420
Profit before net financials		216.273	175.818	149.876	100.695
Profit in subsidiaries	11	0	0	47.748	55.631
Financial income	5	1.280	1.219	1.626	995
Financial expenses	6	-4.434	-10.554	-6.559	-11.135
Profit before tax		213.118	166.483	192.691	146.186
Tax on profit for the year	7	-29.596	-23.994	-9.170	-3.697
Profit for the year	8	183.522	142.489	183.522	142.489

Balance sheet – Assets

DKK'000	Note	Consolidated		Parent company	
		2021	2020	2021	2020
ASSETS					
Non-current assets					
Intangible assets					
Finalised development projects	9	261.847	234.043	259.470	229.509
Other intangible assets		2.900	3.869	0	0
Development projects in progress		76.150	86.767	75.965	86.737
		340.897	324.679	335.435	316.246
Property, plant and equipment					
Land and buildings	10	280.373	291.525	279.719	290.871
Plant and machinery		171.797	198.915	163.565	188.079
Fixtures and fittings, other plant and equipment		33.312	69.591	27.798	61.813
Assets in the course of construction		98.257	131.561	98.327	131.561
		583.739	691.592	569.409	672.324
Investments					
Investments in subsidiaries	11	0	0	121.960	194.871
Deposits		2.296	2.086	492	484
		2.296	2.086	122.452	195.355
Total non-current assets		926.932	1.018.357	1.027.296	1.183.925
Current assets					
Inventories					
Raw materials and consumables		420.858	174.584	372.703	169.192
Work in progress		3.078	15.612	751	14.279
Finished goods		22.787	59.544	9.219	38.249
		446.723	249.740	382.673	221.720
Receivables					
Trade receivables		299.774	288.111	106.944	119.316
Selling price of systems deliveries	12	31.014	18.764	26.896	14.961
Receivables from subsidiaries		0	0	245.416	117.107
Receivables from group enterprises		18.493	126.904	13.757	126.904
Tax asset	13	10.775	4.986	0	0
Corporation tax receivable	16	12.866	4.265	184	0
Other receivables		22.994	16.215	14.236	13.725
		395.916	459.245	407.433	392.013
Cash at bank and in hand		64.953	99.451	14.410	38.947
Total current assets		907.593	808.436	804.516	652.680
TOTAL ASSETS		1.834.524	1.826.793	1.831.812	1.836.605

Balance sheet – Equity and liabilities

DKK'000	Note	Consolidated		Parent company	
		2021	2020	2021	2020
EQUITY AND LIABILITIES					
Equity					
Share capital		14.000	14.000	14.000	14.000
Reserve for development costs		0	0	261.639	246.672
Reserve for hedging		-248	-464	-248	-464
Translation reserve		4.202	-1.650	360	-2.732
Retained earnings		847.394	805.872	589.597	560.282
Proposed dividends		142.000	178.000	142.000	178.000
Total equity		1.007.348	995.758	1.007.348	995.758
Provisions					
Deferred tax	13	98.787	99.180	98.496	98.213
Other provisions	14	186.001	203.564	140.927	176.709
Total provisions		284.788	302.744	239.423	274.922
Liabilities					
Non-current liabilities					
Mortgage credit institutions	15	27.070	31.848	27.070	31.848
Other payments		0	67.431	0	67.431
		27.070	99.279	27.070	99.279
Current liabilities					
Mortgage credit institutions		4.769	4.790	4.769	4.790
Credit institutions		1.072	0	0	0
Selling price of systems deliveries	12	72.449	60.214	19.704	47.399
Prepayments from customers		38.973	26.202	20.380	14.382
Trade payables		252.201	147.453	248.593	151.569
Payables to subsidiaries		0	0	180.947	125.966
Corporation tax payable	16	2.637	16.832	2.637	2.801
Other payables		143.217	173.521	80.941	119.739
		515.318	429.012	557.971	466.646
Total liabilities other than provisions		542.388	528.291	585.041	565.925
TOTAL EQUITY AND LIABILITIES		1.834.524	1.826.793	1.831.812	1.836.605
Contractual obligations and contingent liabilities etc.	17				
Interest rate risk and the use of financial derivative instruments	20				
Related parties	21				

Equity statement

DKK'000	Consolidated					
	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	In total
Equity						
Equity at 01 January 2020	14.000	-1.360	0	841.383	160.000	1.014.023
Distributed dividends	0	0	0	0	-160.000	-160.000
Transferred via profit appropriation	0	0	0	-35.511	178.000	142.489
Exchange rate adjustment – foreign subsidiaries	0	0	-2.156	0	0	-2.156
Value adjustment of hedging instruments	0	1.148	0	0	0	1.148
Tax recognised in equity	0	-252	506	0	0	254
Equity at 01 January 2021	14.000	-464	-1.650	805.872	178.000	995.758
Distributed dividends	0	0	0	0	-178.000	-178.000
Transferred via profit appropriation	0	0	0	41.522	142.000	183.522
Exchange rate adjustment – foreign subsidiaries	0	0	6.179	0	0	6.179
Value adjustment of hedging instruments	0	277	0	0	0	277
Tax recognised in equity	0	-61	-327	0	0	-388
Equity at 31 December 2021	14.000	-248	4.202	847.394	142.000	1.007.348

The share capital comprises 28,000 shares of DKK 500 each. All shares carry the same voting rights.

