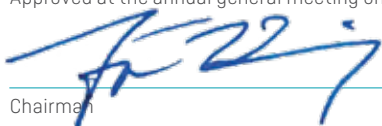

Annual report

2022

Approved at the annual general meeting on 14-03-2023


Chairman

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

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Statement from the CEO

We will remember 2022 as a challenging year impacted by COVID-19 and the war in Ukraine as yet another destabilizing factor that hit the world and our business. We closed down our activities in Russia, but we have continued our business in Ukraine. We faced increased uncertainty, the energy crisis, high inflation, and component shortages, which impacted our customers due to severe delivery challenges. However, in the last quarter we succeeded to scale up on component deliveries, and together with improvements in our way of working we increased throughput of manufacturing and deliveries to our customers.

Despite the significant challenges, it was also a year where we at Kamstrup could celebrate several milestones and achievements. We continued to experience a growing demand for solutions and services to combat the global environmental challenges. Water and energy utility industries and residential and commercial property management are having high demands for digital solutions. Both industries and end-consumers are transitioning from fossil to renewable energy, and there is an increasing electrification of our society. Our customers have adapted to the challenges of accelerating operational effectiveness and improving energy efficiency and waste of clean water. And we are proud to partner with our customers to meet their ambitious goals.

The increased collaboration with customers resulted in an exceptionally strong order intake in 2022, and especially our focus on internationalization has been successful, with two- and three-digit growth in several markets.

Although the global component shortage resulted in a delivery backlog, we have delivered financially strong results in 2022. Although facing challenges in our supply chain, we have celebrated a record-high number of delivered meters to our customers, though not being able to fulfill customer demands on delivery time. We are investing substantially in expanding our manufacturing and supply chain capabilities and along with the expected continued improvements in component availability in 2023, we plan to increase our delivery performance significantly in the future.

We believe that the right knowledge and insights of innovative and digital solutions and services are key to supporting utilities around the world in reaching their goals of energy efficiency and reducing waste of clean water. In co-creation with the industry, we will continue to invest heavily in developing high-quality solutions and services that accelerate the global ambitions for the green transition. Our investment in innovative technology will also allow us to support future demands, so we stay ahead in an ever-changing world and improve our ability to service and support our partners and customers.

Our expectations for the coming years are high, and for 2023 we expect continued strong growth. And we are confident we will deliver on the global ambitions in close collaboration with our partners, customers, and employees.

Kim Lehmann, CEO

Kamstrup won the DI Award 2022

In 2022, Kamstrup won the prestigious Danish DI Award. The award was this year granted to a company which has developed products and services that make Denmark a technological pioneering country related to climate. We won the award based on our innovative acoustic leak detection technology, ALD, that monitors water distribution networks and detects leaks through acoustic and smart metering.



From the left: Sune Dupont, Development Engineer, Kamstrup, Ole Pjengaard, Commercial Product Manager, Kamstrup, Mads Sckerl, Senior Vice President, Kamstrup, HRH The Crown Princess Mary, Lars Sandahl Sørensen, CEO, Danish Industry, and Klaus Holse, Chairman, Danish Industry. (Photo: Thomas Arnbo)

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 2022.

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

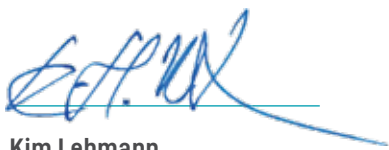
It is our opinion that the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's financial position as of 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair view 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.

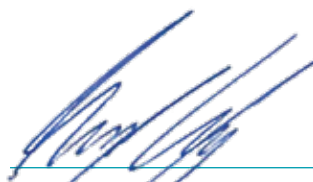
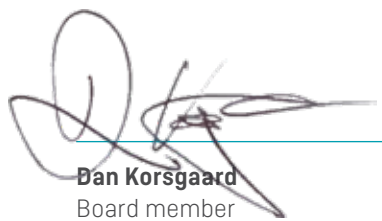
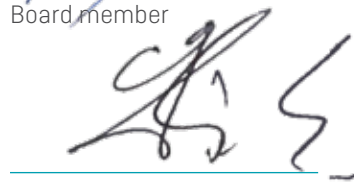
We recommend that the annual report be approved at the annual general meeting.

Stilling, 14 March 2023

Executive Board:


Kim Lehmann
CEO
Henrik Rom
CFO

Board of Directors:


Jørgen Wisborg
Chairman
Flemming Rasmussen
Vice-chairman
Michael Love
Board member
Dan Korsgaard
Board member
Erik Larsen
Board member
Humphrey Lau
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 2022, 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 2022 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 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 content 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 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.

Aarhus, 14 March 2023

EY Godkendt revisionspartnerselskab

CVR-no. 30 70 02 28



Claus Hammer-Pedersen

State Authorized Public Accountant
MNE21334



Michael Dahl Christiansen

State Authorized Public Accountant
MNE34515

Company details

Kamstrup A/S

Industrivej 28, Stilling
DK-8660 Skanderborg

T: +45 89 93 10 00

F: +45 89 93 10 01

W: kamstrup.com

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
Michael Løve
Erik Larsen
Dan Korsgaard
Humphrey Lau
Tina Amdisen
Anja Borg
Jimmy Sihm

