WE DISCOVER POTENTIAL

INTERIM REPORT 9M 2022

Mission Zero

1 January –
30 September 2022
Company announcement no. 18

FLSmidth & Co. A/S
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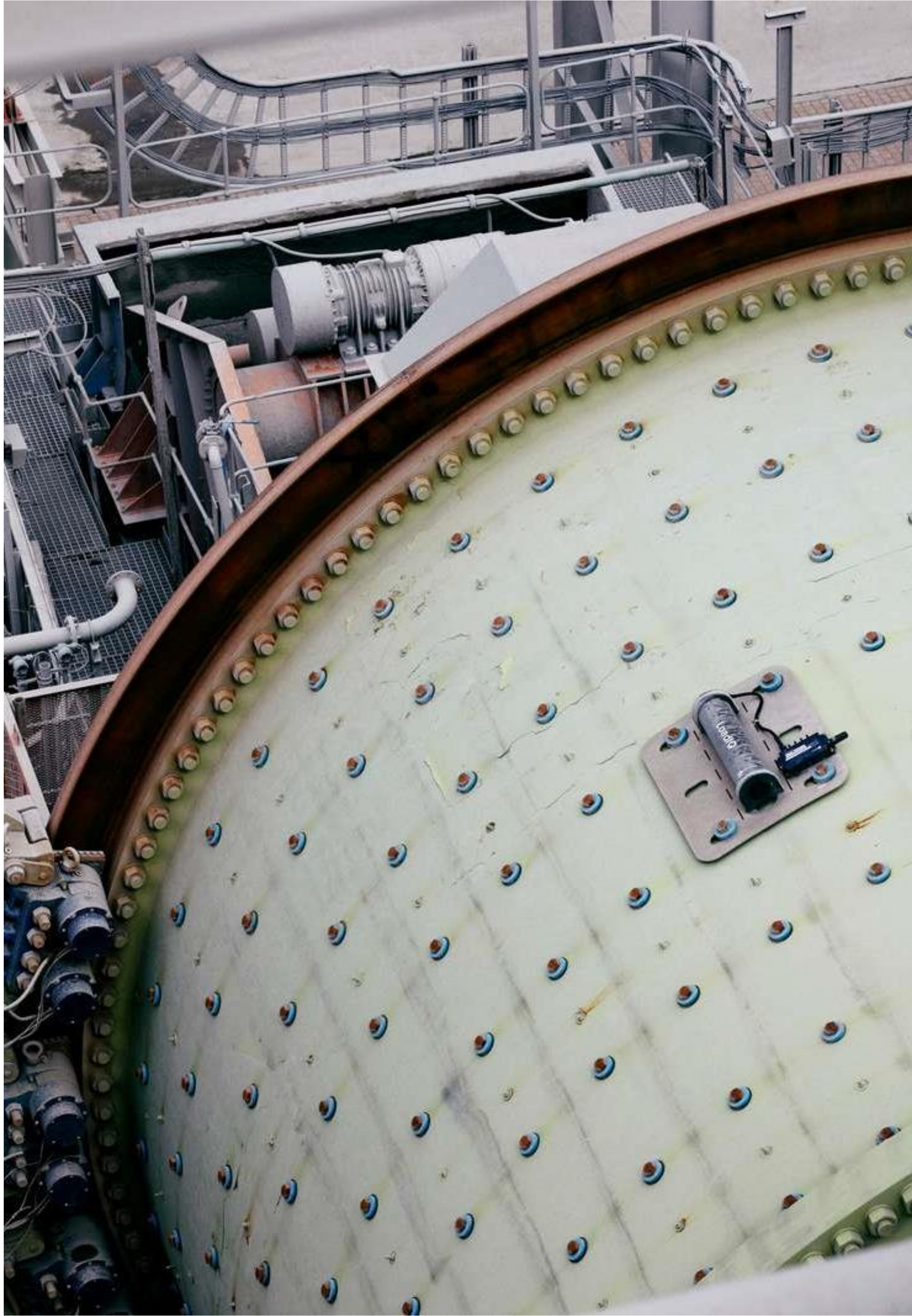


HIGHLIGHTS

The positive momentum that we saw in the second quarter has been sustained in the third quarter where we have seen robust growth in both order intake and revenue. The Mining business continued to benefit from a healthy backlog and fundamentally positive market conditions, with a 53% growth in service order intake and an adjusted Mining EBITA margin (including the combination with the former TK Mining business) reaching 10.1% in the quarter. This was driven by a strong service business and continued focus on de-risking the portfolio. In addition, the Cement business delivered an EBITA margin of 3.0% and the short-term outlook has improved based on stable performance despite an emerging recession. Following the negative cash flow in the first half of 2022, cash flow turned, as expected, positive again in Q3 2022.