The share capital is unchanged in the last 5 years.

Equity statement – continued

DKK'000	Parent company						
	Share capita	Reserve for development costs	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	In total
Equity – continued							
Equity at 01 January 2020	14.000	255.622	-1.360	0	585.761	160.000	1.014.023
Transferred via profit appropriation	0	0	0	0	0	-160.000	-160.000
Exchange rate adjustment – foreign subsidiaries	0	-8.950	0	0	-26.561	178.000	142.489
Value adjustment of hedging instruments	0	0	0	-3.238	1.082	0	-2.156
Tax recognised in equity	0	0	1.148	0	0	0	1.148
	0	0	-252	506	0	0	254
Equity at 01 January 2021	14.000	246.672	-464	-2.732	560.282	178.000	995.758
Distributed dividends	0	0	0	0	0	-178.000	-178.000
Transferred via profit appropriation	0	14.967	0	0	26.555	142.000	183.522
Exchange rate adjustment – foreign subsidiaries	0	0	0	3.419	2.760	0	6.179
Value adjustment of hedging instruments	0	0	277	0	0	0	277
Tax recognised in equity	0	0	-61	-327	0	0	-388
Equity at 31 December 2021	14.000	261.639	-248	360	589.596	142.000	1.007.348

The share capital comprises 28,000 shares of DKK 500 each. All shares carry the same voting rights.

The share capital is unchanged in the last 5 years.

Introducing a new electricity meter

PRODUCT LAUNCH



NEW E-METER SOLUTION TURNS DATA INTO ACTIONABLE INSIGHTS

With the introduction of the new OMNIA® e-meter in 2021, we have expanded our offerings to include a meter platform exclusively based on cellular IoT to complement the existing OMNIPOWER RF mesh-based meter platform.

Designed with flexibility and future use cases in mind, the new OMNIA® e-meter is a cornerstone in Kamstrup's solution. It enables advanced analysis and grid optimisation through its unrivalled measuring range and efficient frequency domain measurements, such as individual harmonic content.

By turning smart meter data into actionable insights, Kamstrup's smart metering solution helps utilities handle the challenges of booming electrification and increasingly decentralised electricity production.

Cash flow statement

DKK'000	Note	Consolidated	
		2021	2020
Revenue		2.371.161	2.292.976
Costs		-1.884.860	-1.809.843
Cash flows from operations before changes in working capital	18	486.301	473.133
Changes in working capital	19	-195.501	228.506
Cash generated from operations (operating activities)		290.800	701.639
Interest received		1.280	1.129
Interest paid		-4.434	-10.554
Cash generated from operations (ordinary activities)		287.646	692.304
Corporation tax paid	16	-51.406	-57.759
Cash flows from operating activities		236.240	634.545
Acquisition of business		0	-6.000
Acquisition of intangible assets		-131.749	-148.916
Acquisition of property, plant and equipment		-60.357	-109.767
Disposal of non-current assets		2.449	1.081
Deposits		-210	1
Cash flows from investing activities		-189.867	-263.601
<i>External financing:</i>			
Mortgage credit institutions		-4.799	-4.929
Credit institutions		1.072	-319
Cash pool		100.855	-136.114
<i>Shareholders:</i>			
Dividends paid		-178.000	-160.000
Cash flows from financing activities		-80.872	-301.362
Cash flows for the year		-34.498	69.582
Opening cash and cash equivalents		99.451	29.869
Opening cash and cash equivalents		64.953	99.451

Notes

	Consolidated		Parent company	
	2021	2020	2021	2020
DKK'000				
1. Segment information (broken down on revenue)				
Europe	78%	84%	91%	86%
Other	22%	16%	9%	14%
	100%	100%	100%	100%
System & Service	27%	29%	27%	30%
Components	73%	71%	73%	70%
	100%	100%	100%	100%
2. Staff costs				
Wages and salaries	835.829	806.714	706.688	692.541
Pensions	46.927	46.018	35.721	35.995
Other social security costs	37.404	33.120	10.032	9.639
	920.159	885.852	752.441	738.175
<i>Staff costs are specified as follows:</i>				
Production	604.173	377.706	585.425	368.127
Distribution	302.755	278.615	151.947	142.644
Administration	98.765	100.083	96.921	97.956
Capitalised in development projects	-85.534	129.448	-81.853	129.448
	920.159	885.852	752.441	738.175
Average number of employees	1.445	1.442	1.151	1.188
<i>Remuneration of the executive board and board of directors totals:</i>				
Executive board	11.610	10.069	11.610	10.069
Board of directors	1.384	1.500	1.384	1.500
	12.994	11.569	12.994	11.569

