FLSMIDTH

WE DISCOVER POTENTIAL

FLSMIDTH Mission Zero

INTERIM REPORT 9M 2021

1 January –
30 Spetember 2021
Company announcement no. 17

FLSmidth & Co. A/S
Vigerslev Allé 77
DK-2500 Valby
CVR No. 58180912

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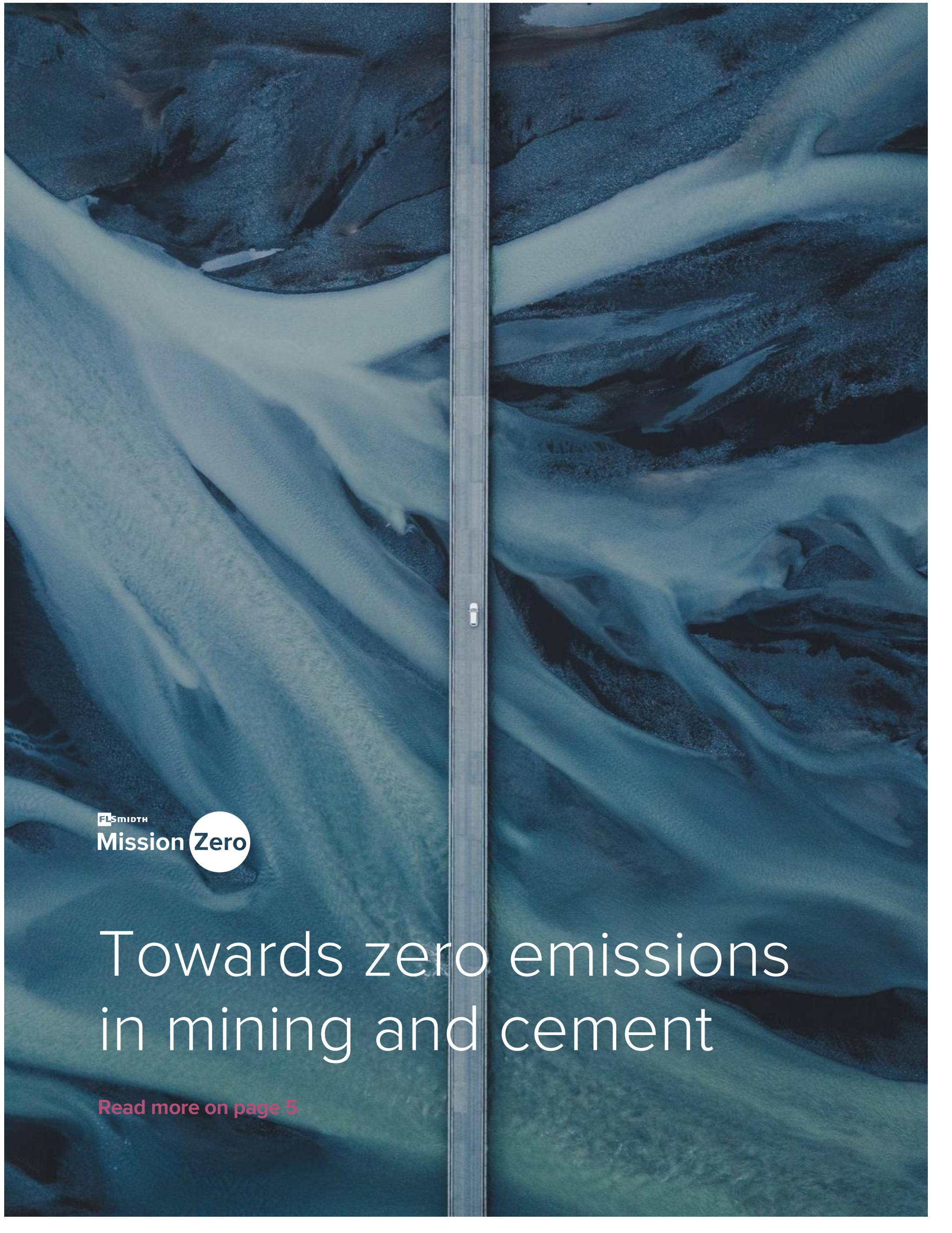


HIGHLIGHTS

Third quarter saw strong momentum in order intake. In particular for service orders, as activity in the mining industry continues to gather pace with pandemic restrictions easing globally. The cement industry is likewise emerging from the pandemic with improved service activity and growing demand for greener solutions. Revenue grew strongly as well and EBITA increased by 72% with an improved EBITA margin in both Mining and Cement. Our Cement reshaping activities have progressed well and EBITA in Cement was positive for the first time since Q1 2020.

Following five consecutive quarters of improvement, the net working capital increased in Q3 as expected, driven primarily by a high activity level towards the end of the quarter. We successfully completed a directed issue of new shares, raising proceeds of DKK 1.4bn to fund the acquisition of TK Mining[1], in combination with debt facilities. This was an important milestone in creating one of the world's largest, strongest and most sustainable suppliers to the mining industry.

- *Thomas Schulz, Group CEO*

[1] Closing of the transaction is expected in H2 2022 and is subject to customary approvals from relevant authorities.

Highlights Q3 2021

- Order intake increased 14% organically year-on-year, driven by both Mining and Cement. Service orders increased 26%
- Revenue increased 21% organically, attributable to both Mining and Cement and driven by an increase in capital revenue
- EBITA was up by 72% and the EBITA margin increased from 4.6% to 6.5%, driven by both Mining and Cement
- Q3 included costs in Mining of DKK 30m related to the acquisition of TK Mining
- The net working capital ratio increased to 10.4% in Q3, which is slightly below the level seen at the beginning of the year. Free cash flow was negative at DKK -253m
- Successful issue of new shares, raising proceeds of DKK 1.4bn, leaving the financial gearing at 0.0x

Mining

Mining order intake increased 13% organically, mainly driven by a 19% increase in service orders, which accounted for 62% of Mining order intake.

Revenue increased by 20% organically. The EBITA margin increased to 9.5% from 9.0% in Q3 2020. Adjusted for acquisition costs, the EBITA margin was 10.4%.

Cement

Cement order intake increased 17% organically, with a 44% increase in service orders. Service orders accounted for 71% of Cement order intake.

Revenue increased by 22% organically and EBITA was positive for the first time since Q1 2020. EBITA margin was 0.2% compared to -4.8% in Q3 2020, supported by higher revenue and lower costs related to reshaping activities. The EBITA margin improved despite a significantly lower share from service revenue compared to Q3 2020.

Highlights 9M 2021

- Order intake increased 5% organically, driven by Cement and increased base orders in Mining, whereas 9M 2020 included a higher level of large Mining orders. Service orders increased 12%
- Revenue increased 4% organically, comprising an 8% increase in Mining and a 4% decline in Cement compared to 9M 2020
- EBITA margin increased to 5.6% from 4.4% in 9M 2020, positively impacted by business improvement activities. Adjusted for acquisition costs, the EBITA margin was 6.1% in Q3 2021.

Guidance 2021

FLSmidth maintains its guidance for group revenue of DKK 16.0-17.0bn and a group EBITA margin of 5-6%. The guidance includes costs related to the acquisition of thyssenkrupp's Mining business estimated at around DKK 100m for the full year. Mining revenue is expected to grow in 2021 and the EBITA margin for Mining is expected to be high-single digit for the full year. Cement revenue is expected to decline for the full year. The Cement business is not expected to be EBITA positive in 2021 due to reshaping costs and low-capacity utilisation in the service business, particularly related to the impact of the pandemic in H1. The guidance is subject to uncertainty due to the pandemic.

Group CEO succession

Effective 1 January 2022, Mikko Keto has been appointed new Group CEO (see company announcement 16-2021).

Guidance 2021

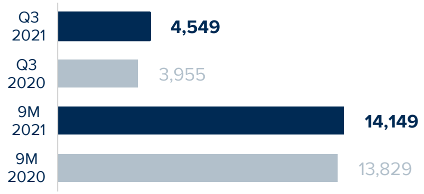
	9M 2021	Guidance 2021
Revenue (DKKbn)	12.4	16.0-17.0
EBITA margin	5.6%	5-6%

FINANCIAL HIGHLIGHTS

GROUP

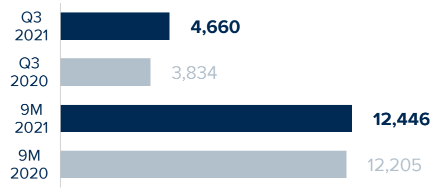
Order intake
DKKm

4,549
▲ 15%



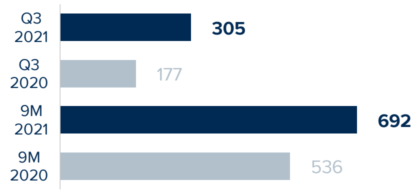
Revenue
DKKm

4,660
▲ 22%



EBITA & EBITA margin
DKKm - %

305 6.5%
▲ 72%



Cash flow from operating activities
DKKm (192) ▼ from DKKm 594 in Q3 2020

Earnings per share
DKK 1.8 ▲ from DKK 0.8 in Q3 2020

Net working capital ratio
10.4% ▼ from 10.9% end of Q3 2020

NIBD/EBITDA
0.0x ▼ from 1.4x end of Q3 2020

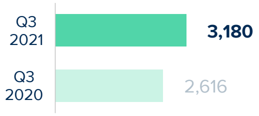
MINING

Order intake
DKKm

3,152
▲ 14%

Revenue
DKKm

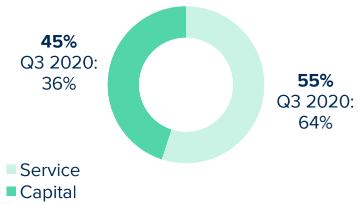
3,180
▲ 22%



EBITA & EBITA margin
DKKm - %

302 9.5%
▲ 29%

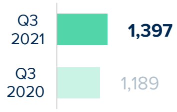
Revenue split by service & capital
%



CEMENT

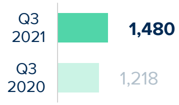
Order intake
DKKm

1,397
▲ 17%



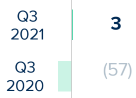
Revenue
DKKm

1,480
▲ 22%

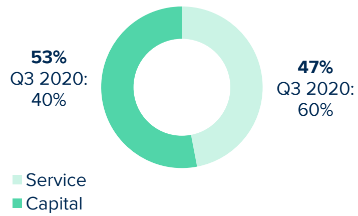


EBITA & EBITA margin
DKKm - %

3 0.2%
▲ 105%



Revenue split by service & capital
%



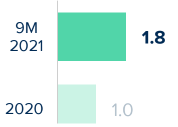
SUSTAINABILITY HIGHLIGHTS

Safety (TRIR)

Total Recordable Injury Rate/
million working hours

1.8

Target: zero harm (10% y-o-y reduction through 2030)



Several actions and events held in September to reinforce performance on safety. Good trend in implementing actions related to near-miss and safety observations.

Women managers

%

14.1

2021 Target: 14.3%

Q3 results demonstrate our continued focus on attracting more female applicants and ensuring a safe and inclusive workplace.

Water withdrawal

m^3

144,126

2021 Target: 187,479

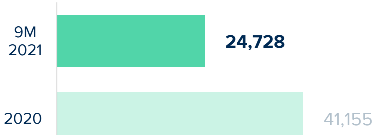
Water withdrawal increased during Q3 mostly related to increased operational activities including testing work and organised maintenance events.

Greenhouse gas emissions (CO_2 emissions)

Tonnes

24,728

2021 Target: 38,685



Both scope 1 and scope 2 emissions increased due to increased operational activities across in our main production sites. Fuel consumption increased, especially in North American sites.

MissionZero developments

Through our sustainability programme MissionZero, we develop and deliver solutions that enable our customers to operate with zero emissions by 2030.