Executive Board

Kim Lehmann, CEO
Henrik Rom, CFO

Auditors

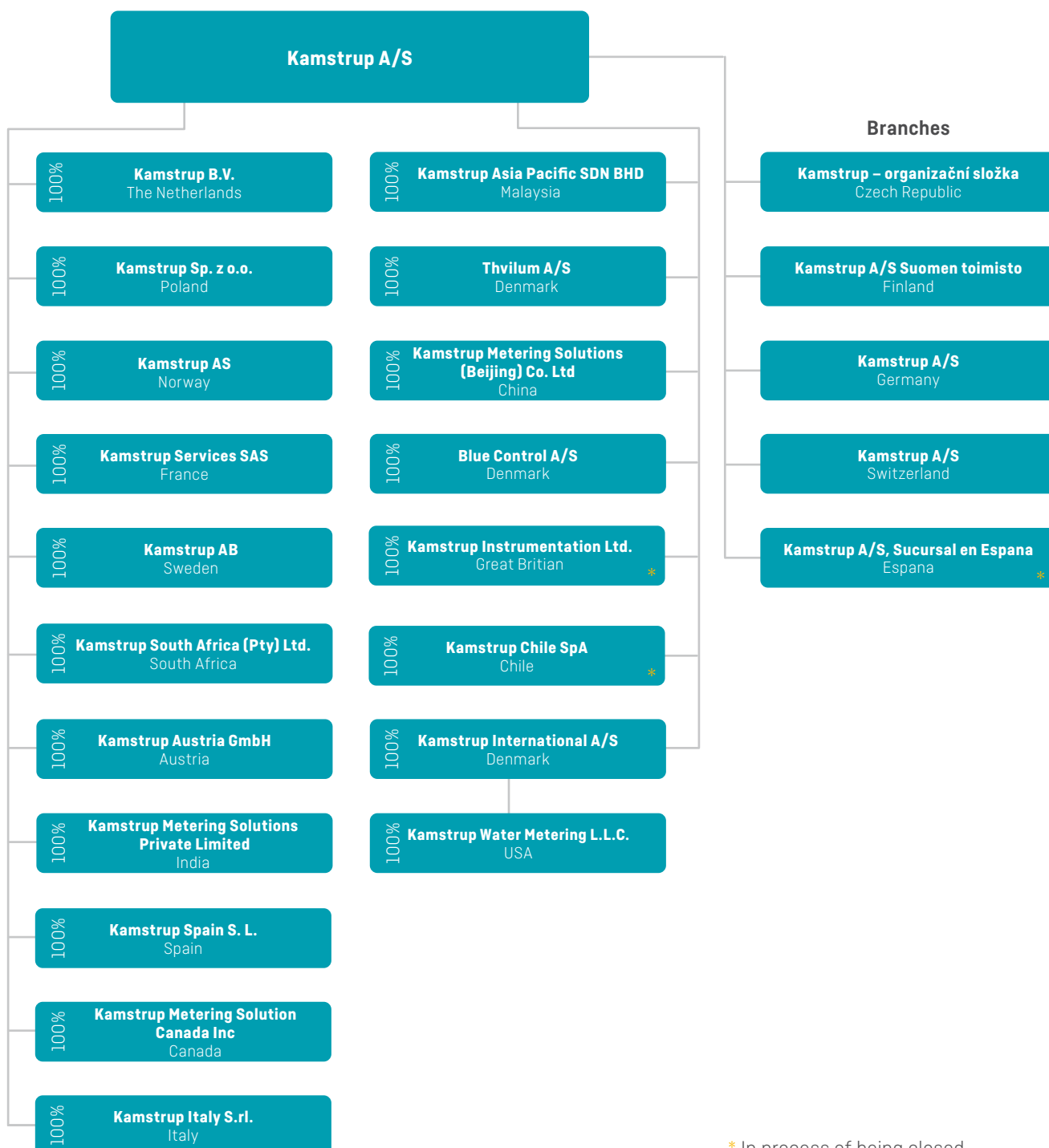
EY Godkendt revisionspartnerselskab

Værkmestergade 25
DK-8100 Aarhus C
CVR-no. 30 70 02 28

Annual general meeting

The annual general meeting is to be held on 14 March 2023.

Group chart



Financial highlights of the group

DKKm	2022	2021	2020	2019	2018
Key figures					
Revenue	2.799,9	2.371,2	2.283,0	2.396,9	2.391,3
Operating profit	314,2	215,7	174,3	207,6	306,3
Financial income and expenses	-6,5	-3,2	-9,4	-5,8	-10,6
Profit before tax	308,1	213,1	166,5	206,6	296,5
Profit for the year	238,2	183,5	142,5	168,1	234,8
Non-current assets	843,8	926,9	1.018,3	1.054,7	902,7
Current assets	1.346,8	907,6	808,4	783,4	888,5
Total assets	2.190,6	1.834,5	1.826,8	1.838,1	1.791,2
Share capital	14,0	14,0	14,0	14,0	14,0
Equity	1.098,3	1.007,3	995,8	1.014,0	844,6
Provisions	305,5	284,8	302,7	309,4	264,4
Current liabilities	763,5	515,3	429,0	454,1	640,6
Liabilities	786,9	542,4	528,3	514,7	682,2
Investments in property, plant and equipment	56,8	60,4	110,0	197,0	169,5
Cash flows from operating and investing activities	-55,2	46,4	370,9	292,6	49,0
Financial ratios					
Operating margin	11	9	8	9	13
Return on investment	21	18	14	18	33
Current ratio	176	176	188	173	139
Solvency ratio	50	55	55	55	47
Return on equity	23	18	14	18	31
Average number of employees	1.575	1.445	1.442	1.438	1.360

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 solutions and services for intelligent metering and optimization of energy and water consumption. This includes smart energy and water meters, reading systems, data analysis tools and services to utilities and other users all over the world.

The headquarter is located in Denmark, south of Aarhus, the second largest city of Denmark. At the headquarter you find the technology development, sales, marketing, service, production facilities and administration. In addition to product development in Denmark, Kamstrup has product 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. Moreover, Kamstrup's solutions are sold and marketed through a network of partners and distributors in more than 90 countries.

Development in activities and financial position

Annual result

The total revenue for 2022 was DKK 2,799.9 million and in 2021 it was DKK 2,371.2 million. Profit for the year 2022 was DKK 238.2 million and in 2021 it was DKK 183.5 million. The development should be compared to an expected result for 2022 at the same level as 2020, i.e. an expected total revenue of DKK 2.3 billion and an expected Profit for the year of DKK 142.5 million, due to difficult component situation in the beginning of 2022. The actual development in 2022 was affected by multiple factors as described below.

The financial year 2022 was a year where Kamstrup and also indirectly via our customers and suppliers was severely affected by the magnitude of instability and turmoil in the global economy post COVID-19. Derived component shortage combined with uncertainty related to the war in Ukraine and the related increase in energy prices and general inflation, significantly impacted the business in the first three quarters of the year, both in terms of delayed deliveries to customers, higher cost levels, as well as a need for higher levels of safety stocks. Close collaboration with customers and suppliers, combined with a targeted internal effort and an improvement in the supply situation during the fall 2022, led to a strong fourth quarter with increased record high throughput in manufacturing and deliveries to our customers.