On 31 August 2022, we successfully completed the acquisition of TK Mining. With this acquisition, FLSmidth is better positioned than ever before and we are highly dedicated to provide our customers with best-in-class full flowsheet technologies and service solutions to enhance their productivity and sustainability agenda. While the strategic rationale for the acquisition has been reconfirmed, additional cost synergy potential has been uncovered and the pace to realise this has been accelerated.

Following the integration of TK Mining, we conducted a planned strategic review of the combined mining product portfolio. As a result of this, we have decided to split our Mining business into two segments: a continuing Mining segment, and a Non-Core Activities segment effective from Q4 2022. This will ensure sharpened strategic focus and stronger execution of the continuing Mining activities that are key to accelerate our long-term profitability and growth. At the same time, we have decided to divest or wind-down non-core and unprofitable mining activities, and dedicated focus and resources will be allocated to ensure effective execution and to minimise losses from these activities.

- Mikko Keto, Group CEO

*To reflect the underlying business performance, we have introduced an adjusted EBITA margin to adjust for the integration costs related to the integration of TK Mining and costs related to the wind-down of Russian activities.

Mining highlights Q3 2022

Mining order intake increased 13% organically as a result of improved service activity compared to Q3 2021. Including currency effects and the impact from the acquisition of TK Mining, order intake increased by 30%, comprising a 53% increase in service orders and an 8% decline in capital orders. This reflects our focus on increasing the share of higher margin service orders and portfolio de-risking approach.

Revenue increased organically by 7% and by 24% including currency effects and the additional revenue coming from the acquisition of TK Mining.

The adjusted EBITA margin* was 10.1% (excluding the dilutive impact from TK Mining, legacy FLSmidth Mining would on a standalone basis have delivered an adjusted EBITA margin of 12.1%). Including integration costs related to the TK Mining acquisition of DKK 45m and costs of DKK 70m related to the wind-down of our activities in Russia, the reported EBITA margin was 7.2%.

Cement highlights Q3 2022

Cement order intake increased 8% organically compared to Q3 2021. Revenue increased 7% organically and by 13% including favourable currency effects.

Cement EBITA continued the positive trend seen during 2022, mainly as a result of the improved gross margin. EBITA amounted to DKK 50m in Q3 2022 compared to DKK 3m in Q3 2021. The corresponding EBITA margin was 3.0%, compared to 0.2% in Q3 2021.

Consolidated Group highlights Q3 2022

Group order intake increased by 11% organically, driven by both Mining and Cement. Currency tailwinds and the acquisition of TK Mining supported order intake in the quarter by 9% and 6%, respectively.

The order backlog amounted to around DKK 25.5bn, an increase of 31% compared to Q2 2022. The inclusion of the backlog of the former TK Mining represented DKK 5.5bn of the total Group backlog at the end of Q3 2022.

Organic revenue increased 7% driven equally by Mining and Cement, while the EBITA margin decreased to 5.9% from 6.5%. Adjusted for the costs of DKK 70m related to the wind-down of our Russian activities and integration costs of DKK 45m related to the acquisition of TK Mining, the adjusted EBITA margin was 8.0% in Q3 2022.

Financial reporting for the new reporting structure, with the new Non-Core Activities segment, will be effective from Q4 2022.

Financial guidance 2022

The financial guidance for 2022 as set out in the Company Announcement no. 17-2022 on 20 October 2022 is maintained. This reflects the underlying business performance, the integration of TK Mining including the updated synergy target and integration costs, and the establishment of the Non-Core Activities segment.

Please see page 4 for detailed guidance for Mining, Cement, Non-Core Activities and consolidated for the Group.