With both governments and our customers setting more ambitious sustainability targets, we are also accelerating our efforts to bring new technologies to the markets, both through our R&D organization and in partnership with others.

During Q3, we successfully launched the first commercial offering for carbon capture in collaboration with Carbon8 Systems. Also in Q3, we entered a second partnership – joining forces with American, Chart Industries, Inc. to adapt and commercialize Chart's Cryogenic Carbon Capture™ (CCC) for our cement customers.

MissionZero Mine concept

At the recent MINExpo Conference in Las Vegas, FLSmidth introduced the concept of the *MissionZero Mine*. We aim, through solutions and technology, to help miners produce more with less resource use and a smaller footprint. The MissionZero Mine concept supports our customer engagement within sustainability, modelling the potential impact of replacing a traditional wet milling circuit, standard flotation cells and cyclone sand tailings dam with the MissionZero Mine flowsheet.

Mining operation benefits from automated lab

Key factors in unlocking sustainable resource use in mining include data optimisation, digitalisation and automation. They allow miners to uncover efficiencies throughout their operations, from rejecting non-ore carrying material early in the process to minimising waste, freshwater requirements and energy use.

A customer developing a new mine in Western Australia opted for end-to-end automation to achieve higher levels of productivity in its laboratory. Rapid, accurate, high-quality and reliable analysis of samples onsite eliminated the need to transport samples to Perth, more than 1500 km away. This reduced safety hazards in the laboratory, as well as cutting the carbon footprint and enabling processes to be optimised through accurate material sampling. For the overall mining operations, this results in lower production costs, less waste, increased efficiency, reduced transportation, and a minimised environmental footprint.

New greenfield project in India includes MissionZero flagship equipment

An increased demand for sustainable productivity and emissions control is reflected in a recent contract by one of India's top three cement producers, Shree Cement. The scope includes an OK™ Cement mill, boasting around five to ten percent less power consumption compared with other cement vertical roller mills, and a JETFLEX® Burner, which offers the lowest NOx emissions. The new line in Rajasthan will include a state-of-the-art pyro system and grinding sections – both part of our MissionZero offerings.

KEY FIGURES

DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
INCOME STATEMENT					
Revenue	4,660	3,834	12,446	12,205	16,441
Gross profit	1,074	884	3,029	2,843	3,865
EBITDA before special non-recurring items	392	255	964	797	1,134
EBITA	305	177	692	536	771
EBIT	219	91	429	283	428
Financial items, net	(41)	(1)	(78)	(53)	(47)
EBT	176	89	350	232	381
Profit for the period, continuing activities	107	48	214	142	226
Loss for the period, discontinued activities	(12)	(5)	(18)	(15)	(21)
Profit for the period	95	43	196	127	205
ORDERS					
Order intake (gross), continuing activities	4,549	3,955	14,149	13,829	18,524
Order backlog, continuing activities			16,548	14,839	14,874
EARNING RATIOS					
Gross margin	23.0%	23.1%	24.3%	23.3%	23.5%
EBITDA margin before special non-recurring items	8.4%	6.7%	7.7%	6.5%	6.9%
EBITA margin	6.5%	4.6%	5.6%	4.4%	4.7%
EBIT margin	4.7%	2.4%	3.4%	2.3%	2.6%
EBT margin	3.8%	2.3%	2.8%	1.9%	2.3%
CASH FLOW					
Cash flow from operating activities (CFFO)	(192)	594	600	1,092	1,421
Acquisitions of property, plant and equipment	(28)	(62)	(56)	(128)	(171)
Cash flow from investing activities (CFFI)	(61)	(105)	(176)	(279)	(376)
Free cash flow	(253)	489	424	813	1,045
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	(253)	489	430	862	1,082
BALANCE SHEET					
Net working capital			1,735	1,981	1,752
Net interest-bearing debt (NIBD)			16	(1,936)	(1,808)
Total assets			21,916	20,592	20,456
Equity			9,983	8,237	8,130
Dividend to shareholders, paid	0	0	101	0	0

DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
FINANCIAL RATIOS					
CFFO / Revenue	-4.1%	15.5%	4.8%	8.9%	8.6%
Book-to-bill	97.6%	103.2%	113.7%	113.3%	112.7%
Order backlog / Revenue			99.2%	81.4%	90.5%
Return on equity			2.9%	2.0%	2.4%
Equity ratio			45.6%	40.0%	39.7%
ROCE, average			6.3%	6.7%	5.1%
Net working capital ratio, end			10.4%	10.9%	10.7%
NIBD / EBITDA			0.0x	1.4x	1.6x
Capital employed, average			14,753	15,279	15,195
Number of employees			10,135	10,946	10,639
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	(3.8)	11.8	11.9	21.8	28.3
Earnings per share (EPS), (diluted)	1.8	0.8	3.9	2.5	4.2
Share price			224.2	181.3	232.8
Number of shares (1,000), end			57,650	51,250	51,250
Market capitalisation, end			12,925	9,292	11,931
SUSTAINABILITY KEY FIGURES					
Safety, TRIR Total Recordable Injury Rate (including contractors)			1.8	1.3	1.0
Quality, DIFOT Delivery In Full On Time			86.8%	88.1%	88.3%
Greenhouse gas emissions in tonnes (CO_2 emissions), location-based			28,341	26,897	36,830
Greenhouse gas emissions in tonnes (CO_2 emissions), market-based*			24,728	-	41,155
Relative carbon footprint, location-based			2.3	2.2	2.2
Relative carbon footprint, market based*			2.0	-	2.5
Water withdrawal (m3)			144,126	152,586	197,346
Suppliers assessed for sustainability			494	282	390
Women managers			14.1%	12.9%	13.1%

The financial ratios have been calculated in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 7.8 in the 2020 Annual Report.

* From 2021, we report on greenhouse gas (GHG) scope 2 emissions using the 'market-based' approach, rather than the 'location-based' approach, which was previously used. The market-based approach calculates GHG emissions from the type of electricity FLSmidth has chosen to purchase, rather than using average electricity grid GHG emission factors.

Use of alternative performance measures

Throughout the report we present financial measures which are not defined according to IFRS. We have included additional information in the 2020 Annual Report note 7.4 Alternative performance measures and 7.8 Definition of terms.

QUARTERLY FINANCIAL PERFORMANCE

GROWTH

Group order intake increased 14% organically year-on-year, driven by both Mining and Cement. Service orders increased by 26% as a result of improved access to customer sites and our strong local presence. Group revenue increased 21% organically, attributable to both Mining and Cement.

Order intake

Order intake in Q3 increased 15% to DKK 4,549m (Q3 2020: DKK 3,955m) and by 14% organically, related to both Mining and Cement. Based on improved site access and our strong local presence, service orders increased by 26% and accounted for 65% of the total order intake in Q3 2021. Capital order intake decreased by 1% in Q3 2021 and included a large lithium order valued around DKK 200m (Q3 2020: No large orders). In Q4 2021, FLSmidth has received a large order for a gold project valued at approximately DKK 350m.

Order backlog and maturity

The order backlog at the end of Q3 2021 was 12% above the level at the end of Q3 2020, but was down 1% on the previous quarter to DKK 16,548m (Q2 2021: DKK 16,677m), based on a book-to-bill of 98% in the quarter. It is expected that 23% of the backlog will be converted to revenue in 2021, 57% in 2022, and 20% in 2023 and beyond.

Backlog maturity	Mining	Cement	FLSmidth Group
2021	24%	21%	23%
2022	63%	47%	57%
2023 and beyond	13%	32%	20%

Revenue

Revenue increased 22% to DKK 4,660m in Q3 2021 (Q3 2020: DKK 3,834m), driven primarily by an increase in capital revenue. Service revenue accounted for 52% of the total revenue during the quarter (Q3 2020: 62%).

Organically, revenue increased 21%, related to both Mining and Cement. The increase was a result of a higher order backlog, the easing pandemic, improved site access and our ability to deliver in a challenging environment.

The impact from capacity constraints in global transportation was low in the third quarter based on recent years' efforts to establish strategic partnerships with our suppliers. We have the flexibility to switch between suppliers, and we have focused on more localised sourcing. We are still able to get orders shipped, however, we see increasing delays and instability on some routes. We are mitigating this through further monitoring and planning, including the use of artificial intelligence to track the best routes.

Group – continued activities

(DKKm)	Q3 2021	Q3 2020	Change (%)	9M 2021	9M 2020	Change (%)
Order intake (gross)	**4,549**	**3,955**	**15%**	**14,149**	**13,829**	**2%**
- Hereof service order intake	2,955	2,337	26%	8,392	7,506	12%
- Hereof capital order intake	1,594	1,618	-1%	5,757	6,323	-9%
Order backlog	**16,548**	**14,839**	**12%**	**16,548**	**14,839**	**12%**
Revenue	**4,660**	**3,834**	**22%**	**12,446**	**12,205**	**2%**
- Hereof service revenue	2,428	2,393	1%	7,298	7,332	0%
- Hereof capital revenue	2,232	1,441	55%	5,148	4,873	6%
Gross profit	**1,074**	**884**	**21%**	**3,029**	**2,843**	**7%**
Gross profit margin	23.0%	23.1%		24.3%	23.3%	
SG&A cost	**(682)**	**(629)**	**8%**	**(2,065)**	**(2,046)**	**1%**
SG&A ratio	14.6%	16.4%		16.6%	16.8%	
EBITA	**305**	**177**	**72%**	**692**	**536**	**29%**
EBITA margin	6.5%	4.6%		5.6%	4.4%	
EBIT	**219**	**91**	**141%**	**429**	**283**	**52%**
EBIT margin	4.7%	2.4%		3.4%	2.3%	
Number of employees	10,135	10,946	-7%	10,135	10,946	-7%

Growth in order intake in Q3 2021 (vs. Q3 2020)

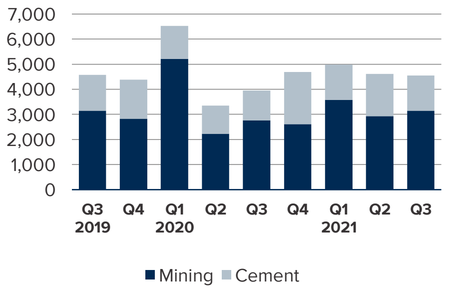
	Mining	Cement	FLSmidth Group
Organic	13%	17%	14%
Acquisition	0%	0%	0%
Currency	1%	0%	1%
Total growth	**14%**	**17%**	**15%**

Growth in revenue in Q3 2021 (vs. Q3 2020)

	Mining	Cement	FLSmidth Group
Organic	20%	22%	21%
Acquisition	0%	0%	0%
Currency	2%	0%	1%
Total growth	**22%**	**22%**	**22%**

Order intake

DKKm



PROFIT

Gross profit increased by 21% and EBITA increased by 72% as a result of higher revenue and operating leverage. The EBITA margin improved to 6.5%, driven by both Mining and Cement. EBITA in Cement was positive for the first time since Q1 2020.

Gross profit and margin

Gross profit increased 21% to DKK 1,074m (Q3 2020: DKK 884m), due to higher revenue. Supported by Cement reshaping activities, the gross margin was largely maintained at 23.0%, despite headwinds from a 10%-points higher share from capital revenue.

In Q3 2021, total research and development costs (R&D) amounted to DKK 78m (Q3 2020: DKK 52m), representing 1.7% of revenue (Q3 2020: 1.4%).

R&D costs (DKKm)	Q3 2021	Q3 2020
Production costs	41	18
Capitalised	37	34
Total R&D	78	52

R&D costs in Q3 were largely related to new and improved sustainable and digital cement and mining technologies as well as a range of new mining products and upgrades to improve productivity and safety. In addition to the reported R&D, products and solutions are being developed on-site in cooperation with customers in the ordinary course of business.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items declined 7% compared to Q2 2021 but increased 8% year-on-year to DKK 682m (Q3 2020: DKK 629m), explained by slightly higher sales costs, costs related to the acquisition of TK Mining of DKK 30m and modest costs related to Cement reshaping activities in the quarter. SG&A costs as a percentage of revenue declined to 14.6% (Q3 2020: 16.4%).