Despite the difficult situation with component shortage and uncertainty related to longer lead times, order intake continued throughout the year, leading to a record high orderbook at the end of 2022. Growth in orders has been driven by solid performance in core markets and we saw a satisfying increase on our markets shares in several markets.

Through 2022, Kamstrup continued the high investment level. A double-digit percentage of revenue was invested in product development activities which closely follow our ambition of staying relevant to our customers in terms of new and innovative solutions, delivered at short lead times and at highest quality standards. It is therefore also with great satisfaction that Kamstrup in 2022 received the DI Prize, awarded by the Confederation of Danish Industries (DI), for our innovative solution for the water market combining smart metering with Acoustic Leak Detection.

Besides organic investment in new products and services, Kamstrup acquired the Danish software company Thvilum A/S in the first half year of 2022, an acquisition that will enable Kamstrup to offer services and advanced analytics solutions that will further digitalize Heat/Cooling and Water utilities and increase their efficiency. The investment in Thvilum A/S will also fuel the transitions towards a more service-based business and increase relevancy in a larger part of the customer value chain besides metering. Overall, the business performance and the related financial and non-financial results for 2022 are considered very satisfactory, especially in the light of the instability in the global economy.

Markets and outlook for 2023

While demand for Kamstrup products and services among customers remains high, the risk of global supply chain constraints and the unstable geopolitical situation, including war on the European continent and risks of increased protectionism and related disputes between economies delivering critical components, result in considerable uncertainties and blurred visibility for the coming financial year.

Still, Kamstrup will be entering 2023 with a record high orderbook, which combined with strong order intake outlook, provides confidence in 2023 revenue to increase double digit compared to 2022.

2023 will likely be a record year for Kamstrup with respect to investments into capacity and innovation, technology, and new product and services to absorb and prepare for the strong demand we foresee in the years to come. During 2023 we will reduce the Orderbook and shorten lead times to our customers to a level closer to the pre-Covid situation.

The total revenue for 2023 is expected to be DKK 3.5–4.0 billion, and the Earnings Before Tax level for 2023 is expected to set a record for Kamstrup at DKK 350–450 million, but with a significant risk caveat related to the uncertainty in the overall geopolitical situation.

Risks

Kamstrup's business performance is closely linked to the development of the global situation within component supply and the derived impact this has on lead times and inflation.

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 to hedge future cash flows.

The risk of losses on debtors is, 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.

Knowledge resources

Kamstrup has competent and highly educated employees and has great focus on being an attractive workplace with highly motivated employees. The ability to recruit highly educated employees is central to Kamstrup's continued expansion in Denmark as well as internationally. We are expanding our international footprint with significant growth also outside Denmark, meaning we grow into a more diversified workforce in terms of physical location.

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

Kamstrup has signed the Gender Diversity Pledge from DI [Danish Industry Association]. This includes commitment to 16 principles enhancing gender diversity and to set own objectives to contribute to increased gender diversity in 2030. Based on the Pledge, Kamstrup is working towards defining short and long-term targets for gender diversity for the group in 2023.

Kamstrup actively seeks to increase the share of the women in Kamstrup and in the Board of Directors.

The Board of Directors consists of nine members in total, divided into six members appointed at the annual general meeting and three employee representatives.

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

The relative number of women and men has increased among the appointed members in 2022 as a member has joined the Board of directors. Going from five appointed male members to six. All members elected at the annual general meeting are men. During the year, an additional member has joined the board of directors, the new appointed member is a man, however, the appointment is based on the fact that he is CEO of the Kamstrup's owner, and thus no election process involving other candidates has taken place during the year.

The appointment of employee representatives happens every fourth year and therefore there are no changes in the increase of the underrepresented gender during this reporting period.

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.

Cyber Security

Cyber security in general, and EU and US Cyber Security Legislation in particular, are key focus areas for Kamstrup. A recent increase in cyberattacks on critical infrastructure in Europe following the war in Ukraine, have further emphasized the importance of this area. Our Information Security department is working closely with all parts of Kamstrup to mitigate and prevent risks that pose a threat to our as well as our customers' activities.

Information Security are being compliant and improved by implementing international standards, following demands from Center for Cyber Security (FE) and continuously measuring on actual status and actions for improvement under senior management mandate and control. Kamstrup has decided to follow ISO 27001, IEC 62443, and CIS 18 standards with ongoing updating of plans to ensure right maturity stage.

Data ethics

Kamstrup has a Data Ethics Policy. The overall objective of this Policy is to encourage and motivate all employees in the Kamstrup Group to handle data with the appropriate care and respect. The policy covers areas as; Security, handle data confidentially and responsibly, conduct data protection impact assessments, relevant valuable data for customers and focus and awareness when processing data.

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.

Kamstrup continuously improves 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.

Sustainability Report - Communication on Progress (COP)

Since 2010, Kamstrup has been an official member of the UN Global Compact, demonstrating our long-lasting commitment and contribution to responsible business conduct, social responsibility and reduced environmental impact. We respect and support UN Global Compact's ten principles covering topics within: human rights, labor rights, the environment and anti-corruption.

The Sustainability Report covers Kamstrup's impact from own activities as well as the contribution from our solutions to the transition towards a more sustainable future. Furthermore, the report contains objectives and actions towards a more sustainable business and addresses the requirements outlined by the Danish Financial Statements Act § 99a and 99b on reporting of Corporate Social Responsibility (CSR). The purpose of Kamstrup's Sustainability report is to transparently communicate on topics, which are material to our stakeholders and to report on progress for the financial year 2022, as well as future priorities.

In August 2021, a Sustainability department was established expanding the existing Quality function to a Quality & Sustainability function. During 2022 the Sustainability team has grown to 3 FTEs and a student worker covering responsibility areas within Sustainability and Health & Safety and Environment (HSE).