Notes

DKK'000	Consolidated		Parent company	
	2021	2020	2021	2020
3. Depreciation amortisation and impairment losses				
Intangible assets	159.721	157.475	156.668	154.592
Property, plant and equipment	125.258	141.444	117.518	132.731
	284.979	298.919	274.186	287.323
<i>Depreciation amortisation and impairment losses are specified as follows:</i>				
Production	246.306	276.856	240.093	271.044
Distribution	6.623	6.030	2.443	923
Administration	32.051	16.033	31.649	15.356
	284.979	298.919	274.186	287.323
4. Fees paid to auditors appointed at the general meeting				
Statutory audit fees	1.316	1.215	696	629
Assurance engagements	54	43	54	43
Tax advisory services	493	395	464	353
Other services	391	891	225	737
	2.254	2.544	1.439	1.762
5. Financial income				
Financial income – affiliates	0	0	795	995
Other financial income	1.280	1.219	831	0
	1.280	1.219	1.626	995
6. Financial expenses				
Financial expenses – affiliated companies	218	81	2.922	2.418
Other financial expenses	4.216	10.473	3.637	8.717
	4.434	10.554	6.559	11.135

Notes

DKK'000	Consolidated		Parent company	
	2021	2020	2021	2020
7. Tax on profit for the year				
Current taxation	33.733	16.414	6.400	-1.157
Tax in branches	4.986	5.099	4.986	5.101
Deferred tax	-5.519	2.239	1.587	-447
Adjustment of tax in respect of previous years	-3.216	-11	-3.415	-53
	29.984	23.741	9.558	3.444
<i>Tax on profit for the year is specified as follows:</i>				
Tax recognised in the income statement	29.596	23.994	9.170	3.697
Tax recognised in equity	388	-253	388	-253
	29.984	23.741	9.558	3.444
8. Proposed profit appropriation				
Proposed dividends			142.000	178.000
Retained earnings			41.522	-35.511
			183.522	142.489

Extended and strengthened partnership with Ennatuurlijk

CUSTOMER CASE



“Every day we work with our customers on more sustainable heat for tomorrow. In doing so, we need insight into how our heat is delivered.”

Thomas Toussaint, Asset Manager,
Ennatuurlijk, The Netherlands



Supporting the sustainable ambition

Increasing efficiency

70,000

Heat meters
+ software
and service

ENNATUURLIJK, THE NETHERLANDS

After many years of collaboration with Kamstrup, the energy utility Ennatuurlijk prolonged their partnership in 2021 about delivery of an intelligent heat metering solution including 70,000 intelligent meters, software and operation.

The Energy Efficiency Directive (EED) was the driver of making the investment now, but the ambition with digitalising the network is to get a better foundation for taking the right and most sustainable decisions about network optimisation and energy efficiency.

Notes

DKK'000	Consolidated			
	Completed development projects	Development projects in progress	Other intangible assets	In total
9. Intangible assets				
Cost at 1 January	710.700	101.909	4.836	817.445
Exchange rate adjustment in foreign enterprises	-1	0	0	-1
Acquisition of company	0	0	0	0
Additions	16.603	115.148	0	131.749
Disposals	-45.584	83	-597	-46.097
Transferred	189.042	-140.989	0	48.053
Cost at 31 December	870.761	76.150	4.239	951.150
Amortisation and impairment losses at 1 January	-476.657	-15.142	-967	-492.766
Transferred	-15.142	15.142	0	0
Exchange rate adjustment in foreign enterprises	0	0	0	0
Disposals	45.584	0	595	46.179
Impairment losses	-8.771	0	0	-8.771
Amortisation	-149.983	0	-967	-150.950
Transferred	-3.946	0	0	-3.946
Amortisation and impairment losses at 31 December	-608.914	0	-1.339	-610.253
Carrying amount at 31 December	261.847	76.150	2.900	340.897
Amortised over (Year)	3-5		5	

Notes

DKK'000	Parent company			
	Completed development projects	Development projects in progress	Other intangible assets	In total
9. Intangible assets - cont.				
Cost at 1 January	704.210	101.879	0	806.089
Exchange rate adjustment in foreign enterprises	-1	0	0	-1
Acquisition of company	0	0	0	0
Additions	16.603	115.145	0	131.748
Disposals	-45.584	0	0	-45.584
Transferred	189.112	-141.059	0	48.053
Cost at 31 December	864.341	75.965	0	940.306
Amortisation and impairment losses at 1 January	-474.701	-15.142	0	-489.843
Transferred	-15.142	15.142	0	0
Exchange rate adjustment in foreign enterprises	2	0	0	2
Disposals	45.584	0	0	45.585
Impairment losses	-8.771	0	0	-8.771
Amortisation	-147.897	0	0	-147.897
Transferred	-3.946	0	0	-3.946
Amortisation and impairment losses at 31 December	-604.871	0	0	-604.871
Carrying amount at 31 December	259.470	75.965	0	335.435
Amortised over (Year)	<u>3-5</u>			