EBITA and EBITA margin

EBITA increased by 72% to DKK 305m (Q3 2020: DKK 177m) as a result of the higher revenue and operating leverage. The Group EBITA margin increased to 6.5% (Q3 2020: 4.6%), related to both Mining and Cement. EBITA in Cement was positive for the first time since Q1 2020, driven by high revenue in the quarter, lower costs related to the reshaping of Cement as well as improvements from already executed reshaping activities. Mining EBITA was impacted by costs related to the acquisition of TK Mining, as described above. Q3 2020 included costs related to the implementation of business improvement initiatives of DKK 25m for the Group.

Amortisation of intangible assets was unchanged at DKK 86m (Q3 2020: DKK 86m). The effect of purchase price allocations amounted to DKK 23m (Q3 2020: DKK 24m) and other amortisation to DKK 63m (Q3 2020: DKK 62m).

Earnings before interest and tax (EBIT) increased 141% to DKK 219m (Q3 2020: DKK 91m), due to the growth in revenue and operating leverage, and despite the 10%-points higher share from capital revenue.

Financial items

Net financial items amounted to DKK -41m (Q3 2020: DKK -1m), of which foreign exchange and fair value adjustments amounted to DKK -9m (Q3 2020: DKK 15m) and net interest amounted to DKK -32m (Q3 2020: DKK -16m). Net interest included fees to secure credit facilities for the funding of TK Mining.

Tax

Tax for Q3 2021 totalled DKK -69m (Q3 2020: DKK -41m), corresponding to an effective tax rate of 39% (Q3 2020: 46%). Reduced tax credits on withholding taxes and an increase in the profit before tax derived from countries with a higher base corporate tax rate causes the effective tax rate to be relatively high in a historic context.

Profit for the period

Profit for the period increased to DKK 95m (Q3 2020: DKK 43m), equivalent to DKK 1.8 per share (Q3 2020: DKK 0.8). The increase resulted from the significantly higher EBIT, partly offset by higher net financial costs and higher tax.

Return on capital employed

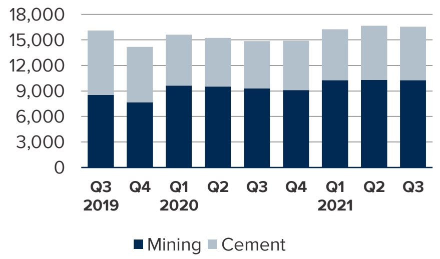
Despite the higher EBITA in the quarter and lower average capital employed as compared to Q3 2020, ROCE decreased to 6.3% (Q3 2020: 6.7%) due to the lower 12 months' EBITA.

Employees

The number of employees increased by 46 to 10,135 at the end of Q3 2021 (end of Q2 2021: 10,089). The increase related to service jobs in South America.

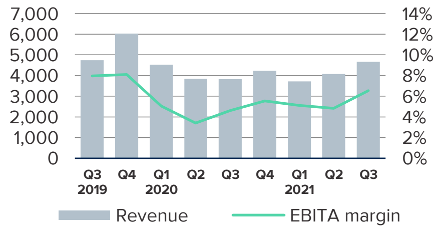
Backlog

DKKm



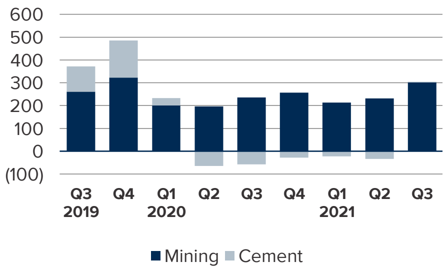
Revenue & EBITA margin

DKKm EBITA%



EBITA

DKKm



CAPITAL

The net working capital ratio increased from Q2 to 10.4% in Q3, driven primarily by a high activity level towards the end of the quarter. FLSmidth successfully completed a directed issue of new shares, raising proceeds of DKK 1.4 billion to fund the acquisition of TK Mining, in combination with debt facilities.

Net working capital

Following five consecutive quarters of improvement, net working capital increased as expected to DKK 1,735m at the end of Q3 2021 (end of Q2 2021: DKK 1,305m). The increase related primarily to an increase in trade receivables due to high project and invoicing activity towards the end of the quarter. Also, net working capital from discontinued activities increased by DKK 117m in Q3 (see note 8). Other liabilities decreased due to an extraordinary payment to the Danish Holiday Allowance Fund of DKK 68m. Utilisation of supply chain financing increased in Q3. The net working capital ratio increased to 10.4% of 12-months trailing revenue (Q2 2021: 8.2%) and ended the quarter slightly below the level at the beginning of the year.

Cash flow from operating activities

Despite the higher EBITDA, cash flow from operating activities (CFFO) declined significantly to DKK -192m in Q3 2021 (Q3 2020: DKK 594m), mainly due to the net working capital increase of DKK 494m, as compared to a net working capital decrease of DKK 311m in Q3 2020. In addition, financial items and taxes paid increased compared to Q3 2020.

Cash flow from investing activities

Cash flow from investing activities declined to DKK -61m (Q3 2020: DKK -105m). Q3 2020 included investments in new production facilities in North America and a new service centre in Eastern Europe.

Free cash flow

Free cash flow (cash flow from operating and investing activities) adjusted for business acquisitions and disposals amounted to DKK -253m in Q3 2021 (Q3 2020: DKK 489).

Net interest-bearing debt

As a result of the completed issue of new shares, raising proceeds of approximately DKK 1.4bn, net interest-bearing debt (NIBD) decreased to a small positive net cash position of DKK 16m (end of Q2 2021: DKK -1,159 m), and financial gearing was 0.0x (end of Q2 2021: 1.0x). Excluding proceeds from the capital increase, the financial gearing was 1.1x at the end of Q3 2021.

Financial position

By the end of Q3 2021, FLSmidth had DKK 6.8bn of available committed credit facilities of which DKK 6bn was undrawn. The committed credit facilities have a weighted average time to maturity of 3.8 years. DKK 1.6bn of credit facilities will mature in 2023 and DKK 5.0bn will mature in 2026. The remaining DKK 0.2bn matures in later years. In addition, FLSmidth has a credit facility commitment specifically for the purpose of funding TK Mining, in combination with the proceeds from the completed issue of new shares.

Equity ratio

Equity at the end of Q3 2021 increased to DKK 9,983m (end of Q2 2021: DKK 8,369 m), mainly related to the issue of new shares, but also due to the positive profit for the period. Consequently, the equity ratio increased to 45.6% (end of Q2 2021: 39.7%). Adjusted for the issue of new shares, the equity ratio was 39%.

Acquisition of TK Mining

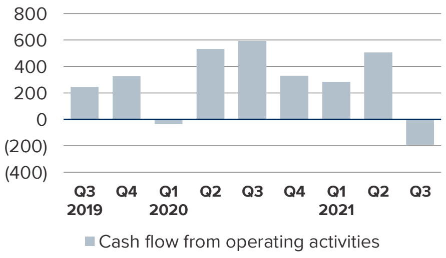
On 29 July, FLSmidth and thyssenkrupp Industrial Solutions AG reached an agreement that FLSmidth will acquire thyssenkrupp's Mining business (TK Mining). Closing of the transaction is expected in H2 2022 and is subject to customary approvals from relevant authorities.

On 6 September, it was announced that thyssenkrupp's mining activities in India are excluded from the final transaction. Consequently, the total consideration (enterprise value) for TK Mining will be reduced by EUR 45 million (approximately DKK 335 million) to EUR 280 million (approximately DKK 2.1 billion). FLSmidth already has a strong presence in India and the TK Mining activities in India are not strategically important for the transaction. The exclusion of the TK Mining activities in India will not affect the transfer of TK Mining's key IP and technologies to FLSmidth as part of the overall transaction. In 2020, the TK Mining activities in India delivered revenue of ~EUR 100 million. TK Mining (excl. TK Mining activities in India) delivered revenue of ~EUR 680 million (~DKK 5.1 billion). The exclusion of the TK Mining activities in India has no impact on the expected synergies and integration costs.

The acquisition of TK Mining is a transformational deal which will add around 50% to FLSmidth's Mining revenue and create one of the world's largest and strongest suppliers to the mining industry. Funding of the acquisition has been secured through a combination of debt facilities and proceeds from the issue of new shares which was completed on 10 September 2021.

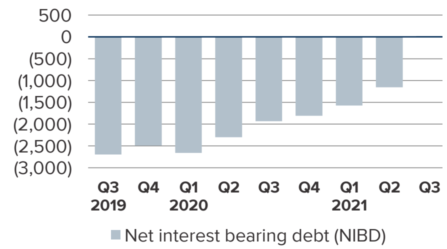
Cash flow

DKKm



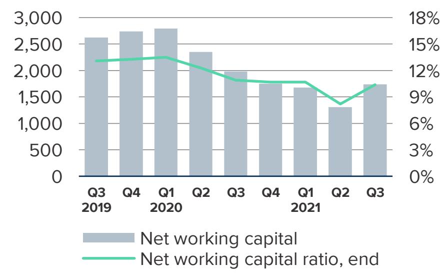
Net interest-bearing debt

DKKm



Net working capital

DKKm NWC%



FINANCIAL PERFORMANCE IN 9M 2021

GROWTH

Order intake

Order intake increased 5% organically, driven by Cement and a higher level of base orders in Mining. Including currency effects, order intake in the first nine months of 2021 increased 2% to DKK 14,149m (9M 2020: DKK 13,829m). Service order intake for the Group rose by 12% from the comparison period driven by both Mining and Cement.

Mining service orders increased by 7%, whereas capital orders decreased due to a reduction in the value of large projects. Three large Mining orders with a combined value of DKK 600m were announced in 9M 2021 (9M 2020: three large Mining orders with a combined value of DKK 2.4bn). As a result, Mining order intake decreased 3% organically for the first nine months. This decrease was offset by Cement which, in addition to a 24% increase in service orders, booked a series of sustainability-related orders, including two medium-sized product orders in Q1, the flash calciner order for VICAT in Q2 and strong demand for alternative fuels solutions in Q3. As a result, Cement order intake increased by 28% organically.

Order backlog

Order backlog increased 12% to DKK 16,548m by 30 September 2021 (30 September 2020: DKK 14,839m). The increase came from both Cement and Mining which saw 14% and 10% increases respectively.

Revenue

Organically, revenue increased by 4%, comprising an 8% increase in Mining and a 4% decline in Cement. Including currency effects, revenue increased 2% to DKK 12,446m in the first nine months of 2021.

Growth in Mining revenue comprised a 4% increase in service revenue and a 12% increase in capital revenue.

In the first half of the year, Cement was severely impacted by the pandemic and a low backlog entering the year. Despite strong revenue growth in the third quarter, service and capital revenue decreased by 9% and 3% respectively in the first nine months of the year.

PROFIT

Gross profit and margin

Gross profit in the first nine months of 2021 increased by 7% to DKK 3,029m. Gross margin rose by 1%-point to 24.3%, positively impacted by effects from business improvement activities.

In the first nine months of 2021, research and development costs were DKK 211m (9M 2020: 195m), of which DKK 102m were capitalised (9M 2020: 83m) and the balance reported as production costs.

EBITA and margin

EBITA increased 29% to DKK 692m, based on the slightly higher revenue and improved gross margin. The EBITA margin was 5.6% up from 4.4% in the first nine months of 2020. The improvement was despite the impact from costs related to the acquisition of TK Mining of DKK 70m in Q2-Q3 2021.