During 2022, Kamstrup finalized and implemented our Kamstrup Code of Conduct, and the cross-organizational strategic project Sustainability was initiated and successfully executed, defining Kamstrup's Sustainability strategy and targets. The sustainability strategy will be presented to the Kamstrup Board in 2023 and later implemented in the organization. In December 2022, Kamstrup joined the Science Based Targets Initiative and thereby commits, within a 2-year framework, to submit and follow climate targets for emission reduction activities in line with the Paris Agreement 1.5 degrees scenario.

The Sustainability report covers the following areas:

- About Kamstrup – our business model and policies.
- Compliance- incl. information security.
- PLANET: Climate, Environment and Circularity.
- PEOPLE: A great place to work incl. Health & Safety, Development, Diversity, Equality & Inclusion (Diversity incl. number of women in management and the Board of Directors).
- PARTNERSHIPS: Supplier management and Enabling change together (Good corporate citizenship).

The Sustainability COP report is publicly available at the Kamstrup website kamstrup.com/sustainability2022.

Mölnadal Energi chose Kamstrup to meet future challenges

“It is crucial for the project that we have a good communication with our electricity network customers, and now that the agreement is ready, we look forward to looking at working with Kamstrup on how we can carry out the change in as simple and smooth a way as possible.”

FREDRIK LUNDMARK, ELECTRICITY NETWORK MANAGER, MÖLNDAL ENERGI

Fredrik Lundmark, Electricity Network Manager, Mölnadal Energi, Jesper Daugaard, Vice President Nordic Region and Christian Schwartz, CEO Mölnadal Energi



23,000
measuring
points

OMNIA® Flex
sold as an
SaaS solution



MÖLNDAL ENERGI, SWEDEN

Kamstrup has won in 2022 a new Electricity meter-deal with Mölnadal Energi to supply a complete system for smart electricity metering, including the replacement of meters. The project covers everything from meters, project management, installation and System-as-a-Service. The roll-out of 23,000 measuring points start in the beginning of 2023 over a 12-month period.

Income statement

DKK'000	Note	Consolidated		Parent company	
		2022	2021	2022	2021
Revenue	1	2.799.887	2.371.161	2.232.324	1.745.197
Production costs	2, 3	-1.712.754	-1.511.731	-1.584.503	-1.216.388
Gross profit		1.087.133	859.430	647.821	528.810
Sales and distribution costs	2, 3	-492.732	-426.643	-244.549	-213.523
Administrative expenses	2, 3, 4	-280.248	-217.098	-186.404	-165.754
Operating profit		314.153	215.689	216.867	149.532
Other operating income		451	584	210	344
Profit before net financials		314.605	216.273	217.078	149.876
Profit in subsidiaries	11	0	0	81.390	47.748
Financial income	5	8.993	1.280	5.494	1.626
Financial expenses	6	-15.474	-4.434	-8.630	-6.559
Profit before tax		308.124	213.118	295.332	192.691
Tax on profit for the year	7	-69.891	-29.596	-57.099	-9.170
Profit for the year	8	238.233	183.522	238.233	183.522

Balance sheet – Assets

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
DKK'000					
ASSETS					
Non-current assets					
Intangible assets					
Goodwill	9	14.635	2.900	0	0
Completed development projects		176.108	222.557	175.781	220.179
Development projects in progress		105.610	76.150	105.610	75.965
Software		17.301	39.291	17.301	39.291
Prepayments for intangible assets		10.123	0	10.123	0
		323.778	340.897	308.816	335.435
Property, plant and equipment	10				
Land and buildings		269.868	280.373	269.021	279.719
Plant and machinery		145.125	171.797	139.251	163.565
Fixtures and fittings, other plant and equipment		27.230	33.312	19.219	27.798
Assets in the course of construction		73.352	98.257	73.215	98.327
		515.576	583.739	500.705	569.409
Investments					
Investments in subsidiaries	11	0	0	175.495	121.960
Deposits		4.444	2.296	501	492
		4.444	2.296	175.996	122.452
Total non-current assets		843.797	926.932	985.516	1.027.296
Current assets					
Inventories					
Raw materials and consumables		652.162	420.858	578.255	372.703
Work in progress		6.067	3.078	3.375	751
Finished goods		38.605	22.787	29.442	9.219
		696.834	446.723	611.071	382.673
Receivables					
Trade receivables		432.579	299.774	167.345	106.944
Selling price of systems deliveries	12	13.366	31.014	4.903	26.896
Receivables from subsidiaries		0	0	260.396	245.416
Receivables from group enterprises		0	18.493	0	13.757
Tax asset	13	15.118	10.775	0	0
Corporation tax receivable	16	49.881	12.866	0	184
Other receivables		33.709	22.994	20.299	14.236
		544.653	395.916	452.942	407.433
Cash at bank and in hand		105.355	64.953	26.527	14.410
Total current assets		1.346.842	907.593	1.090.540	804.516
TOTAL ASSETS		2.190.639	1.834.524	2.076.056	1.831.812

Balance sheet – Equity and liabilities

		Consolidated		Parent company	
DKK'000	Note	2022	2021	2022	2021
EQUITY AND LIABILITIES					
Equity					
Share capital		14.000	14.000	14.000	14.000
Reserve for development costs		0	0	219.740	261.639
Reserve for hedging		-2	-248	-2	-248
Translation reserve		-1.287	4.202	360	360
Retained earnings		985.627	847.394	764.239	589.597
Proposed dividends		100.000	142.000	100.000	142.000
Total equity		1.098.338	1.007.348	1.098.338	1.007.348
Provisions					
Deferred tax	13	119.181	98.787	119.017	98.496
Other provisions	14	186.270	186.001	119.895	140.927
Total provisions		305.450	284.788	238.912	239.423
Liabilities					
Non-current liabilities					
Mortgage credit institutions	15	23.382	27.070	23.382	27.070
		23.382	27.070	23.382	27.070
Current liabilities					
Mortgage credit institutions		3.772	4.769	3.772	4.769
Credit institutions		152	1.072	0	0
Selling price of systems deliveries	12	53.512	72.449	25.902	19.704
Prepayments from customers		45.454	38.973	24.992	20.380
Trade payables		269.039	252.201	253.502	248.593
Payables to subsidiaries		0	0	31.938	180.947
Payables to group enterprises		227.927	0	266.135	0
Corporation tax payable	16	21.626	2.637	15.899	2.637
Other payables		141.986	143.217	93.284	80.941
		763.468	515.318	715.424	557.971
Total liabilities other than provisions		786.850	542.388	738.806	585.041
TOTAL EQUITY AND LIABILITIES					
		2.190.639	1.834.524	2.076.056	1.831.812
Contractual obligations and contingent liabilities etc.	17				
Cash flows from operations before changes in working capital	18				
Changes in working capital	19				
Interest rate risk and the use of financial derivative instruments	20				
Related parties	21				
Events after the end of the financial year	22				