Finalised development projects

Finalised development projects cover the development and testing of meters and meter software, including reading and analysis systems as well as ERP software. Meters and meter software are put into use continuously and depreciated over 3-5 years. In 2021, the gross profit on sales of meters and meter software amounted to DKK 230,501 million (2020: DKK 234,043 million). The management continuously performs assessments of the need for write-downs and has made appropriate write-downs that correspond to these assessments. As a consequence of our close focus on technology development, we have decided to depreciate some old product developments to focus on the newest knowledge.

Ongoing development projects

Ongoing development projects cover the development and testing of meters and meter software, including reading and analysis systems. In all materiality, costs are composed of internal costs in the form of wages and salaries and indirect production overheads, which are registered through the internal project module of the Company. Per 31 December 2021, the accounting value amounts to DKK 76,150 million (2020: DKK 86,767 million).

Meters and meter software that are under development per 31 December 2021 are expected to be finalised and put into use during 2022 and 2023 after which marketing and sales can be started. The new meters and meter systems are expected to lead to competitive advantages and thus constitute an essential basis for the expected sales over the coming years. The management continuously performs assessments of the need for write-downs and has made appropriate write-downs that correspond to these assessments.

Other intangible assets

Other intangible assets cover purchase of distribution rights. Per 31 December 2021, the accounting value amounts to DKK 2.900 million (2020: DKK 3.869 million).

Notes

DKK'000	Consolidated				
	Land and buildings	Production plant and machinery	Fixtures, fittings and other plant and equipment	Prepayments and plant in progress	In total
10. Property, plant and equipment					
Cost at 1 January	411.092	682.391	162.466	131.561	1.387.510
Exchange rate adjustment in foreign enterprises	-14	1.355	1.104	0	2.445
Acquisition of company	0	0	0	0	0
Additions	99	1.442	1.681	57.134	60.356
Disposals	0	-42.324	-20.852	0	-63.176
Transferred	1.516	61.866	-20.997	-90.439	-48.053
Cost at 31 December	412.693	704.730	123.402	98.257	1.339.082
Depreciation and impairment losses at 1 January	-119.567	-483.476	-92.875	0	-695.918
Exchange rate adjustment in foreign enterprises	5	-445	-586	0	-1.027
Disposals	0	42.165	20.749	0	62.914
Impairment losses	0	-9.247	0	0	-9.247
Depreciation	-12.758	-81.929	-21.324	0	-116.011
Transferred	0	0	3.946	0	3.946
Depreciation and impairment losses at 31 December	-132.321	-532.933	-90.091	0	-755.344
Carrying amount at 31 December	280.373	171.797	33.312	98.257	583.739
Depreciation over (Year)	10-70	5	3-7		

Notes

DKK'000	Parent company				
	Land and buildings	Production plant and machinery	Fixtures, fittings and other plant and equipment	Prepayments and plant in progress	In total
10. Property, plant and equipment - cont.					
Cost at 1 January	410.212	665.903	140.392	131.561	1.348.068
Exchange rate adjustment in foreign enterprises	1	0	4	-1	4
Acquisition of company	0	0	0	0	0
Additions	0	1.365	334	57.135	58.834
Disposals	0	-42.324	-18.447	0	-60.771
Transferred	1.484	61.866	-21.035	-90.369	-48.053
Cost at 31 December	411.697	686.810	101.249	98.327	1.298.082
Depreciation and impairment losses at 1 January	-119.341	-477.824	-78.579	0	-675.744
Exchange rate adjustment in foreign enterprises	-2	-2	0	0	-4
Disposals	0	42.177	18.468	0	60.645
Impairment losses	0	-9.247	0	0	-9.247
Depreciation	-12.636	-78.349	-17.286	0	-108.271
Transferred	0	0	3.946	0	3.946
Depreciation and impairment losses at 31 December	-131.978	-523.245	-73.451	0	-728.674
Carrying amount at 31 December	279.719	163.565	27.798	98.327	569.409
Depreciation over (Year)	10-70	5	3-7		

Notes

DKK'000	Parent company	
	2021	2020
11. Investments in subsidiaries		
Cost at 1 January	181.849	174.956
Additions for the year	0	6.893
Cost at 31 December	181.849	181.849
Adjustments at 1 January	-1.928	-47.342
Foreign exchange adjustment	2.760	1.082
Profit for the year before tax	65.999	76.538
Tax on profit for the year	-18.251	-20.907
Dividend	-120.983	-11.299
Adjustments at 31 December	-72.404	-1.928
	109.445	179.921
Offset against receivables	12.515	14.950
Carrying amount at 31 December	121.960	194.871