Profit for the period

Profit for the period increased by 54% to DKK 196m. Continuing activities improved to DKK 214m from DKK 142m. Discontinued activities reported a DKK 18m loss, compared to a DKK 15m loss in the first nine months of 2020.

Earnings per share

Earnings per share (diluted) increased to DKK 3.9 from DKK 2.5 in the first nine months of 2020.

Growth in order intake in 9M 2021 (vs. 9M 2020)

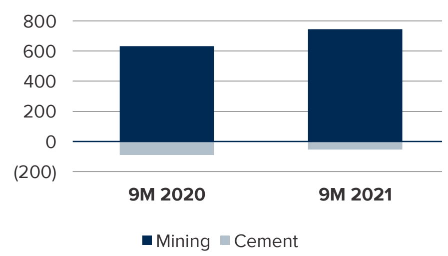
	Mining	Cement	FLSmidth Group
Organic	-3%	28%	5%
Acquisition	0%	0%	0%
Currency	-2%	-4%	-3%
Total growth	**-5%**	**24%**	**2%**

Growth in revenue in 9M 2021 (vs. 9M 2020)

	Mining	Cement	FLSmidth Group
Organic	8%	-4%	4%
Acquisition	0%	0%	0%
Currency	-1%	-3%	-2%
Total growth	**7%**	**-7%**	**2%**

EBITA split by segment

DKKm



CAPITAL

Net working capital

Following a strong improvement in the past five quarters, net working capital increased in Q3. Consequently, net working capital decreased to DKK 1,735m (end of 2020: DKK 1,752m), and the corresponding net working capital ratio was 10.4% of 12-months trailing revenue, compared to 10.7% at the end of 2020.

The main developments in net working capital comprised an increase in prepayments from customers, largely offset by increased trade receivables, reduced trade payables and higher inventories to support our growth agenda for standardised products and parts services.

Cash flow from operating activities

Cash flow from operating activities decreased to DKK 600m (9M 2020: DKK 1,092m), mainly due to the large cash inflow from working capital in the comparable period 9M 2020 and increased tax payments in 9M 2021.

Cash flow from investing activities

Cash flow used for investments decreased to DKK -176m from DKK -279m in the first nine months of 2020.

Cash flow from financing activities

Cash flow from financing activities amounted to DKK -272m primarily spent on reducing net interest-bearing debt.

A dividend was paid out in the first half of 2021 amounting to DKK 101m whereas no dividend was paid in the same period last year.

Free cash flow

Free cash flow adjusted for business acquisitions and disposals was DKK 430m in 9M 2021 (9M 2020: DKK 862m).

Balance sheet

Total assets increased to DKK 21,916m by 30 September 2021 (end of 2020: DKK 20,456), primarily related to increased net working capital assets and foreign exchange effects.

Net interest-bearing debt

Net interest-bearing debt (NIBD) by 30 September 2021 decreased to a positive net cash position of DKK 16m (end of 2020: DKK -1,808m), due to DKK 1.4bn proceeds from the issue of new shares and the positive free cashflow. The Group's financial gearing was 0.0x (end of 2020: 1.6x).

Equity

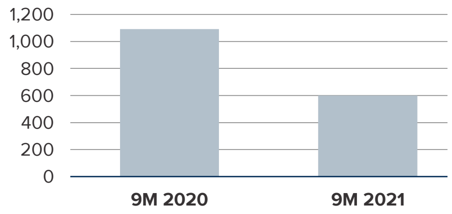
Equity at 30 September 2021 increased to DKK 9,983m (end of 2020: DKK 8,130m). The increase related to proceeds from the issue of new shares, profit for the period and currency adjustments regarding translation of entities, less dividend paid.

Treasury shares

The holding of treasury shares amounted to 1,093,928 shares at 30 September 2021 (2020: 1,097,718 shares), representing 1.9% of the total share capital (2020: 2.1%). Treasury shares are used to hedge our share-based incentive programmes.

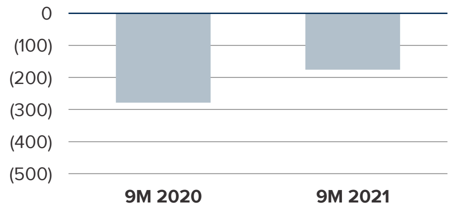
Cash flow from operating activities

DKKm



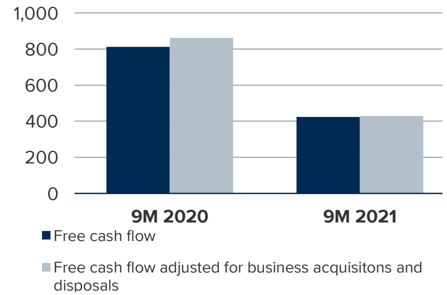
Cash flow from investing activities

DKKm



Free cash flow

DKKm



MINING MARKET DEVELOPMENTS

Activity in the mining industry continues to gather pace with pandemic restrictions and infection rates easing globally. Commodity prices and the global recovery in industrial activity support positive market sentiment despite some volatility. The long-term outlook remains strong for metals required for the green energy transition.

Overall, the mining industry continued to benefit from the post-pandemic recovery with high production levels as pandemic restrictions eased further in Q3. Our year-to-date order intake indicates that the mining market has recovered to the 2019 pre-pandemic activity level.

Events in China had significant impacts on commodities markets during the quarter. The fallout from the crisis at property developer China Evergrande Group, along with efforts by the Chinese government to limit steel production to 2020 levels, saw iron ore prices fall in September – though these remain at highly profitable levels for producers. Prices for most other metals, including copper and gold which are important to FLSmidth, remain high. Also, limited thermal coal supply and fear of an energy crisis saw coal prices surge.

In North America, Europe and Australia, miners are increasingly replacing equipment as they catch up on maintenance that was postponed during the pandemic. A number of lithium plants are starting to come online in Australia which is an important region for battery metals.

Activity in South America, Asia (ex-China), Africa and India has been significantly impacted by the pandemic but is gradually returning to more normalised pre-pandemic levels.

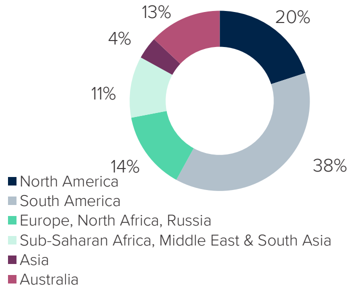
Across all markets, the post-pandemic surge in demand and subsequent bottlenecks in global supply chains has caused challenges. We have been able to mitigate these through close monitoring and thorough planning, but we are seeing increasing delays on certain routes.

Miners remain well capitalised and have seen a boost to cashflow from higher global demand and prices. Whilst there's an underlying need to invest, we continue to see them taking a disciplined approach to investment.

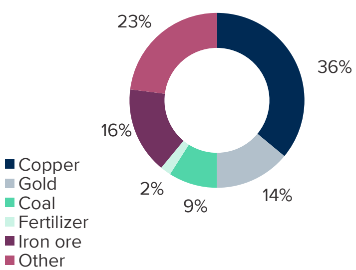
The long-term outlook remains strong for metals required for the green energy transition with copper expected to move into a 279,000-tonne deficit by 2025, according to S&P Capital IQ. Growth in renewable energy is a key driver with the latest edition of the IEA's World Energy Outlook calling for investments to triple by 2030 in order to put the world on a path towards net zero emissions by 2050.

Overall, we maintain a healthy pipeline as the mining industry recovery gains further momentum.

Mining order intake split per Region Q3 2021
%



Mining order intake split by commodity Q3 2021
%



MINING FINANCIAL PERFORMANCE

Q3 2021

Mining order intake increased 13% organically compared to Q3 2020. Including currency effects, the order intake in Q3 2021 increased by 14% to DKK 3,152m (Q3 2020: DKK 2,766m), comprising a 19% increase in service orders and an 6% increase in capital orders. The increase in order intake related to continuing improvement in activity levels and positive market sentiment compared to Q3 2020, which was more severely impacted by the pandemic. Q3 2021 included a large announced lithium order valued around DKK 200m (Q3 2020: No announced orders).

During the quarter, service orders and capital orders represented 62% and 38% of Mining order intake respectively.

Revenue increased by 20% organically and by 22% including currency effects, to DKK 3,180m in Q3 2021 (Q3 2020: DKK 2,616m), driven mostly by capital revenue. Capital revenue increased by 52% driven by the higher backlog and improved site access supporting order execution as Covid-19 restrictions ease globally. Service revenue increased by 4%, also supported by easing Covid-19 restrictions. Service accounted for 55% of Mining revenue in Q3 2021 (Q3 2020: 64%).

Gross profit, before allocation of shared cost, increased by 21% to DKK 787m (Q3 2020: DKK 653m). The corresponding gross margin decreased to 24.7% (Q3 2020: 25.0%), due to the higher share of capital revenue. EBITA increased by 29% to DKK 302m in Q3 2021 (Q3 2020: DKK 235m) as a result of the higher revenue and operating leverage, and despite the lower share of service revenue in the quarter. The corresponding EBITA margin increased to 9.5% from 9.0% in Q3 2020. EBITA was impacted by costs related to the acquisition of TK Mining of DKK 30m. The EBITA margin adjusted for these costs was 10.4%. Acquisition related costs are estimated at around DKK 30m for Q4 2021.

9M 2021

Despite a stronger level of base orders and a 7% increase in service order intake Mining order intake in 9M 2021 decreased by 5% to DKK 9,670m (9M 2020: DKK 10,203m). This was a result of exceptionally strong capital order intake in the comparable period in Q1 2020, related to three large capital orders with a combined value of around DKK 2.4bn. Based on a book-to-bill of 115%, Mining order backlog in 9M 2021 increased 10% to DKK 10,248 (9M 2020: DKK 9,298m)

Mining revenue increased by 7% to DKK 8,394m (9M 2020: DKK 7,871m) with service revenue and capital revenue increasing by 4% and 12% respectively. EBITA increased by 18% to DKK 746m (9M 2020: DKK 632m) and the corresponding EBITA margin increased to 8.9% from 8.0% in 9M 2020, owing to an improved gross margin and operating leverage from the increase in revenue.

Mining

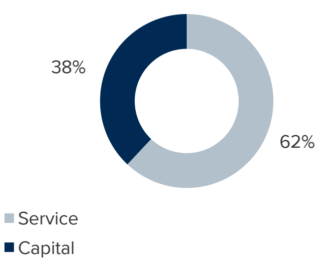
(DKKm)	Q3 2021	Q3 2020	Change (%)	9M 2021	9M 2020	Change (%)
Order intake (gross)	**3,152**	**2,766**	**14%**	**9,670**	**10,203**	**-5%**
- Hereof service order intake	1,967	1,650	19%	5,727	5,353	7%
- Hereof capital order intake	1,185	1,116	6%	3,943	4,850	-19%
Order backlog	**10,248**	**9,298**	**10%**	**10,248**	**9,298**	**10%**
Revenue	**3,180**	**2,616**	**22%**	**8,394**	**7,871**	**7%**
- Hereof service revenue	1,735	1,663	4%	5,123	4,942	4%
- Hereof capital revenue	1,445	953	52%	3,271	2,929	12%
Gross profit before allocation of shared cost	**787**	**653**	**21%**	**2,203**	**1,999**	**10%**
Gross profit margin before allocation of shared cost	24.7%	25.0%		26.2%	25.4%	
EBITA before allocation of shared cost	**491**	**440**	**12%**	**1,319**	**1,258**	**5%**
EBITA margin before allocation of shared cost	15.4%	16.8%		15.7%	16.0%	
EBITA	**302**	**235**	**29%**	**746**	**632**	**18%**
EBITA margin	9.5%	9.0%		8.9%	8.0%	
EBIT	**242**	**178**	**36%**	**564**	**456**	**24%**
EBIT margin	7.6%	6.8%		6.7%	5.8%	
Number of employees	5,352	5,209	3%	5,352	5,209	3%

Growth in Mining in Q3 2021 (vs. Q3 2020)

	Order intake	Revenue
Organic	13%	20%
Acquisition	0%	0%
Currency	1%	2%
Total growth	**14%**	**22%**

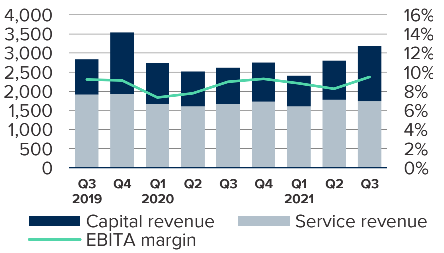
Service and capital order intake Q3 2021

%



Revenue and EBITA margin

DKKm EBITA %



CEMENT MARKET DEVELOPMENTS

The cement industry is emerging from the pandemic with improved service activity but significant regional differences and inflation headwinds triggered by construction supply chain challenges and higher energy costs. Significant overcapacity remains and a recovery is not expected until the mid-term. Demand is growing for green solutions.