Equity statement

DKK'000	Consolidated					
	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	In total
Equity						
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 01 January 2022	14.000	-248	4.202	847.394	142.000	1.007.348
Distributed dividends	0	0	0	0	-142.000	-142.000
Transferred via profit appropriation	0	0	0	138.233	100.000	238.233
Exchange rate adjustment – foreign subsidiaries	0	0	-5.489	0	0	-5.489
Value adjustment of hedging instruments	0	315	0	0	0	315
Tax recognised in equity	0	-69	0	0	0	-69
Equity at 31 December 2022	14.000	-2	-1.287	985.627	100.000	1.098.338

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						In total
	Share capital	Reserve for development costs	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	
Equity – continued							
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 recognized in equity	0	0	-61	-327	0	0	-388
Equity at 01 January 2022	14.000	261.639	-248	360	589.596	142.000	1.007.348
Distributed dividends	0	0	0	0	0	-142.000	-142.000
Transferred via profit appropriation	0	-41.899	0	0	180.132	100.000	238.233
Exchange rate adjustment – foreign subsidiaries	0	0	0	0	-5.489	0	-5.489
Value adjustment of hedging instruments	0	0	315	0	0	0	315
Tax recognized in equity	0	0	-69	0	0	0	-69
Equity at 31 December 2022	14.000	219.740	-2	360	764.239	100.000	1.098.338

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.

An AMI water meter solution that paid for itself

“Buying a meter system is a huge investment for any utility or municipality. For us, in the first 3 years alone, we were able to recoup about half of our ROI expenses already.”

MIKE JONES, GENERAL MANAGER AT MILCROFTON UTILITY DISTRICT



50% return
on investment
in 3 years

\$1.6 million
revenue growth



MILCROFTON UTILITY DISTRICT, TENNESSEE, US

Faced with challenges related to ageing mechanical meters, residential growth, and high-water costs, the utility needed a new advanced metering infrastructure (AMI) solution. They choose Kamstrup's flowIQ® 2200 composite meter because of the performance, durability, and low-flow detection. With the new solution – Kamstrup's first AMI system in the US – Milcrofton has recouped about 50% of their costs during the first three years, experienced revenue growth of \$1.6 million, and reduced water loss.

Cash flow statement

DKK'000	Note	Consolidated	
		2022	2021
Revenue		2.799.887	2.371.161
Costs		-2.213.100	-1.884.860
Cash flows from operations before changes in working capital	18	586.788	486.301
Changes in working capital	19	-371.325	-195.501
Cash generated from operations (operating activities)		215.463	290.800
Interest received		8.993	1.280
Interest paid		-14.406	-4.434
Cash generated from operations (ordinary activities)		210.050	287.646
Corporation tax paid	16	-69.334	-51.406
Cash flows from operating activities		140.716	236.240
Acquisition of business		-18.075	0
Acquisition of intangible assets		-120.749	-131.749
Acquisition of property, plant and equipment		-56.806	-60.357
Disposal of non-current assets		1.498	2.449
Deposits		-1.770	-210
Cash flows from investing activities		-195.902	-189.867
<i>External financing:</i>			
Mortgage credit institutions		-4.684	-4.799
Credit institutions		-920	1.072
Receivables/payables to Group enterprises (Cash Pool)		242.820	100.855
<i>Shareholders:</i>			
Dividends paid		-142.000	-178.000
Cash flows from financing activities		95.216	-80.872
Cash flows for the year		40.029	-34.499
Opening cash and cash equivalents		64.953	99.451
Cash and cash equivalents acquired		374	0
Cash and cash equivalents at the end of the year		105.355	64.953

Notes

	Consolidated		Parent company	
	2022	2021	2022	2021
DKK'000				
1. Segment information (broken down on revenue)				
Europe	73%	78%	94%	91%
Other	27%	22%	6%	9%
	100%	100%	100%	100%
System & Service	26%	27%	35%	27%
Components	74%	73%	65%	73%
	100%	100%	100%	100%
2. Staff costs				
Wages and salaries	895.814	835.829	741.351	706.688
Pensions	49.957	46.927	38.363	35.721
Other social security costs	44.498	37.404	11.891	10.032
	990.269	920.159	791.605	752.441
<i>Staff costs are specified as follows:</i>				
Production	452.345	433.105	433.278	421.720
Distribution	323.891	302.755	155.355	151.947
Administration	123.969	98.765	118.724	96.921
Capitalized in development projects	90.064	85.534	84.248	81.853
	990.269	920.159	791.605	752.441
Average number of employees	1.575	1.445	1.256	1.151
<i>Remuneration of the executive board and board of directors totals:</i>				
Executive board	22.230	11.610	22.230	11.610
Board of directors	1.563	1.384	1.563	1.384
	23.793	12.994	23.793	12.994

Notes

DKK'000

3. Depreciation amortization and impairment losses

Intangible assets

Property, plant and equipment

Depreciation amortization and impairment losses
are specified as follows:

Production

Distribution

Administration

4. Fees paid to auditors appointed at the general meeting

Statutory audit fees

Assurance engagements

Tax advisory services

Other services

5. Financial income

Financial income – affiliates

Other financial income

6. Financial expenses

Financial expenses – affiliated companies

Other financial expenses

	Consolidated		Parent company	
	2022	2021	2022	2021
	153.962	159.721	148.752	156.668
	122.835	125.258	112.525	117.518
	276.798	284.979	261.278	274.186
	234.491	246.305	223.514	240.093
	8.533	6.623	4.105	2.443
	33.773	32.051	33.659	31.649
	276.798	284.979	261.278	274.186
	1.707	1.316	833	696
	38	54	38	54
	871	493	675	464
	698	391	509	225
	3.314	2.254	2.056	1.439
	0	0	5.494	795
	8.993	1.280	0	831
	8.993	1.280	5.494	1.626
	538	218	5.870	2.922
	14.936	4.216	2.759	3.637
	15.474	4.434	8.630	6.559

Notes

DKK'000

7. Tax on profit for the year

Current taxation	
Tax in branches	
Deferred tax	
Adjustment of tax in respect of previous years	

Consolidated		Parent company	
2022	2021	2022	2021
53.059	33.733	26.726	6.400
4.587	4.986	4.587	4.986
3.937	-5.519	7.450	1.587
8.377	-3.216	18.405	-3.415
69.960	29.984	57.168	9.558
69.891	29.596	57.099	9.170
69	388	69	388
69.960	29.984	57.168	9.558

Tax on profit for the year is specified as follows:

Tax recognised in the income statement	
Tax recognised in equity	

8. Proposed profit appropriation

Proposed dividends	100.000	142.000
Equity reserves	138.233	41.522
	238.233	183.522

Acquisition of Danish GIS company

“We have come far developing our product portfolio, and we are very pleased that a strong company such as Kamstrup will now become a part of expanding the potential we see for our digital tools.”

JESPER THVILUM, CEO AT THVILUM



THVILUM, DENMARK

In April, Kamstrup entered into the agreement of acquiring Danish Thvilum A/S – an experienced supplier within digital pipe registration for utilities in Denmark. Thvilum A/S has built a unique domain knowledge and experience within GIS systems and customer applications, and their expertise has made them a major player within water and heat supply. The acquisition gives Kamstrup even better opportunities to service Danish utilities. It also creates a solid foundation for offering services and solutions that will help the utilities become even better at making decisions on a data and knowledge-based foundation. A key factor for utilising digital opportunities.

Notes

DKK'000	Consolidated					
	Completed development projects	Development projects in progress	Goodwill	Software	Prepayment for intangible assets	In total
9. Intangible assets						
Cost at 1 January	808.394	76.150	4.239	62.368	0	951.150
Acquisition of company	0	0	14.365	0	0	14.365
Additions	4.672	109.842	0	0	6.281	120.795
Disposals	-16.837	-184	0	0	0	-17.021
Transferred	80.195	-80.195	0	0	3.842	3.842
Cost at 31 December	876.424	105.613	18.604	62.368	10.123	1.073.132
Amortization and impairment losses at 1 January	-585.837	0	-1.339	-23.077	0	-610.253
Disposals	14.864	0	0	0	0	14.864
Impairment losses	-8.088	0	0	0	0	-8.088
Amortisation	-121.256	0	-2.629	-21.990	0	-145.875
Amortization and impairment losses at 31 December	-700.317	0	-3.968	-45.067	0	-749.352
Carrying amount at 31 December	176.108	105.610	14.635	17.301	10.123	323.778
Amortized over (Year)	3-5		3-5	3-5		

Goodwill

Other intangible assets cover purchase of distribution rights and goodwill. As per 31 December 2022, the accounting value amounts to DKK 14.635 thousand (2021: DKK 2.900 thousand).

Notes

DKK'000	Parent company				
	Completed development projects	Development projects in progress	Software	Prepayment for intangible assets	In total
9. Intangible assets - cont.					
Cost at 1 January	803.486	74.451	62.368	0	940.306
Additions	4.142	109.842	0	6.281	120.266
Disposals	-16.837	0	0	0	-16.837
Transferred	78.682	-78.682	0	3.842	3.842
Cost at 31 December	869.474	105.610	62.368	10.123	1.047.575
Amortization and impairment losses at 1 January	-581.794	0	-23.077	0	-604.871
Disposals	14.864	0	0	0	14.864
Impairment losses	-8.088	0	0	0	-8.088
Amortisation	-118.675	0	-21.990	0	-140.665
Amortization and impairment losses at 31 December	-693.693	0	-45.067	0	-738.760
Carrying amount at 31 December	175.781	105.610	17.301	10.123	308.816
Amortized over (Year)	<u>3-5</u>		<u>3-5</u>		

Completed development projects

Completed development projects cover the development and testing of meters and meter software, including reading and analysis systems. Meters and meter software are put into use continuously and depreciated over 3-5 years. In 2022, the contribution margin on sales of meters and meter software amounted to DKK 1.181.978 thousand (2021: DKK 923.418 thousand).

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.

Development projects in progress

Development projects in progress 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 2022, the accounting value amounts to DKK 105.610 thousand (2021: DKK 76.150 thousand).

Meters and meter software that are under development as per 31 December 2022 are expected to be finalized and put into use during 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.

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	412.693	704.730	123.402	98.257	1.339.082
Exchange rate adjustment in foreign enterprises	-59	1.133	487	0	1.562
Acquisition of company	0	0	1.962	0	1.962
Additions	357	2.307	5.456	48.686	56.806
Disposals	-9	-30.410	-3.650	0	-34.069
Transferred	1.939	60.049	7.854	-73.591	-3.749
Cost at 31 December	414.921	737.809	135.510	73.352	1.361.593
Depreciation and impairment losses at 1 January	-132.321	-532.933	-90.091	0	-755.344
Exchange rate adjustment in foreign enterprises	22	-520	-364	0	-861
Disposals	0	29.583	3.440	0	33.023
Impairment losses	0	-230	0	0	-230
Depreciation	-12.756	-88.585	-21.265	0	-122.605
Depreciation and impairment losses at 31 December	-145.054	-592.684	-108.280	0	-846.018
Carrying amount at 31 December	269.868	145.125	27.230	73.352	515.576
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	411.697	686.810	101.249	98.327	1.298.083
Exchange rate adjustment in foreign enterprises	0	0	18	0	18
Additions	0	0	0	48.549	48.549
Disposals	0	-30.410	-3.340	0	-33.750
Transferred	1.939	60.049	7.812	-73.661	-3.861
Cost at 31 December	413.636	716.449	105.738	73.214	1.309.038
Depreciation and impairment losses at 1 January	-131.978	-523.244	-73.451	0	-728.674
Exchange rate adjustment in foreign enterprises	0	0	-10	0	-10
Disposals	0	29.583	3.293	0	32.876
Impairment losses	0	-230	0	0	-230
Depreciation	-12.637	-83.307	-16.351	0	-112.295
Depreciation and impairment losses at 31 December	-144.615	-577.198	-86.520	0	-808.334
Carrying amount at 31 December	269.021	139.251	19.219	73.215	500.705
Depreciation over (Year)	10-70	5	3-7		