Name	Reg. office	Voting right and ownership
Kamstrup B. V.	NL	100%
Kamstrup Sp. z o.o.	PL	100%
Kamstrup Instrumentation Ltd.	GB	100%
Kamstrup AS	NO	100%
Kamstrup Services SAS	FR	100%
Kamstrup AB	SE	100%
Zao Kamstrup	RU	100%
Kamstrup South Africa (Pty) Ltd.	ZA	100%
Kamstrup Austria GmbH	AT	100%
Kamstrup Metering Solutions Private Limited	IN	100%
Kamstrup International A/S	DK	100%
Kamstrup Water Metering L.L.C.	US	100%
Kamstrup Chile SpA	CL	100%
Kamstrup Spain S. L.	ES	100%
Kamstrup Metering Solution Canada Inc	CA	100%
Kamstrup Italy S.rl	IT	100%
Kamstrup Asia Pacific SDN BHD	MY	100%
Kamstrup Ireland	IE	100%
Kamstrup Metering Solutions (Beijing) Co. Ltd	CN	100%
Blue Control A/S	DK	100%

Notes

11. Investments in subsidiaries - cont.

Disclosure Kamstrup Instrumentation Limited

Kamstrup A/S has guaranteed the liabilities of subsidiary Kamstrup Instrumentation Limited (a company incorporated in the Great Britain) and as a result, this entity opted to take the exemption that it is entitled to take, with regards to the exemption from the requirement for their individual accounts to be audited under, Financial Statements Act, section 479A to the Companies Art 2006 relating to subsidiary companies.

	Consolidated		Parent company	
	2021	2020	2021	2020
12. Selling price of systems deliveries				
Systems deliveries	931.747	977.427	638.895	489.639
Progress billings	-973.182	-1.018.877	-631.703	-522.077
	-41.435	-41.450	7.192	-32.438
<i>Progress billings are specified as follows:</i>				
Systems deliveries (assets)	31.014	18.764	26.896	14.961
Systems deliveries (equity and liabilities)	-72.449	-60.214	-19.704	-47.399
	-41.435	-41.450	7.192	-32.438

Notes

DKK'000	Consolidated		Parent company	
	2021	2020	2021	2020
13. Deferred tax				
Deferred tax at 1 January	94.194	91.413	98.213	98.660
Adjustment of tax in respect of previous years	-663	542	-1.304	0
Deferred tax for the year	-5.519	2.239	1.587	-447
Deferred tax at 31 December	88.012	94.194	98.496	98.213
Deferred tax liability	98.787	99.180	98.496	98.213
Deferred tax asset	-10.775	-4.986	0	0
	88.012	94.194	98.496	98.213
<i>Deferred tax is incumbent on:</i>				
Intangible assets	65.152	69.576	65.152	69.574
Property, plant and equipment	-2.780	2.728	-2.689	2.623
Unrealised intra-group profit	-2.646	-1.176	-2.646	-1.176
Indirect production overheads	5.528	1.384	5.528	1.384
Work in progress	33.151	25.804	33.151	25.808
Provisions and other accruals	-10.393	-4.122	0	0
	88.012	94.194	98.496	98.213

Deferred tax assets

Per 31 December 2021, the Group has included tax assets of DKK 10,775 million in all. Tax assets consist of tax loss carryforwards. On the basis of budgets and projections up until 2022, the Management Board has assessed it to be probable that there will be future taxable income available in which unused tax losses can be exploited.

14. Warranty provisions

Warranty provisions at 1 January	203.564	204.908	176.709	184.523
Utilised during the year	-21.090	-16.079	-21.039	-16.041
Unused guarantee obligations, restored	-54.729	-36.377	-56.829	-36.375
Provisions for the year	58.256	51.112	42.086	44.602
Warranty provisions at 31 December	186.001	203.564	140.927	176.709
<i>The provisions are expected to be payable in:</i>				
0-1 years	56.557	54.759	56.339	54.270
1-5 years	88.652	120.379	72.416	111.139
+5 years	40.792	28.426	12.172	11.300
	186.001	203.564	140.927	176.709

Warranty provision include the group's normal warranty on products and extended warranties from agreements made. Reversal of unused guarantee obligations covers previous provisions that, over the year, have not materialised as a consequence of Kamstrup's continuous risk management.