The green shoots of growth emerging in the cement industry are at risk from the supply shock experienced by the construction sector in those regions in which economic activity has surged ahead. This is translating into labour and materials shortages, delays, and cost inflation. Energy costs are surging on global shortages of gas and coal with potential energy crises ahead in Europe and China. Whilst these threaten to derail the emerging recovery for cement, they also reinforce the need for increasing use of greener solutions, including alternative fuels and carbon capture.

In Q3, growth in construction activity continued to drive positive sentiment in North America and a growing number of opportunities tied to our Digital and Mission Zero products.

In Europe, customers are investing in technology that supports their sustainability journey but also technology to increase capacity in certain European markets. We have a healthy pipeline for upgrade projects driven by ongoing conversion to alternative fuels. The EU's climate policies, the launch of stimulus packages and a doubling of the price of carbon allowances under the EU's Emission Trading System in 2021 are driving factors.

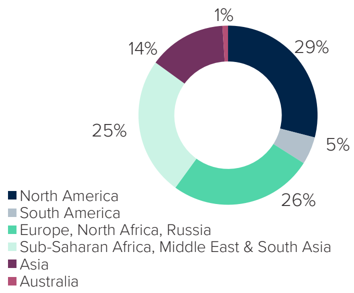
The EU's proposed Carbon Border Adjustment Mechanism is expected to drive this agenda to countries exporting cement to the EU. The Global Cement and Concrete Association's (GCCA) recent launch of a road map to achieve net zero emissions in the sector is also expected to support decarbonisation efforts. GCCA members account for 80% of the global cement industry volume outside of China and include several large Chinese manufacturers.

China continues to be the main driver in Asia but saw a temporary slowdown that was caused by a combination of pandemic-related shutdowns and supply-chain disruptions. Elsewhere in the region, some countries remain challenged while other posted improvements by the end of Q3.

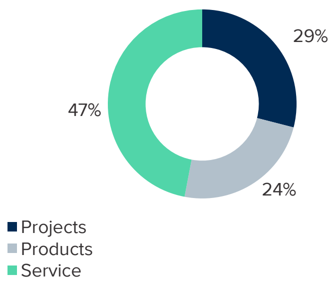
Cement despatches in South Asia bounced back in Q3 after the severe pandemic situation in Q2. Higher levels of plant utilisation are reflecting positively in demand for spare parts but travel restrictions in the region are still hampering our business, especially for service jobs.

Overall, demand for new capacity remains subdued, whilst we continue to see increased demand for solutions that decarbonise and de-bottleneck cement plants.

Cement order intake split per Region Q3 2021
%



Cement revenue split by categories Q3 2021
%



CEMENT FINANCIAL PERFORMANCE

Q3 2021

Cement order intake in Q3 2021 increased 17% to DKK 1,397m (Q3 2020: DKK 1,189m), comprising a 44% increase in service orders and a 18% decrease in capital orders. Currency had no significant impact in the quarter. Service order intake continued strongly on the back off a strong Q2 2021, underpinned by the easing pandemic, increased site access and some pent-up demand, including a sizable upgrade order. No large capital orders were booked in Q3. Service orders and capital orders represented 71% and 29% of cement order intake, respectively.

Revenue increased by 22% to DKK 1,480m in Q3 2021 (Q3 2020: DKK 1,218m), and currency had no significant impact in the quarter. Cement service revenue decreased by 5% while capital revenue improved strongly by 61%, driven by improved site access supporting order execution as Covid-19 restrictions ease globally. Service accounted for 47% of Cement revenue in Q3 2021 (Q3 2020: 60%).

Gross profit, before allocation of shared cost, increased 32% to DKK 313m (Q3 2020: DKK 238m), and gross margin increased to 21.1% (Q3 2020: 19.5%), attributable to implemented reshaping activities. EBITA in Cement was positive for the first time since Q1 2020, driven by high revenue in the quarter, a lower level of Cement reshaping costs as well as improvements from already executed reshaping activities. EBITA amounted to DKK 3m (Q3 2020: DKK -57m), and the corresponding EBITA margin was 0.2% (Q3 2020: -4.8%).

9M 2021

Cement order intake in 9M 2021 increased by 24% to DKK 4,479m (9M 2020: DKK 3,626m), driven by both service and capital order growth. This was a strong development considering the challenging market environment and was not least due to a series of MissionZero aligned orders, including two medium-sized product orders in Q1, the clay flash calciner order for VICAT in Q2 and strong demand for alternative fuels solutions in Q3 - all supporting our customers to cut CO_2 emissions front their cement production.

Cement revenue decreased by 7% to DKK 4,052m in 9M 2021 (9M 2020: DKK 4,334m). Service and capital revenue declined by 9% and 3% respectively. Despite a strong quarter performance in Q3 2021, the 9M 2021 revenue was dragged down by a low backlog at the start of the year and site restrictions which impacted performance in H1.

EBITA improved but remained negative at DKK -54m (9M 2020: DKK -90m), due to the revenue decline and costs related to Cement reshaping activities. The corresponding EBITA margin was -1.3% (9M 2020: -2.1%).

Cement

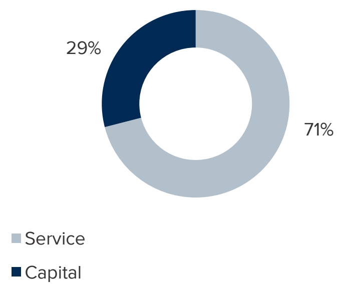
(DKKm)	Q3 2021	Q3 2020	Change (%)	9M 2021	9M 2020	Change (%)
Order intake (gross)	**1,397**	**1,189**	**17%**	**4,479**	**3,626**	**24%**
- Hereof service order intake	988	688	44%	2,665	2,154	24%
- Hereof capital order intake	409	501	-18%	1,814	1,472	23%
Order backlog	**6,300**	**5,541**	**14%**	**6,300**	**5,541**	**14%**
Revenue	**1,480**	**1,218**	**22%**	**4,052**	**4,334**	**-7%**
- Hereof service revenue	693	730	-5%	2,175	2,390	-9%
- Hereof capital revenue	787	488	61%	1,877	1,944	-3%
Gross profit before allocation of shared cost	**313**	**238**	**32%**	**898**	**908**	**-1%**
Gross profit margin before allocation of shared cost	21.1%	19.5%		22.2%	20.9%	
EBITA before allocation of shared cost	**121**	**83**	**46%**	**314**	**371**	**-15%**
EBITA margin before allocation of shared cost	8.2%	6.7%		7.7%	8.6%	
EBITA	**3**	**(57)**		**(54)**	**(90)**	
EBITA margin	0.2%	-4.8%		-1.3%	-2.1%	
EBIT	**(23)**	**(86)**		**(135)**	**(167)**	
EBIT margin	-1.6%	-7.1%		-3.3%	-3.9%	
Number of employees	3,418	4,366	-22%	3,418	4,366	-22%

Growth in Cement in Q3 2021 (vs. Q3 2020)

	Order intake	Revenue
Organic	17%	22%
Acquisition	0%	0%
Currency	0%	0%
Total growth	**17%**	**22%**

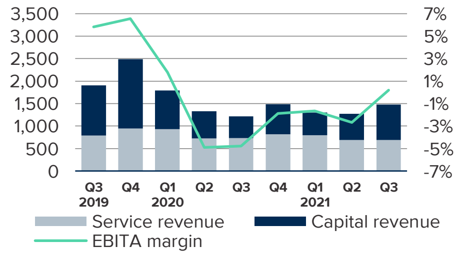
Service and capital order intake Q3 2021

%



Revenue and EBITA margin

DKKm EBITA %



QUARTERLY KEY FIGURES

DKKm	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
INCOME STATEMENT									
Revenue	4,736	6,022	4,525	3,846	3,834	4,236	3,713	4,073	4,660
- Hereof service revenue	2,703	2,866	2,606	2,333	2,393	2,552	2,401	2,469	2,428
- Hereof capital revenue	2,033	3,156	1,919	1,513	1,441	1,684	1,312	1,604	2,232
Gross profit	**1,126**	**1,327**	**1,047**	**912**	**884**	**1,022**	**935**	**1,020**	**1,074**
SG&A costs and other operating items	(667)	(747)	(728)	(689)	(629)	(685)	(648)	(735)	(682)
EBITDA before special non-recurring items	**459**	**580**	**319**	**223**	**255**	**337**	**287**	**285**	**392**
Special non-recurring items	0	0	0	(13)	0	(11)	(15)	(4)	(14)
Depreciation and impairment of property, plant and equipment	(82)	(93)	(91)	(79)	(78)	(91)	(82)	(84)	(73)
EBITA	**377**	**487**	**228**	**131**	**177**	**235**	**190**	**197**	**305**
Amortisation and impairment of intangible assets	(83)	(94)	(82)	(85)	(86)	(90)	(89)	(88)	(86)
EBIT	**294**	**393**	**146**	**46**	**91**	**145**	**101**	**109**	**219**
Income from associates	2	1	1	2	(1)	(2)	1	0	(2)
Financial income/costs, net	(12)	(71)	3	(55)	(1)	6	(10)	(27)	(41)
EBT	**284**	**323**	**150**	**(7)**	**89**	**149**	**92**	**82**	**176**
Tax for the period	(94)	(94)	(44)	(5)	(41)	(65)	(35)	(32)	(69)
Profit/loss on continuing activities for the period	**190**	**229**	**106**	**(12)**	**48**	**84**	**57**	**50**	**107**
Loss on discontinued activities for the period	0	(2)	(5)	(5)	(5)	(6)	(3)	(3)	(12)
Profit/loss for the period	**190**	**227**	**101**	**(17)**	**43**	**78**	**54**	**47**	**95**
Effect of purchase price allocation	(32)	(36)	(24)	(24)	(24)	(24)	(22)	(23)	(23)
Gross margin	*23.8%*	*22.0%*	*23.1%*	*23.7%*	*23.1%*	*24.1%*	*25.2%*	*25.0%*	*23.0%*
EBITDA margin before special non-recurring items	*9.7%*	*9.6%*	*7.0%*	*5.8%*	*6.7%*	*8.0%*	*7.7%*	*7.0%*	*8.4%*
EBITA margin	*8.0%*	*8.1%*	*5.0%*	*3.4%*	*4.6%*	*5.5%*	*5.1%*	*4.8%*	*6.5%*
EBIT margin	*6.2%*	*6.5%*	*3.2%*	*1.2%*	*2.4%*	*3.4%*	*2.7%*	*2.7%*	*4.7%*
Cash flow from operating activities	244	327	(35)	533	594	329	285	507	(192)
Cash flow from investing activities	(111)	(92)	(109)	(65)	(105)	(97)	(51)	(64)	(61)
Net working capital	2,624	2,739	2,792	2,351	1,981	1,752	1,678	1,305	1,735
Net interest-bearing debt (NIBD)	(2,693)	(2,492)	(2,663)	(2,298)	(1,936)	(1,808)	(1,577)	(1,159)	16
Order intake, continuing activities (gross)	4,571	4,389	6,526	3,348	3,955	4,695	4,985	4,615	4,549
- Hereof service order intake	2,928	2,890	2,931	2,238	2,337	2,316	2,750	2,687	2,955
- Hereof capital order intake	1,643	1,499	3,595	1,110	1,618	2,379	2,235	1,928	1,594
Order backlog, continuing activities	16,088	14,192	15,591	15,227	14,839	14,874	16,251	16,677	16,548