Notes

	Parent company	
	2022	2021
DKK'000		
11. Investments in subsidiaries		
Cost at 1 January	181.849	181.849
Additions for the year	18.075	0
Disposals	-60	0
Cost at 31 December	199.864	181.849
Adjustments at 1 January	-72.404	-1.928
Foreign exchange adjustment	-5.489	2.760
Profit for the year before tax	95.858	65.999
Goodwill amortisation	-1.676	0
Tax on profit for the year	-12.792	-18.251
Dividend	-40.383	-120.983
Disposals	60	0
Adjustments at 31 December	-36.826	-72.404
	163.038	109.445
Offset against receivables	12.455	12.515
Carrying amount at 31 December	175.495	121.960

Of the additions for the year 14.365 thousands is goodwill.

Name	Reg. office	Voting right and ownership
Kamstrup B. V.	Netherlands	100%
Kamstrup Sp. z o.o.	Poland	100%
Kamstrup Instrumentation Ltd.*	Great Britain	100%
Kamstrup AS	Norway	100%
Kamstrup Services SAS	France	100%
Kamstrup AB	Sweden	100%
Kamstrup South Africa (Pty) Ltd.	New Zealand	100%
Kamstrup Austria GmbH	Austria	100%
Kamstrup Metering Solutions Private Limited	India	100%
Kamstrup International A/S	Denmark, Skanderborg	100%
Kamstrup Water Metering L.L.C.	United States	100%
Kamstrup Chile SpA *	Chile	100%
Kamstrup Spain S. L.	Spain	100%
Kamstrup Metering Solution Canada Inc	Canada	100%
Kamstrup Italy S.rl	Italy	100%
Kamstrup Asia Pacific SDN BHD	Malaysia	100%
Kamstrup Metering Solutions (Beijing) Co. Ltd	China	100%
Blue Control A/S	Denmark, Birkerød	100%
Thvilum A/S	Denmark, Odder	100%

* In the process of being closed.

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 Act 2006 relating to subsidiary companies.

	Consolidated		Parent company	
	2022	2021	2022	2021
12. Selling price of systems deliveries				
Systems deliveries	1.240.387	931.747	778.269	638.895
Progress billings	-1.280.533	-973.182	-799.268	-631.703
	-40.146	-41.435	-20.999	7.192
<i>Progress billings are specified as follows:</i>				
Systems deliveries (assets)	13.366	31.014	4.903	26.896
Systems deliveries (equity and liabilities)	-53.512	-72.449	-25.902	-19.704
	-40.146	-41.435	-20.999	7.192

Notes

	Consolidated		Parent company	
	2022	2021	2022	2021
DKK'000				
13. Deferred tax				
Deferred tax at 1 January	88.012	94.194	98.496	98.213
Adjustment of tax in respect of previous years	12.114	-663	13.071	-1.304
Deferred tax for the year	3.937	-5.519	7.450	1.587
Deferred tax at 31 December	104.063	88.012	119.017	98.496
Deferred tax liability	119.181	98.787	119.017	98.496
Deferred tax asset	-15.118	-10.775	0	0
	104.063	88.012	119.017	98.496
<i>Deferred tax is incumbent on:</i>				
Intangible assets	65.712	65.152	65.712	65.152
Property, plant and equipment	-11.163	-2.780	-12.927	-2.689
Unrealized intra-group profit	-3.302	-2.646	-3.302	-2.646
Indirect production overheads	7.197	5.528	7.197	5.528
Work in progress	47.127	33.151	47.127	33.151
Provisions and other accruals	-1.508	-10.393	15.210	0
	104.063	88.012	119.017	98.496

Deferred tax assets

Per 31 December 2022, the Group has included tax assets of DKK 15.118 thousand in all. Tax assets consist of tax loss carryforwards and temporary differences. On the basis of budgets and projections up until 2023, 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. Other provisions

Other provisions at 1 January	186.001	203.564	140.927	176.709
Utilized during the year	-4.987	-21.090	-4.870	-21.039
Unused guarantee obligations, restored	-66.139	-54.729	-60.850	-56.829
Provisions for the year	71.411	58.256	44.688	42.086
Other provisions at 31 December	186.270	186.001	119.895	140.927
<i>The provisions are expected to be payable in:</i>				
0-1 years	68.539	56.557	60.264	56.339
1-5 years	48.352	88.652	26.168	72.416
+5 years	69.379	40.792	33.464	12.172
	186.270	186.001	119.895	140.927

Other provisions primarily consist of warranty provisions, which 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 materialized as a consequence of Kamstrup's continuous risk management. Long-term other provisions are in nature judgemental and subject to uncertainty. This especially applies to the other provisions +5 years.



Our purpose

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

Our ambition

We revolutionize the supply of clean water and energy through intelligence.