FINANCIAL GUIDANCE 2022

The financial guidance for 2022 as set out in the Company Announcement no. 17-2022 on 20 October 2022 is maintained. This reflects the underlying business performance, integration of TK Mining including the updated synergy target and integration costs, and the establishment of the Non-Core Activities segment. Adjusted EBITA margin guidance was introduced to drive transparency on the underlying business performance. The adjustment covers integration costs and costs related to the wind-down of Russian activities.

Mining

Revenue guidance reflects continued positive momentum, the integration of the former TK Mining and establishment of the Non-Core Activities segment. The former TK Mining is expected to contribute around DKK 1.0bn in revenue in 2022 for the four months of September-December. Around DKK 500m in expected combined revenue in 2022 is transferred from the Mining segment to the Non-Core Activities segment for Q4 2022, of which approximately half originates from FLSmidth Mining and half from the former TK Mining.

The integration of TK Mining, as of 1 September 2022, is expected to have a dilutive effect on the full year 2022 Mining EBITA margin of around 1%-point. In addition, the Mining EBITA margin reflects the transfer of specific activities and products to the Non-Core Activities segment.

Guidance for Adjusted EBITA margin includes adjustments for integration costs of DKK 250m and costs related to the wind-down of Russian activities of DKK 140m for the full year 2022.

Cement

Cement revenue guidance as set out in October 2022 is maintained, on the expectation of continued stable performance. Compared to the August guidance, EBITA margin guidance was narrowed towards the upper end of guidance in October.

Our Cement business is still expected to see an insignificant impact from the winding down of our Russian activities.

Non-Core Activities (New)

Revenue guidance for Non-Core Activities is based on a starting order backlog of around DKK 3.6bn and the expected maturity hereof in Q4 2022.

Non-Core Activities EBITA margin guidance for Q4 2022 reflects the loss-making nature of the business. Following the wind-down decision, additional exit costs of around DKK 300m are expected to be recognised in Q4 2022. This includes non-recurring severance costs and costs related to contract negotiations aimed at reducing the scope of the Non-Core Activities order backlog.

For more information on the newly established Non-Core Activities segment, please refer to page 12 of this report.

Group

Consolidated Group guidance reflects the sum of the guidance for the three business segments.

Guidance for 2022 is subject to uncertainty due to the global supply chain situation and geopolitical turmoil.

Russia update Q3 2022

- Outstanding order backlog from Russian and Belarusian contracts was DKK 1.6bn at end Q3 2022 compared to DKK 1.5bn at end Q2 2022 (increase due to inclusion of DKK 240m from the former TK Mining order backlog)
- Revenue of DKK 153m from non-sanctioned Russian and Belarusian customers recognised in Q3 2022 (9M 2022: DKK 790m)
- We continue the effort to wind down the activities in Russia and Belarus and have incurred DKK 70m in costs in Q3 2022 related to the wind-down (9M 2022: DKK 120m)
- The wind-down of activities in Russia has resulted in a net loss for 9M 2022 on Russian activities

Mining

	9M 2022	Guidance August 2022	Guidance October 2022
Revenue (DKKbn)	10.7	13.0-14.0	14.5-15.0
Adj. EBITA margin	9.9%	n/a	10.0-10.5%
EBITA margin	7.6%	8.5-9.5%	~7.5%

Cement

	9M 2022	Guidance August 2022	Guidance October 2022
Revenue (DKKbn)	4.6	5.5-6.0	6.0-6.5
EBITA margin	2.9%	2-3%	~3%

Non-Core Activities

	9M 2022	Guidance August 2022	Guidance October 2022
Revenue (DKKbn)	n/a	n/a	~0.5
EBITA margin	n/a	n/a	Loss of ~DKK 0.4bn

Group

	9M 2022	Guidance August 2022	Guidance October 2022
Revenue (DKKbn)	15.4	18.5-20.0	21.0-22.0
Adj. EBITA margin	7.8%	n/a	~6%
EBITA margin	6.1%	6-7%	~4%