DKKm	2019		2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEGMENT REPORTING									
Mining									
Revenue	2,832	3,537	2,735	2,520	2,616	2,749	2,412	2,802	3,180
- Hereof service revenue	1,916	1,924	1,673	1,606	1,663	1,734	1,608	1,780	1,735
- Hereof capital revenue	916	1,613	1,062	914	953	1,015	804	1,022	1,445
Gross profit before allocation of shared costs	713	829	680	666	653	689	648	768	787
EBITA before allocation of shared costs	463	528	414	404	440	452	403	425	491
EBITA	261	323	201	196	235	256	213	231	302
EBIT	195	256	143	135	178	199	152	170	242
Gross margin before allocation of shared costs	*25.2%*	*23.4%*	*24.9%*	*26.4%*	*25.0%*	*25.1%*	*26.9%*	*27.4%*	*24.7%*
EBITA margin before allocation of shared costs	*16.3%*	*14.9%*	*15.1%*	*16.0%*	*16.8%*	*16.4%*	*16.7%*	*15.2%*	*15.4%*
EBITA margin	*9.2%*	*9.1%*	*7.3%*	*7.8%*	*9.0%*	*9.3%*	*8.8%*	*8.2%*	*9.5%*
EBIT margin	*6.9%*	*7.2%*	*5.2%*	*5.4%*	*6.8%*	*7.2%*	*6.3%*	*6.1%*	*7.6%*
Order intake (gross)	3,148	2,833	5,214	2,223	2,766	2,608	3,585	2,933	3,152
- Hereof service order intake	2,024	1,807	2,083	1,620	1,650	1,535	1,948	1,812	1,967
- Hereof capital order intake	1,124	1,026	3,131	603	1,116	1,073	1,637	1,121	1,185
Order backlog	8,544	7,683	9,621	9,500	9,298	9,085	10,275	10,310	10,248
Cement									
Revenue	1,904	2,485	1,790	1,326	1,218	1,487	1,301	1,271	1,480
- Hereof service revenue	787	942	933	727	730	818	793	689	693
- Hereof capital revenue	1,117	1,543	857	599	488	669	508	582	787
Gross profit before allocation of shared costs	434	543	391	279	238	347	306	279	313
EBITA before allocation of shared costs	263	331	197	91	83	144	107	86	121
EBITA	111	163	32	(65)	(57)	(28)	(23)	(34)	3
EBIT	94	136	8	(89)	(86)	(61)	(51)	(61)	(23)
Gross margin before allocation of shared costs	*22.8%*	*21.9%*	*21.8%*	*21.0%*	*19.5%*	*23.3%*	*23.5%*	*22.0%*	*21.1%*
EBITA margin before allocation of shared costs	*13.8%*	*13.3%*	*11.0%*	*6.9%*	*6.7%*	*9.7%*	*8.2%*	*6.8%*	*8.2%*
EBITA margin	*5.8%*	*6.6%*	*1.8%*	*-4.9%*	*-4.8%*	*-1.9%*	*-1.7%*	*-2.7%*	*0.2%*
EBIT margin	*4.9%*	*5.5%*	*0.4%*	*-6.7%*	*-7.1%*	*-4.1%*	*-3.9%*	*-4.8%*	*-1.6%*
Order intake (gross)	1,423	1,556	1,312	1,125	1,189	2,087	1,400	1,682	1,397
- Hereof service order intake	904	1,083	848	618	688	780	802	875	988
- Hereof capital order intake	519	473	464	507	501	1,307	598	807	409
Order backlog	7,544	6,509	5,970	5,727	5,541	5,789	5,976	6,367	6,300

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

Notes	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020
3, 4	Revenue	4,660	3,834	12,446	12,205
	Production costs	(3,586)	(2,950)	(9,417)	(9,362)
	Gross profit	**1,074**	**884**	**3,029**	**2,843**
	Sales costs	(330)	(320)	(982)	(1,050)
	Administrative costs	(352)	(317)	(1,094)	(1,018)
	Other operating items	0	8	11	22
	EBITDA before special non-recurring items	**392**	**255**	**964**	**797**
	Special non-recurring items	(14)	0	(33)	(13)
	Depreciation and impairment of property, plant and equipment and lease assets	(73)	(78)	(239)	(248)
	EBITA	**305**	**177**	**692**	**536**
	Amortisation and impairment of intangible assets	(86)	(86)	(263)	(253)
	EBIT	**219**	**91**	**429**	**283**
	Income from associates	(2)	(1)	(1)	2
	Financial income	94	202	624	747
	Financial costs	(135)	(203)	(702)	(800)
	EBT	**176**	**89**	**350**	**232**
	Tax for the period	(69)	(41)	(136)	(90)
	Profit for the period, continuing activities	**107**	**48**	**214**	**142**
3, 8	Loss for the period, discontinued activities	(12)	(5)	(18)	(15)
	Profit for the period	**95**	**43**	**196**	**127**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	93	40	196	124
	Minority interests	2	3	0	3
		95	**43**	**196**	**127**
	Earnings per share (EPS):				
	Continuing and discontinued activities per share	1.8	0.8	3.9	2.5
	Continuing and discontinued activities per share, diluted	1.8	0.8	3.9	2.5
	Continuing activities per share	2.0	0.9	4.2	2.8
	Continuing activities per share, diluted	2.0	0.9	4.2	2.8

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020
	Profit for the period	**95**	**43**	**196**	**127**
	Items that will not be reclassified to profit or loss:				
	Actuarial gains/(losses) on defined benefit plans	59	(22)	41	(43)
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	49	(302)	317	(689)
	Cash flow hedging:				
	- Value adjustments for the period	(18)	24	(30)	(8)
	- Value adjustments transferred to work in progress	(9)	3	(23)	12
	Tax of other comprehensive income	0	6	4	12
	Other comprehensive income for the period after tax	**81**	**(291)**	**309**	**(716)**
	Comprehensive income for the period	**176**	**(248)**	**505**	**(589)**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	173	(251)	505	(591)
	Minority interests	3	3	0	2
		176	**(248)**	**505**	**(589)**

CASH FLOW STATEMENT

Notes	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020
	EBITDA before special non-recurring items	392	255	964	797
3	EBITDA, discontinued activities	(12)	(5)	(18)	(11)
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	(7)	12	(22)	34
	Adjusted EBITDA	**373**	**262**	**924**	**820**
	Change in provisions, pension and employee benefits	59	72	87	(3)
9	Change in net working capital	(494)	311	(25)	545
	Cash flow from operating activities before financial items and tax	**(62)**	**645**	**986**	**1,362**
	Financial items received and paid	(37)	(3)	(66)	(50)
	Taxes paid	(93)	(48)	(320)	(220)
	Cash flow from operating activities	**(192)**	**594**	**600**	**1,092**
7	Acquisition of enterprises and activities	0	0	(8)	(49)
	Acquisition of intangible assets	(41)	(43)	(120)	(106)
	Acquisition of property, plant and equipment	(28)	(62)	(56)	(128)
	Acquisition of financial assets	(1)	(2)	(5)	(8)
7	Disposal of enterprises and activities	0	0	2	0
	Disposal of property, plant and equipment	9	0	11	3
	Disposal of financial assets	0	2	0	2
	Dividend from associates	0	0	0	7
	Cash flow from investing activities	**(61)**	**(105)**	**(176)**	**(279)**
	Dividend	0	0	(101)	0
11	Issue of shares, net of costs	1,434	0	1,434	0
	Capital injection, minority interests	0	0	3	0
	Exercise of share options	0	0	1	0
	Repayment of lease liabilities	(29)	(29)	(93)	(86)
	Change in net interest bearing debt	(1,339)	(223)	(1,516)	(724)
	Cash flow from financing activities	**66**	**(252)**	**(272)**	**(810)**
	Change in cash and cash equivalents	**(187)**	**237**	**152**	**3**
	Cash and cash equivalents at beginning of period	1,347	703	976	1,001
	Foreign exchange adjustment, cash and cash equivalents	10	(38)	42	(102)
	Cash and cash equivalents at 30 September	**1,170**	**902**	**1,170**	**902**

The cash flow statement cannot be inferred from the published financial information only

Free cash flow

DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020
Free cash flow	(253)	489	424	813
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	(253)	489	430	862

Cash and cash equivalents at beginning of period

DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020
Cash and cash equivalents	1,347	703	946	1,001
Cash and cash equivalents included in assets held for sale	0	0	30	0
Cash and cash equivalents at beginning of period	**1,347**	**703**	**976**	**1,001**

BALANCE SHEET

Notes	DKKm	30/09 2021	31/12 2020	30/09 2020
	ASSETS			
	Goodwill	4,310	4,194	4,211
	Patents and rights	808	875	882
	Customer relations	417	466	498
	Other intangible assets	129	172	70
	Completed development projects	178	234	243
	Intangible assets under development	392	299	355
	Intangible assets	**6,234**	**6,240**	**6,259**
	Land and buildings	1,513	1,414	1,449
	Plant and machinery	337	369	383
	Operating equipment, fixtures and fittings	71	89	80
	Tangible assets in course of construction	55	137	143
	Property, plant and equipment	**1,976**	**2,009**	**2,055**
	Lease assets	**305**	**312**	**320**
	Deferred tax assets	1,249	1,248	1,113
	Investments in associates	157	159	156
10	Other securities and investments	47	43	49
	Other non-current assets	**1,453**	**1,450**	**1,318**
	Non-current assets	**9,968**	**10,011**	**9,952**
	Inventories	2,552	2,368	2,527
	Trade receivables	3,814	3,453	3,383
	Work in progress	2,449	2,175	2,300
	Prepayments	593	333	365
	Income tax receivables	537	178	355
	Other receivables	833	868	808
	Cash and cash equivalents	1,170	946	902
	Current assets	**11,948**	**10,321**	**10,640**
	Assets classified as held for sale	0	124	0
	Total assets	**21,916**	**20,456**	**20,592**

Notes	DKKm	30/09 2021	31/12 2020	30/09 2020
	EQUITY AND LIABILITIES			
11	Share capital	1,153	1,025	1,025
	Foreign exchange adjustments	(814)	(1,131)	(988)
	Cash flow hedging	(57)	(4)	(24)
11	Retained earnings	9,704	8,246	8,208
	Shareholders in FLSmidth & Co. A/S	**9,986**	**8,136**	**8,221**
	Minority interests	(3)	(6)	16
	Equity	**9,983**	**8,130**	**8,237**
	Deferred tax liabilities	223	200	233
	Pension obligations	344	375	396
5	Provisions	424	426	453
	Lease liabilities	206	209	172
	Bank loans and mortgage debt	821	2,250	2,495
	Prepayments from customers	303	240	197
	Income tax liabilities	134	139	139
	Other liabilities	52	125	126
	Non-current liabilities	**2,507**	**3,964**	**4,211**
	Pension obligations	3	3	3
5	Provisions	693	589	520
	Lease liabilities	109	113	159
	Bank loans and mortgage debt	30	183	22
	Prepayments from customers	1,739	1,026	1,038
	Work in progress	2,012	1,834	1,891
	Trade payables	3,094	3,055	3,095
	Income tax liabilities	311	162	240
	Other liabilities	1,435	1,306	1,176
	Current liabilities	**9,426**	**8,271**	**8,144**
	Liabilities associated with assets classified as held for sale	0	91	0
	Total liabilities	**11,933**	**12,326**	**12,355**
	Total equity and liabilities	**21,916**	**20,456**	**20,592**