OUR PURPOSE

We ensure clean water and energy to a maximum number of people

OUR AMBITION

We revolutionise the supply of clean water and energy through intelligence

OUR VALUES

Inspire
Lead
Deliver



Notes

	Consolidated		Parent company	
	2021	2020	2021	2020
DKK'000				
15. Liabilities				
<i>The loans are specified as follows:</i>				
Long-term	27.070	99.279	27.070	99.279
Short-term	4.769	4.790	4.769	4.790
	31.838	104.069	31.838	104.069
Non-current liabilities falling due more than five years after the expiry of the financial year	11.569	15.673	11.569	15.673
16. Corporation tax				
Corporation tax at 1 January	-1.411	-37.725	8.355	-36.709
Adjustment of tax in respect of previous years	2.552	-83	2.111	-53
Current tax for the year	-38.719	-21.513	-11.386	-3.943
Corporation tax paid during the year	51.407	57.910	2.067	49.060
Corporation tax at 31 December	13.829	-1.411	1.147	8.355
<i>Allocated as follows:</i>				
Corporation tax receivable	12.866	4.265	184	0
Corporation tax payable	-2.637	-16.832	-2.637	-2.801
Receivables from/payables to group enterprises	3.600	11.156	3.600	11.156
	13.829	-1.411	1.147	8.355

Notes

DKK'000	Consolidated		Parent company	
	2021	2020	2021	2020
17. Contractual obligations and contingent liabilities etc.				
Contractual obligations				
Leasehold liabilities	21.135	18.549	4.739	1.709
Lease liabilities	23.827	20.334	14.485	13.362
Collateral				
Performance guarantees provided as collateral for the Company's liabilities towards third party	114.183	123.926	113.926	120.231
<i>The below assets have been provided as collateral for mortgage debt:</i>				
Land and buildings with a carrying amount of:	279.719	292.560	279.719	292.560

The Parent Company has provided Norwegian customers with parent company guarantees of DKK 3.3 million in total, (2020: DKK 3.1 million) regarding an outstanding balance with the subsidiary in Norway. The parent company has provided collateral for bank loans of subsidiaries of DKK 16.1 million (2020: DKK 15.5 million).

In addition to this, the parent company has provided collateral for credit lines of its group enterprises at an amount of DKK 800 million (2020: DKK 760 million). The Parent Company's shares in the subsidiary Kamstrup AB have been provided as collateral for bank loans with group enterprises.

The Company is jointly taxed with other Danish group companies. As a group company, the company has unlimited and joint liability with other group companies for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed companies' total known net liability to Skattestyrelsen appears from the financial statements of the management company OK a.m.b.a. CVR-no. 39 17 04 18. Any subsequent corrections to the joint taxation income and the withholding tax etc. may result in an increased liability for the company. The Group as a whole is not liable to any others.

Notes

Consolidated

DKK'000

	2021	2020
18. Cash flows from operations before changes in working capital		
Ordinary operating profit	215.689	174.269
Adjustment for non-cash operating items, etc.:		
Depreciation amortisation and impairment losses	284.979	298.917
Adjustment of warranty provisions	-17.563	-1.344
Other adjustments	5.038	1.291
	<u>488.143</u>	<u>473.133</u>
19. Changes in working capital		
Changes in inventories	-196.983	48.244
Changes in receivables	-16.449	103.229
Changes in trade and other payables	17.931	77.033
	<u>-195.501</u>	<u>228.506</u>

20. Interest rate risk and the use of financial derivative instruments

The Group covers interest rate risks by means of interest rate swaps whereby variable interest payments are converted into fixed interest payments.

	2021	2020
Notional principal amount	15.052	15.058
Value adjustment included in the equity	277	1.148
Fair value	-318	-595
Remaining term, month	18	30

The secured cash flows are expected to be realised and will affect the outcome of the remaining term of the interest rate swap.

Notes

21. Related parties

Kamstrup A/S' related parties comprise:

Control

OK a.m.b.a., Viby J, Denmark, owns the entire share capital.

Other related parties

Other related parties comprise subsidiaries as described in notes 11 and the companies' Executive Board and the Board of Directors, executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