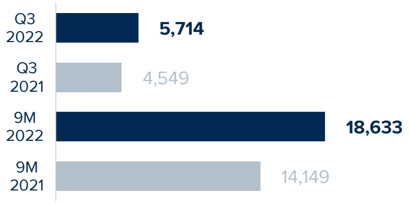
FINANCIAL HIGHLIGHTS

GROUP

Order intake
DKKm

5,714

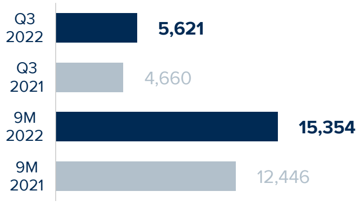
▲ 26%



Revenue
DKKm

5,621

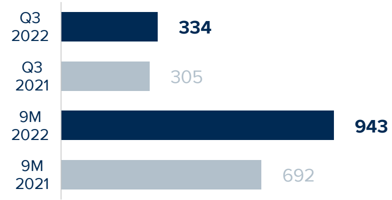
▲ 21%



EBITA & EBITA margin
DKKm - %

334 5.9% (adj. 8.0%)

▲ 10%



Cash flow from operating activities
DKKm 476 ▲ from DKKm (192) in Q3 2021

Earnings per share
DKK 2.9 ▲ from DKK 1.8 in Q3 2021

Net working capital ratio*
9.2% ▼ from 10.4% end of Q3 2021

NIBD/EBITDA
0.7x ▲ from 0.0x end of Q3 2021

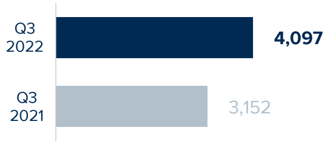
*For an explanation on the calculation of the net working capital ratio please refer to p.7 of the report.

MINING

Order intake
DKKm

4,097

▲ 30%



Revenue
DKKm

3,946

▲ 24%

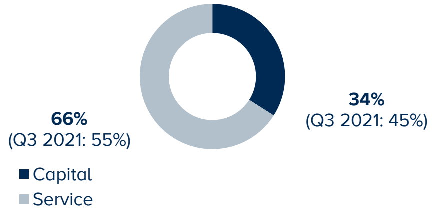
EBITA, EBITA margin
DKKm - %

284 7.2% (adj. 10.1%)

▼ -6%

Revenue split by capital & service

%

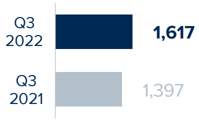


CEMENT

Order intake
DKKm

1,617

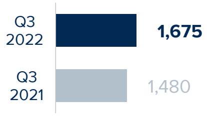
▲ 16%



Revenue
DKKm

1,675

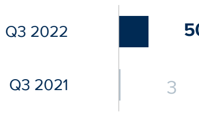
▲ 13%



EBITA & EBITA margin
DKKm - %

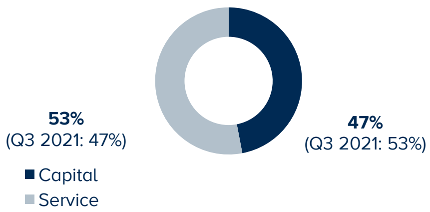
50 3%

▲ 1,567%



Revenue split by capital & service

%



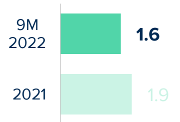
SUSTAINABILITY HIGHLIGHTS

Safety (TRIR)

Total Recordable Incident Rate/
million working hours

1.6

Target: zero harm; 2022 Target: <1.3



TRIR has increased since Q2 2022 due to increased medical treatment cases without lost time. In August a safety campaign was initiated to target awareness to key areas where the injury rates are the highest. We will monitor the progress of the campaign into the next quarter.

Women managers

%

14.1

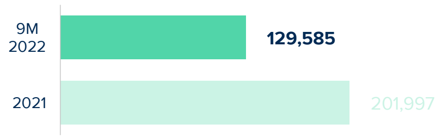
2022 Target: 15.7%

The percentage of women managers has remained flat since prior quarter and remains below target for 2022. We continue to monitor our recruitment process, and diversity strategy to address improvements to our performance.

Water withdrawal

m^3

129,585



Due to our ongoing water conservation efforts, water withdrawal continues to show good progress into Q3 2022 and is expected to be below 2021 levels.