EQUITY STATEMENT

9M 2021

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January	**1,025**	**(1,131)**	**(4)**	**8,246**	**8,136**	**(6)**	**8,130**
Comprehensive income for the period							
Profit/loss for the period				196	196	0	196
Other comprehensive income							
Actuarial gains/(losses) on defined benefit plans				41	41		41
Currency adjustments regarding translation of entities		317			317	0	317
Cash flow hedging:							
- Value adjustments for the period			(30)		(30)		(30)
- Value adjustments transferred to work in progress			(23)		(23)		(23)
Tax on other comprehensive income				4	4		4
Other comprehensive income total	**0**	**317**	**(53)**	**45**	**309**	**0**	**309**
Comprehensive income for the period	**0**	**317**	**(53)**	**241**	**505**	**0**	**505**
Transactions with owners:							
Dividend paid				(101)	(101)		(101)
Issue of shares, net of costs	128			1,306	1,434		1,434
Share-based payment				11	11		11
Exercise of share options				1	1		1
Capital injection, minority interests					0	3	3
Equity at 30 September	**1,153**	**(814)**	**(57)**	**9,704**	**9,986**	**(3)**	**9,983**

9M 2020

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January	**1,025**	**(300)**	**(28)**	**8,082**	**8,779**	**14**	**8,793**
Comprehensive income for the period							
Profit/loss for the period				124	124	3	127
Other comprehensive income							
Actuarial gains/(losses) on defined benefit plans				(43)	(43)		(43)
Currency adjustments regarding translation of entities		(688)			(688)	(1)	(689)
Cash flow hedging:							
- Value adjustments for the period			(8)		(8)		(8)
- Value adjustments transferred to work in progress			12		12		12
Tax on other comprehensive income				12	12		12
Other comprehensive income total	**0**	**(688)**	**4**	**(31)**	**(715)**	**(1)**	**(716)**
Comprehensive income for the period	**0**	**(688)**	**4**	**93**	**(591)**	**2**	**(589)**
Transactions with owners:							
Dividend paid					0		0
Issue of shares, net of costs							
Share-based payment				33	33		33
Exercise of share options					0		0
Capital injection, minority interests					0		0
Equity at 30 September	**1,025**	**(988)**	**(24)**	**8,208**	**8,221**	**16**	**8,237**

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements, we are required to make several estimates and judgements. The estimates and judgements that can have a significant impact on the financial statements are categorised as key accounting estimates and judgements. Key accounting estimates and judgements are regularly assessed to adapt to market conditions and changes in political and economic factors. In general, key accounting judgements are made in relation to the accounting of revenue when determining the performance obligations and the recognition method, while key accounting estimates relate to the estimation of warranty provisions, valuation of inventories, trade receivables, work in progress and deferred tax. For further details, reference is made to The Annual Report 2020, Key accounting estimates and judgements, pages 63-64 and to specific notes.

During the third quarter of 2021, the impact from the COVID-19 pandemic has eased and the market conditions have gradually improved, however, with some short-term uncertainty emerging from bottlenecks in global supply chains.

As of 30 September 2021, no significant unusual uncertainties remain in relation to the updated estimates to assess the recoverability of our asset base, including inventories, work in progress, trade receivables, intangible assets and deferred tax assets. Considering the uncertainty related to the supply chain, we have reassessed our projects to reflect estimated implications on project financials, including cost forecasts due to the risk of transportation delays and resulting cost increases. By nature, the updated key accounting estimates contain uncertainties, and it is possible that the outcomes in the next financial period can differ from those on which management's estimates are based.

2. INCOME STATEMENT BY FUNCTION

The income statement classified by function includes allocation of depreciation, amortisation and impairment.

It is our policy to prepare the income statement based on an adjusted classification of the cost by function in order to show the earnings before special non-recurring items, depreciation, amortisation and impairment (EBITDA). Depreciation, amortisation and impairment are therefore separated from the individual functions and presented in separated lines.

Income Statement by function

DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	4,660	3,834	12,446	12,205
Production costs	(3,665)	(3,035)	(9,668)	(9,615)
Gross profit	**995**	**799**	**2,778**	**2,590**
Sales costs, including depreciation and amortisation	(342)	(335)	(1,020)	(1,099)
Administrative costs, including depreciation and amortisation	(420)	(381)	(1,307)	(1,217)
Special non-recurring items	(14)	0	(33)	(13)
Other operating income	0	8	11	22
EBIT	**219**	**91**	**429**	**283**
Depreciation, amortisation and impairment consist of:				
Depreciation and impairment of property, plant and equipment and lease assets	(73)	(78)	(239)	(248)
Amortisation and impairment of intangible assets	(86)	(86)	(263)	(253)
	(159)	**(164)**	**(502)**	**(501)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(79)	(85)	(251)	(253)
Sales costs	(12)	(15)	(38)	(49)
Administrative costs	(68)	(64)	(213)	(199)
	(159)	**(164)**	**(502)**	**(501)**

3. SEGMENT INFORMATION

						9M 2021						9M 2020
					FLSmidth Group						FLSmidth Group	
DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]
Revenue	**8,394**	**4,052**	**-**	**0**	**12,446**	**0**	**7,871**	**4,334**	**-**	**0**	**12,205**	**0**
Production costs	(6,191)	(3,154)	(72)	0	(9,417)	0	(5,872)	(3,426)	(64)	0	(9,362)	0
Gross profit	**2,203**	**898**	**(72)**	**0**	**3,029**	**0**	**1,999**	**908**	**(64)**	**0**	**2,843**	**0**
SG&A costs	(783)	(503)	(781)	2	(2,065)	(18)	(634)	(471)	(938)	(3)	(2,046)	(11)
EBITDA before special non-recurring items	**1,420**	**395**	**(853)**	**2**	**964**	**(18)**	**1,365**	**437**	**(1,002)**	**(3)**	**797**	**(11)**
Special non-recurring items	(12)	(21)	0	0	(33)	0	(13)	0	0	0	(13)	0
Depreciation and impairment of property, plant and equipment and lease assets	(89)	(60)	(90)	0	(239)	0	(94)	(66)	(88)	0	(248)	0
EBITA before allocation of shared costs	**1,319**	**314**	**(943)**	**2**	**692**	**(18)**	**1,258**	**371**	**(1,090)**	**(3)**	**536**	**(11)**
Allocation of shared costs	(573)	(368)	943	(2)	0	0	(626)	(461)	1,090	(3)	0	0
EBITA	**746**	**(54)**	**0**	**0**	**692**	**(18)**	**632**	**(90)**	**0**	**(6)**	**536**	**(11)**
Amortisation and impairment of intangible assets	(182)	(81)	0	0	(263)	0	(176)	(77)	0	0	(253)	0
EBIT	**564**	**(135)**	**-**	**0**	**429**	**(18)**	**456**	**(167)**	**-**	**(6)**	**283**	**(11)**
Order intake (gross)	9,670	4,479			14,149	0	10,203	3,626			13,829	0
Order backlog	10,248	6,300			16,548	0	9,298	5,541			14,839	0
Gross margin	*26.2%*	*22.2%*			*24.3%*		*25.4%*	*20.9%*			*23.3%*	
EBITDA margin before special non-recurring items	*16.9%*	*9.7%*			*7.7%*		*17.3%*	*10.1%*			*6.5%*	
EBITA margin before allocation of shared costs	*15.7%*	*7.7%*			-		*16.0%*	*8.6%*			-	
EBITA margin	*8.9%*	*-1.3%*			*5.6%*		*8.0%*	*-2.1%*			*4.4%*	
EBIT margin	*6.7%*	*-3.3%*			*3.4%*		*5.8%*	*-3.9%*			*2.3%*	
Number of employees at 30 September	**5,352**	**3,418**	**1,365**		**10,135**	**0**	**5,209**	**4,366**	**1,371**		**10,946**	**0**
Reconciliation of profit for the period												
EBIT					429	(18)					283	(11)
Income from associates					(1)	0					2	0
Financial income					624	1					747	11
Financial costs					(702)	(1)					(800)	(13)
EBT					**350**	**(18)**					**232**	**(13)**

1) Shared costs consist of costs that are managed on Region or Group level and subsequently allocated to the divisions. Cost include administration, procurement, logistic and digital.
2) Other companies consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activities mainly consist of non-mining bulk material handling.

4. REVENUE

Revenue arises from sale of life cycle offerings to our customers. We sell a broad range of goods and services within the Mining and Cement Industries split into the main categories projects, products and services.

Six Regions support the sales within the Mining and Cement Industries. Revenue is presented in the Regions in which delivery takes place. In the first nine months of 2021, South America represented a 3%-point lower share of Group revenue than the same period last year. Asia and Australia picked up a higher share of the Group revenue in the first nine months of 2021 compared to same period in 2020.

Backlog

The order backlog at 30 September 2021 amounts to DKK 16,548m (9M 2020: DKK 14,839m) and represents the value of outstanding performance obligations on current contracts. The value of outstanding performance obligations on current contracts is combination of value from contracts where we will transfer control at a future point in time and the value of the remaining performance obligations on contracts where we transfer control over time.

Based on the order backlog maturity profile 23% (9M 2020: 21%) of the order backlog is expected to be converted into revenue in 2021, while 77% (9M 2020: 79%) is expected to be converted to revenue in subsequent years.

Revenue split by recognition principle

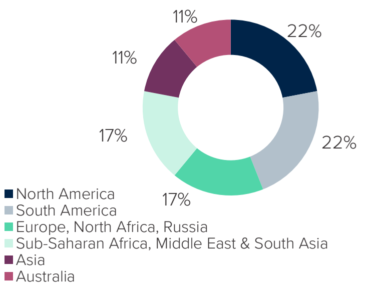
DKKm	9M 2021 Mining	9M 2021 Cement	9M 2021 Group	9M 2020 Mining	9M 2020 Cement	9M 2020 Group
Point in time	4,506	1,360	5,866	4,554	1,357	5,911
Percentage of completion	3,888	2,690	6,578	3,317	2,964	6,281
Cash	0	2	2	0	13	13
Total revenue	**8,394**	**4,052**	**12,446**	**7,871**	**4,334**	**12,205**

Revenue split by industry and category

DKKm	9M 2021 Mining	9M 2021 Cement	9M 2021 Group	9M 2020 Mining	9M 2020 Cement	9M 2020 Group
Projects	2,209	855	3,064	1,953	1,070	3,023
Products	1,062	1,022	2,084	976	874	1,850
Capital business	**3,271**	**1,877**	**5,148**	**2,929**	**1,944**	**4,873**
Service business	**5,123**	**2,175**	**7,298**	**4,942**	**2,390**	**7,332**
Total revenue	**8,394**	**4,052**	**12,446**	**7,871**	**4,334**	**12,205**

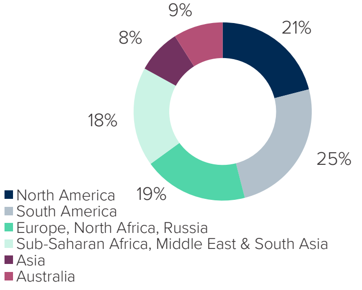
Revenue split by Regions 9M 2021

%



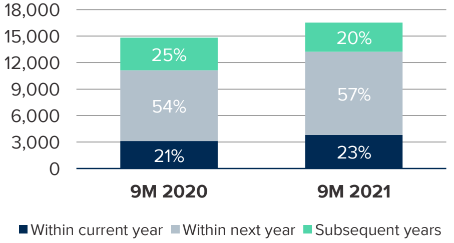
Revenue split by Regions 9M 2020

%



Backlog

DKKm



5. PROVISIONS

Additions to provisions amounted to DKK 412m in 9M 2021, compared to DKK 436m in 9M 2020. Additions to continued restructuring measures with sites closed in US, Germany and Egypt has increased, whereas changes to provision estimates for warranties, loss-making projects as well as disputes and lawsuits have resulted in less additions compared to 9M 2020.