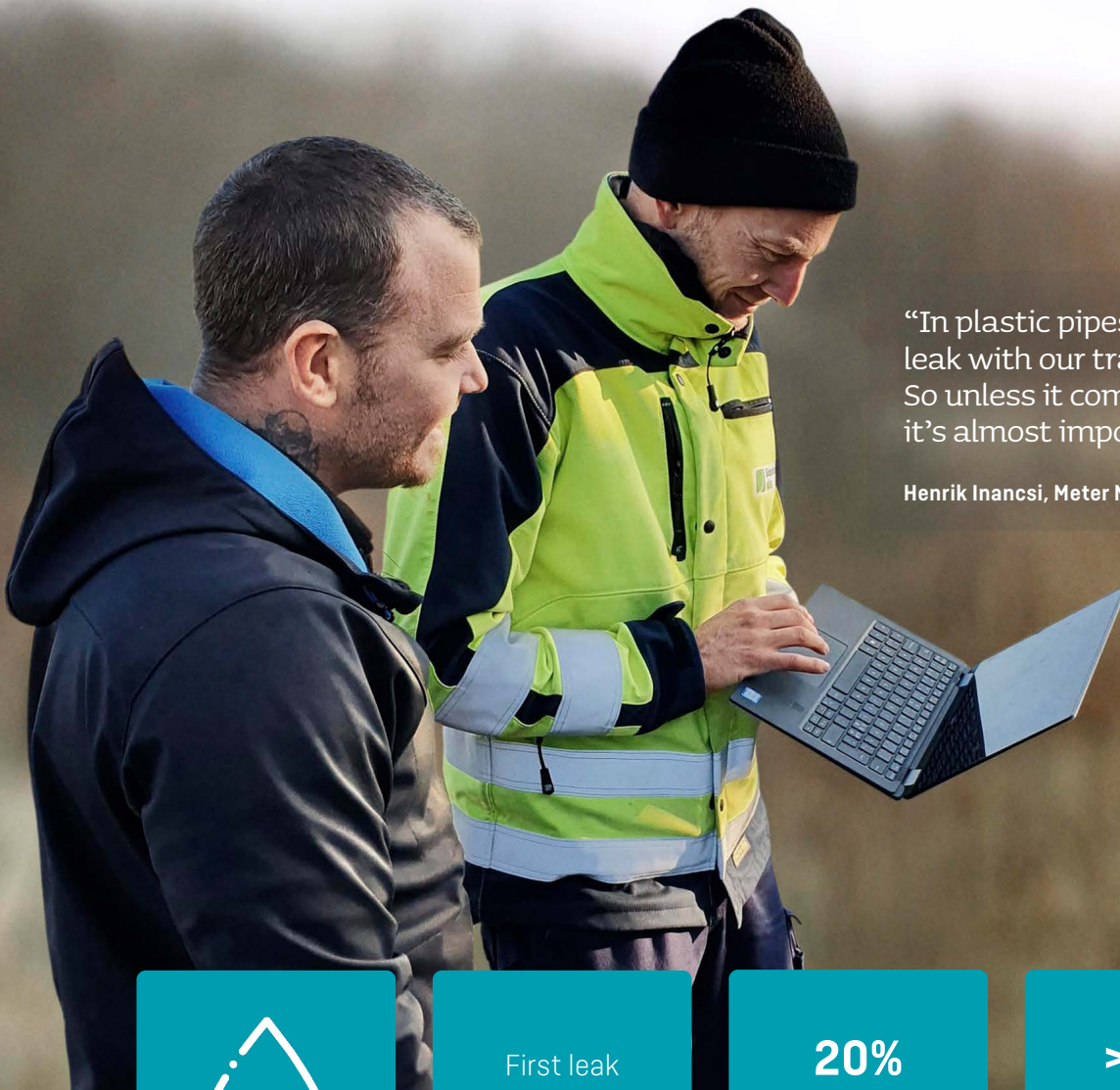
Transactions with related parties

Transactions with subsidiaries are eliminated in the consolidated financial statements. All subsidiaries are wholly owned, cf. the Danish Financial Statements Act, section 98c [3]. In 2020, transactions have taken place with the parent company and all transactions have taken place on arm's length terms and therefore, information on these transactions is not included in the annual report, cf. the Danish Financial Statements Act, section 98c [7].

DKK'000	2021	2020
Consolidated		
Purchase of goods etc. from affiliates	12.373	2.057
Interest costs from affiliated companies	218	81
Receivables from affiliated companies	18.493	126.904
Parent Company		
Sale of goods to subsidiaries	601.104	672.798
Sales management services and services to subsidiaries	79.099	55.120
Purchase of goods and etc. from subsidiaries	12.500	30.264
Interest income from subsidiaries	795	995
Interest costs for subsidiaries	2.922	2.418
Purchase of goods etc. from parent company	12.373	2.057
Interest costs from parent company	218	81
Receivables from subsidiaries	245.416	117.107
Debt to subsidiaries	180.947	-125.966
Receivables from affiliated companies	13.757	126.904

Söderhamn Nära saves customers from water damage

CUSTOMER CASE



“In plastic pipes, you can’t hear the leak with our traditional equipment. So unless it comes up to the surface it’s almost impossible to find.”

Henrik Inanci, Meter Manager, Söderhamn Nära AB



First leak found after one hour

20% water loss each year

>100 leaks detected

SÖDERHAMN NÄRA AB, SWEDEN

The water utility went from a costly and time-consuming hit-and-miss approach to leak detection to a targeted effort with their new acoustic leak detection solution including flowIQ® 2200 smart meters combined with the Leak Detector analytics tool.

While part of a 4-year plan towards hourly values and analytics, the new solution literally delivered from day one and learnings increase steadily.