Our values

Inspire
Lead
Deliver



Notes

DKK'000

15. Liabilities

The loans are specified as follows:

Long-term

Short-term

Non-current liabilities falling due more than five years after the expiry of the financial year

16. Corporation tax

Corporation tax at 1 January

Adjustment of tax in respect of previous years

Current tax for the year

Corporation tax paid during the year

Corporation tax at 31 December

Allocated as follows:

Corporation tax receivable

Corporation tax payable

Receivables from/payables to group enterprises

	Consolidated		Parent company	
	2022	2021	2022	2021
	23.382	27.070	23.382	27.070
	3.772	4.769	3.772	4.769
	27.154	31.838	27.154	31.838
	12.218	11.569	12.218	11.569
	13.829	-1.411	1.147	8.355
	2.739	2.552	-6.401	2.111
	-57.646	-38.719	-31.313	-11.386
	69.334	51.407	20.668	2.067
	28.256	13.829	-15.899	1.147
	49.881	12.866	0	184
	-21.626	-2.637	-15.899	-2.637
	0	3.600	0	3.600
	28.256	13.829	-15.899	1.147

Notes

	Consolidated		Parent company	
	2022	2021	2022	2021
DKK'000				
17. Contractual obligations and contingent liabilities etc.				
Contractual obligations				
Leasehold liabilities	232.618	21.135	5.606	4.739
Lease liabilities	25.765	23.827	15.206	14.485
Collateral				
Performance guarantees provided as collateral for the Company's liabilities towards third party	128.725	114.183	128.489	113.926
<i>The below assets have been provided as collateral for mortgage debt:</i>				
Land and buildings with a carrying amount of:	269.021	279.719	269.021	279.719

The Company's leasehold liabilities amounts to DKK 232.6 million in total, DKK 158 million of the total leasehold liabilities are due in 5 years or later.

The parent company has provided collateral for bank loans of subsidiaries of DKK 14.9 million (2021: DKK 16.1 million).

In addition to this, the parent company has provided collateral for credit lines and cash pool of its group enterprises at an amount of DKK 800 million (2021: DKK 800 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

DKK'000

Consolidated

	2022	2021
18. Cash flows from operations before changes in working capital		
Ordinary operating profit	314.153	215.689
Adjustment for non-cash operating items, etc.:		
Depreciation amortization and impairment losses	276.798	284.979
Adjustment of warranty provisions	268	-17.563
Other adjustments	-4.432	3.196
	586.788	486.301

19. Changes in working capital

Changes in inventories
Changes in receivables
Changes in trade and other payables

	-250.111	-196.983
	-141.233	-16.449
	20.019	17.931
	-371.325	-195.501

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.

Notional principal amount
Value adjustment included in the equity
Fair value
Remaining term, month

	2022	2021
Notional principal amount	12.424	15.052
Value adjustment included in the equity	315	277
Fair value	-3	-318
Remaining term, month	6	18

The secured cash flows are expected to be realized 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].

DKK'000	2022	2021
Consolidated		
Purchase of goods etc. from affiliated group enterprises	21.228	12.373
Interest costs from group enterprises	538	218
Dividend payed to parent company	142.000	178.000
Receivables from group enterprises	0	18.492
Payables to group enterprises	227.927	0
Parent Company		
Sale of goods to subsidiaries	1.116.565	601.104
Sales management services and services to subsidiaries	115.323	79.099
Purchase of goods and etc. from subsidiaries	10.272	12.500
Interest income from subsidiaries	5.494	795
Interest costs for subsidiaries	5.333	2.922
Purchase of goods etc. from parent company	21.228	12.373
Interest costs from parent company	538	218
Dividend recieved from subsidaries	40.383	120.983
Dividend payed to parent company	142.000	178.000
Receivables from subsidiaries	260.396	245.416
Debt to subsidiaries	31.938	180.947
Receivables from group enterprises	0	13.757
Payables to group enterprises	266.135	0

22. Events after the end of the financial year (subsequent events)

No significant events have occurred after the end of the financial year affecting the evaluation of the Company's financial position and the annual report for 2022.

Thousands of modern, remotely read water and heat meters to Danish utility



“Working with one of world’s leading – and at the same time local – suppliers within the area, we are taking a big step regarding the work of safe supply and towards the development of potential new services for the customers.”

JENS BASTRUP, CEO, SILKEBORG FORSYNING



The contract will run over the next 14 years

Precise data almost in real time

SILKEBORG FORSYNING, DENMARK

At the end of 2022, we signed a large agreement with the Danish utility Silkeborg Forsyning. The agreement will run over the next 14 years and includes the delivery of about 40,000 new remotely read water and heat meters. Kamstrup takes the full responsibility of deploying and operating a data collection network throughout the contract period. The agreement is a turn-key project where we will be responsible for delivering a full solution.

Accounting policies

The annual report of Kamstrup A/S for 2022 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, realized and unrealized 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 recognized in the consolidated financial statements from the date of acquisition or formation.

Disposed or liquidated enterprises are recognized 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 recognized as intangible assets and amortized 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 recognized 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 recognized in the latest financial statements is recognized 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 recognized directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognized 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 recognized asset or liability are recognized 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 recognized 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 recognized in revenue.

Revenue from sale of goods

Income from the sale of finished goods, comprising electric meters for reading heat and water consumption is recognized 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 recognized in revenue on a basis as the services are provided.

Revenue from systems deliveries

Systems deliveries involving highly customized solutions are recognized 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 amortization and salaries, incurred in generating the revenue for the year. Production costs also comprise research and development costs that do not qualify for capitalization and amortization of capitalized 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 recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognized 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 recognized 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, amortization 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 recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

Balance sheet

Goodwill

Goodwill is measured according to cost price with deduction of accumulated amortization. The cost price includes costs that fall directly or indirectly within goodwill. Goodwill is amortized linearly over the assessed economic useful life of the investment in the subsidiary, which is based on the business case at the time of acquisition. The useful life has been determined based on the management's experience with the business area. The amortization period is longer for strategic acquired companies with a strong market position and vice versa. The amortization period is 3-5 years.

Development costs

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

Software

Software is measured according to cost less accumulated amortization. Software are amortized on a straight-line basis over the assessed economic useful life. The amortization 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, sub-suppliers 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 recognized 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 amortization 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 unrealized 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 recognized 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 recognized.

Receivables

Receivables are measured at amortized 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 recognized 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 recognized 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 recognized at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realization of investments or a change in accounting estimates. The reserve cannot be recognized 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 realized. The reserve is dissolved when the hedged transaction is realized, if the hedged cash flows are no longer expected to be realized 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 recognized 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 recognized 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 amortized cost.

Financial liabilities also include the capitalized 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 recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognized 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 on an aggregated level. Segment information is based on the Group's accounting policies and risk assessment.



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