Of the total used provisions of DKK 242m in 9M 2021, restructuring provision used had a higher share in 9M 2021 compared to 9M 2020. DKK 17m related to discontinued activities represents a minor increase compared to 9M 2020. See note 8 for provision details related to discontinued activities.

For a description of the main provision categories see note 2.7 in the 2020 Annual Report.

Provisions

DKKm	30/09 2021	31/12 2020	30/09 2020
Provisions at 1 January	1,015	1,018	1,018
Foreign exchange adjustments	18	(50)	(41)
Additions	412	663	436
Used	(242)	(395)	(302)
Reversals	(86)	(217)	(138)
Transfer to liabilities associated with assets classified as held for sale	0	(4)	0
Provisions	**1,117**	**1,015**	**973**
The split of provisions is as follows:			
Warranties	531	496	535
Restructuring	106	60	81
Other provisions	480	459	357
	1,117	**1,015**	**973**
The maturity of provisions is specified as follows:			
Current liabilities	693	589	520
Non-current liabilities	424	426	453
	1,117	**1,015**	**973**

6. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilities at 30 September 2021 amounted to DKK 3.3bn (31 December 2020: DKK 2.7bn). Contingent liabilities primarily relate to performance and payment guarantees issued to cover project-related risks, such as performance, payment, quality, and delay. The volume of such guarantees amounted to DKK 2.5bn (31 December 2020: DKK 2.4bn). In the event a guarantee is expected to materialise, a provision is recognized to cover the risk. The remaining contingent liabilities relate to our involvement in legal disputes, which are already pending with courts or other authorities and other disputes which may or may not lead to formal legal proceedings being initiated against us.

On 22 July 2021, a customer informed that it intends to initiate arbitration against FLSmidth and certain partners for an amount of EUR 28 million, for alleged contractual breaches. The case was referenced as 'the Tunisia contract' at our 2020 annual general meeting. FLSmidth will reject a potential claim.

Except from the above mentioned no other significant changes have occurred to the nature and extent of our contractual obligations and contingent liabilities compared to what was disclosed in note 2.9 in the 2020 Annual Report.

FLSmidth has entered into a conditional agreement to sell all and lease back part of its headquarters in Valby, Denmark. As described in the Annual Report 2020 it has been decided to revisit the plans for the headquarter and options are being explored. More certainty of the outcome is expected in the first half of 2022.

Provisions related to continued activities

DKKm	30/09 2021	31/12 2020	30/09 2020
Provisions at 1 January	833	807	807
Reclassification to beginning balance, continued/discontinued activities	0	13	0
Foreign exchange adjustments	18	(49)	(41)
Additions	412	661	436
Used	(225)	(378)	(292)
Reversals	(86)	(217)	(138)
Transfer to liabilities associated with assets classified as held for sale	0	(4)	0
Provisions	**952**	**833**	**772**

7. DISPOSAL AND ACQUISITION OF ENTERPRISES

On 23 December 2020, FLSmidth announced the sale of advanced fabric filter technology ("AFT") to Simatek A/S. The transaction was effective as of 1 March 2021. The gain from the transaction was DKK 2m.

On 29 December 2020, FLSmidth announced the sale of Möller pneumatic conveying systems business to REEL. The sale of Möller pneumatic conveying systems business was closed 1 January 2021. The disposal has no material income statement effect in 9M 2021.

The assets related to the disposals were included in assets classified as held for sale as of 31 December 2020. Following the two disposals being effective in the first quarter of 2021 there are no remaining assets classified as held for sale.

On 1 June 2019, FLSmidth acquired the IMP Automation Group that was integrated into the Mining segment. In relation to the acquisition FLSmidth paid DKK 8m in 9M 2021 related to a deferred payment from the acquisition.

8. DISCONTINUED ACTIVITIES

Discontinued activities include the remaining responsibilities to finalise legacy projects, handling of claims, etc. retained on the sale of the non-mining bulk material handling business in 2019. Progress on projects has been delayed, amongst others, due to the COVID-19 pandemic. For further information on discontinued activities, please refer to note 2.11 of Annual report 2020.

In addition to provisions of DKK 165m shown in the table below, discontinued activities include DKK 339m (31 December 2020: DKK 220m) of the Group's net working capital shown in note 9.

The increase is due to a customer's cash withdrawal of DKK 130m on a performance guarantee. We have rejected the claim and recognised the cash withdrawal as a receivable as of 30 September 2021.

Loss for the period from discontinued activities amounted to DKK -18m (9M 2020: DKK -15m), primarily consisting of SG&A cost, refer to note 3.

Cash flow from discontinued operating activities totalled DKK -160m (9M 2020: DKK -20m). The cash outflow was due to a combination of the loss from the period, used provisions of DKK -17m (9M 2020: DKK -10m) and cash flow from net working capital of DKK -125m (9M 2020: DKK 3m).

Discontinued activities effect on cash flow from operating activities

DKKm	9M 2021	2020	9M 2020
EBITDA	(18)	(15)	(11)
Change in provisions	(17)	(15)	(10)
Change in net working capital	(125)	(18)	3
Cash flow from operating activities before financial items and tax	**(160)**	**(48)**	**(18)**
Taxes paid	0	(4)	(2)
Cash flow from operating activities	**(160)**	**(52)**	**(20)**

Discontinued activities share of Group provisions disclosed in note 5

DKKm	30/09 2021	31/12 2020	30/09 2020
Provisions at 1 January	182	211	211
Reclassification to beginning balance, continued/discontinued business	0	(13)	0
Foreign exchange adjustments	0	(1)	0
Additions	0	2	0
Used	(17)	(17)	(10)
Provisions	**165**	**182**	**201**

9. NET WORKING CAPITAL

Net working capital as at 30 September 2021 is largely unchanged compared to 31 December 2020. A higher level of trade receivables as well as prepayments and inventories were offset by a significant change in prepayments from customers.

Utilisation of supply chain financing increased in the first nine months of 2021.

Net working capital

DKKm	30/09 2021	31/12 2020	30/09 2020
Inventories	2,552	2,368	2,527
Trade receivables	3,814	3,453	3,383
Work in progress, assets	2,449	2,175	2,300
Prepayments	593	333	365
Other receivables	729	748	744
Derivative financial instruments	34	65	55
Prepayments from customers	(2,042)	(1,266)	(1,235)
Trade payables	(3,094)	(3,055)	(3,095)
Work in progress, liability	(2,012)	(1,834)	(1,891)
Other liabilities	(1,245)	(1,200)	(1,128)
Derivative financial instruments	(43)	(35)	(44)
Net working capital	**1,735**	**1,752**	**1,981**
Change in net working capital	17	987	758
Financial instruments and foreign exchange effect on cash flow	(42)	(281)	(213)
Cash flow effect from change in net working capital	**(25)**	**706**	**545**

10. FAIR VALUE MEASUREMENT

Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments
- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded in an active market based on quoted prices. They are measured instead using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no significant transfers between the levels in the first nine months of 2021 or during 2020.

Financial instruments

				30/09 2021
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	7		40	47
Hedging instruments asset		34		34
Hedging instruments liability		(43)		(43)
	7	**(9)**	**40**	**38**

				31/12 2020
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	9		34	43
Hedging instruments asset		65		65
Hedging instruments liability		(35)		(35)
	9	**30**	**34**	**73**

11. SHARE CAPITAL

On 10 September 2021, an issue of 6,400,000 new shares of DKK 20 each at a price of DKK 228 per share was completed. Hereafter, share capital is DKK 1,153m (31 December 2020: DKK 1,025m) and the total number of authorised and issued shares is 57,650,000 (2020: 51,250,000). Each share entitles the holder to 20 votes and no shares have special rights attached to it. The issue increases shareholders' equity by the proceeds received net of transaction costs of DKK 25m.

12. EVENTS AFTER THE BALANCE SHEET DATE

We are not aware of any subsequent matters that could be of material importance to the Group's financial position at 30 September 2021.

13. ACCOUNTING POLICIES

The condensed interim report of the Group for the first nine months of 2021 is presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those applied in the 2020 Annual Report. Reference is made to note 7.5, Accounting policies, note 7.6, Impact from new IFRS, note 7.7, New IFRS not yet adopted and to specific notes in the 2020 Annual Report for further details.

Alternative Performance Measures (APM) are unchanged from those applied in the 2020 Annual Report, refer to note 7.4 in the 2020 Annual Report for a description of used APM.

Changes in accounting policies

As of 1st January 2021, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2021 financial year, including the following, which is the most relevant for FLSmidth:

- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued 2020)

The implementation has not had and is not expected to have significant impact on the consolidated financial statements.

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the consolidated condensed interim financial statements for the period 1 January – 30 September 2021.

The consolidated condensed interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports of listed companies. The consolidated condensed interim financial statements have not been audited or reviewed by the Group's independent auditors.

In our opinion, the consolidated condensed interim financial statements give a true and fair view of the Group's financial position at 30 September 2021 as well as of the results of its operations and cash flows for the period 1 January – 30 September 2021.

In our opinion, the management review gives a fair review of the development in the Group's activity and financial matters, results of operations, cash flows and financial position as well as a description of the principal risks and uncertainties that the Group faces.

Valby, 11 November 2021

Executive management

Thomas Schulz
Group CEO

Roland M. Andersen
Group CFO

Board of directors

Vagn Ove Sørensen
Chairman

Tom Knutzen
Vice chairman

Gillian Dawn Winckler

Thrasyvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Carsten Hansen

Leif Gundtoft

Claus Østergaard

FORWARD LOOKING STATEMENTS

FLSmidth & Co. A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website and/or NASDAQ Copenhagen, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this report or in the future on behalf of FLSmidth & Co. A/S, may contain forward looking statements.

Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Examples of such forward-looking statements include, but are not limited to:

- Statements of plans, objectives or goals for future operations, including those related to FLSmidth & Co. A/S' markets, products, product research and product development.
- Statements containing projections of or targets for revenues, profit (or loss), CAPEX, dividends, capital structure or other net financial items.
- Statements regarding future economic performance, future actions and outcome of contingencies such as legal proceedings and statements regarding the underlying assumptions or relating to such statements.
- Statements regarding potential merger & acquisition activities.

These forward-looking statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be outside FLSmidth & Co. A/S' influence, and which could materially affect such forward-looking statements.

FLSmidth & Co. A/S cautions that a number of important factors, including those described in this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.

Factors that may affect future results include, but are not limited to, global as well as local political and economic conditions, including the impact from the COVID-19 pandemic, interest rate and exchange rate fluctuations, delays or faults in project execution, fluctuations in raw material prices, delays in research and/or development of new products or service concepts, interruptions of supplies and production, unexpected breach or termination of contracts, market-driven price reductions for FLSmidth & Co. A/S' products and/or services, introduction of competing products, reliance on information technology, FLSmidth & Co. A/S' ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in legislation or regulation and interpretation thereof, intellectual property protection, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign enterprises, unexpected growth in costs and expenses, failure to recruit and retain the right employees and failure to maintain a culture of compliance. Unless required by law FLSmidth & Co. A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this report.

Interim Report
1 January – 30
September 2021

FLSmidth & Co. A/S
Vigerslev Allé 77
DK-2500 Valby
Denmark
Tel.: +45 36 18 18 00
Fax: +45 36 44 11 46
corppr@flsmidth.com
www.flsmidth.com
CVR No. 58180912