Accounting policies

The annual report of Kamstrup A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounts are prepared on the basis of underlying amounts in whole DKK, but are shown in the annual report in whole 1.000 DKK, which means that there are smaller rounding differences in the totals.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Kamstrup A/S, and subsidiaries in which Kamstrup A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, share-holdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation.

Disposed or liquidated enterprises are recognised in the consolidated income statements up until the date of disposal. Comparative figures are not corrected for enterprises acquired, disposed or liquidated during the year.

Gains and losses at disposal of subsidiaries are calculated as the difference between the disposal amount and the carrying amount of net assets at the date of the disposal incl. non-amortized goodwill and expected sales or liquidation costs.

Acquisitions of enterprises are accounted for using the purchase method. Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. At the moment, the useful life is assessed to be five years.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

On recognition of foreign subsidiaries, the income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates ruling at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables and payables, respectively, and in equity.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. Discounts granted are recognised in revenue.

Revenue from sale of goods

Income from the sale of finished goods, comprising electric meters for reading heat and water consumption is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue from sale of services

Income from the provision of services, comprising service contracts, is recognised in revenue on a basis as the services are provided.

Revenue from systems deliveries

Systems deliveries involving highly customised solutions are recognised in revenue in line with production. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

The stage of completion is made up based on the used costs compared to the latest cost estimate.

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Sales and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating income

Other operating income contains items of secondary character in relation to the activity of the companies, including gains at disposal of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses contain items of secondary character in relation to the activity of the companies, including losses at disposal of intangible assets and property, plant and equipment.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses in respect of payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme etc.

Tax on profit for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of the OK a.m.b.a. Group's Danish subsidiaries. Danish subsidiaries form part of the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company, OK a.m.b.a., is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by the settlement of joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carryforwards receive joint taxation contributions from enterprises that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Capitalised development costs are measured at cost less accumulated amortisation. Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Capitalised development costs are amortised on a straight-line basis after the completion of the development work over the estimated useful life. The amortisation period is 3-5 years.

Other intangible assets

Other activated intangible assets are measured according to cost price with deduction of accumulated depreciation. The cost price includes costs that fall directly or indirectly within other intangible assets. Other activated intangible assets are depreciated linearly over the assessed economic useful life. The depreciation period is 3-5 years.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, as well as other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers as well as wages and salaries.

The cost prices of a complete asset is split into separate items, each depreciated separately, if the expected useful lives on each separate item differs.

The cost of assets held under finance leases is recognised at the lower of the fair value of the assets and the present value of the future lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount rate.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	10-70 years
Plant and machinery	5 years
Fixtures and fittings, other plant and equipment	3-7 years

Intangible and tangible fixed assets and investments

The carrying amount of intangible assets and property, plant and equipment and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Investments in subsidiaries

Investments in subsidiaries are measured in accordance with the equity method. Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds the cost of acquisition.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration. Borrowing costs are not recognised.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Selling price of systems deliveries

The selling price of systems deliveries is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the individual work in progress.

Individual systems deliveries are recognised in the balance sheet under either receivables or payables. Net assets are determined as the sum of systems deliveries where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of systems deliveries where progress billings exceed the selling price.

Equity – dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

Reserve for development costs comprises included development costs. The reserve cannot be used for dividends or to cover losses. The reserve is reduced or liquidated if the included development costs are depreciated or are removed from the Company's operation. This takes place by transferring directly to the free equity reserves.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Corporation tax and deferred tax

Joint taxation contributions payable and receivable are recognised in the balance sheet as amounts owed to/by group enterprises. Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation, either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity and jurisdiction.

Other provisions

Provisions comprise anticipated costs related to warranties, contractual obligations, losses on systems deliveries, unfunded pension obligations, etc.

Financial liabilities

Financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders. Furthermore, changes in the usage of cash pool cooperation with OK a.m.b.a. are included.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Group's accounting policies, risks and internal financial management.

Towards one smart and transparent system

CUSTOMER CASE



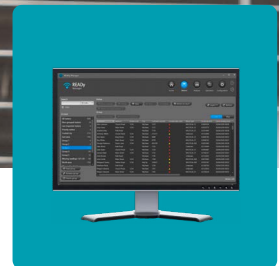
“We want to work with data indefinitely, transparently and securely. That’s possible with READy.”

Edwin Normann, Smart Energy Manager,
Croonwolver&dros, The Netherlands



Streamlining
formats and
systems

More efficiency,
cost and time
savings



CROONWOLTER&DROS, THE NETHERLANDS

The Smart Energy division of sustainable energy operator Croonwolver&dros has experienced rapid growth since 2018 and had to streamline the number of systems and partners to be able to work efficiently.

With the remote reading system READy, Croonwolver&dros has now quick and easy access to consumption data and the tools they need for analysing and optimising the distribution grid. Data is usually collected via a wireless or wired network with one or more concentrators.

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