Scope 1 & 2 GHG Emissions

SCIENCE BASED TARGETS

tCO_2e (market-based)

29,413

Target: carbon neutral; 2022 Target: 43,622 tCO_2e

Fuel reduction and energy efficiency initiatives have supported the ongoing decrease in Scope 1 & 2 emissions during this quarter, despite the inclusion of new sites to our operations.

MissionZero and ESG developments

We continue to drive sustainability across our entire value chain. Our core focus is to deliver sustainability solutions to our customers, while at the same time reducing the environmental impact of our own operations.

On 31 August 2022, we completed the acquisition of the TK Mining business. With this acquisition, we are in an even stronger position to offer full-flow sheet sustainability solutions to our customers. Our Q3 2022 numbers include preliminary ESG data from the former TK Mining business for the month of September. We are working to fully integrate the new sites in our ESG reporting and will continue with this going into 2023.

MissionZero Mine in Kazakhstan

FLSmidth will supply several solutions from the MissionZero Mine flowsheet to a zinc and lead mine in Kazakhstan. The solutions include nextSTEP™ advanced flotation, which can reduce power consumption in the flotation process by 40%, VXP vertical mills and the Pneumapress Filter. In addition, various automation and digital solutions will save water and energy as well as improve safety in the mine's operations.

New consortium to accelerate carbonation technologies in the cement industry

With EUR 2 million from the EU's Horizon Europe funding programme, FLSmidth has established the CO_2Valorize consortium. This brings together universities, technology providers and research institutions to mature and deploy carbonation technologies in cement production. Such technologies are expected to eliminate up to 30% of CO_2 emissions from the process.

First sustainability linked term loan

FLSmidth has in October 2022 signed its first sustainability linked term loan of DKK 1.1bn with the Nordic Investment Bank to support the development of technologies with a sustainability profile. The loan is linked to three KPI's that will ensure a strong focus on driving the green transition in the mining and cement industries.

KEY FIGURES

DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
INCOME STATEMENT					
Revenue	5,621	4,660	15,354	12,446	17,581
Gross profit	1,431	1,074	3,782	3,029	4,180
EBITDA before special non-recurring items	419	392	1,189	964	1,401
EBITA	334	305	943	692	1,030
Adjusted EBITA*	449	n/a	1,190	n/a	n/a
EBIT	256	219	713	429	668
Financial items, net	14	(43)	(20)	(79)	(81)
EBT	270	176	693	350	587
Profit for the period, continuing activities	166	107	426	214	374
Loss for the period, discontinued activities	(4)	(12)	(7)	(18)	(17)
Profit for the period	162	95	419	196	357
ORDERS					
Order intake (gross)	5,714	4,549	18,633	14,149	19,233
Order backlog			25,476	16,548	16,592
EARNING RATIOS					
Gross margin	25.5%	23.0%	24.6%	24.3%	23.8%
EBITDA margin before special non-recurring items	7.5%	8.4%	7.7%	7.7%	8.0%
EBITA margin	5.9%	6.5%	6.1%	5.6%	5.9%
Adjusted EBITA margin*	8.0%	n/a	7.8%	n/a	n/a
EBIT margin	4.6%	4.7%	4.6%	3.4%	3.8%
EBT margin	4.8%	3.8%	4.5%	2.8%	3.3%
CASH FLOW					
Cash flow from operating activities (CFFO)	476	(192)	192	600	1,449
Acquisitions of property, plant and equipment	(29)	(28)	(62)	(56)	(116)
Cash flow from investing activities (CFFI)	(2,146)	(61)	(2,194)	(176)	(273)
Free cash flow	(1,670)	(253)	(2,002)	424	1,176
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	433	(253)	117	430	1,185
BALANCE SHEET					
Net working capital			2,170	1,735	1,058
Net interest-bearing debt (NIBD)			(985)	16	889
Total assets			31,051	21,916	23,053
CAPEX			269	261	397
Equity			11,555	9,983	10,368
Dividend to shareholders, paid			170	101	101

DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
FINANCIAL RATIOS					
CFFO / Revenue	8.5%	-4.1%	1.3%	4.8%	8.2%
Book-to-bill	101.7%	97.6%	121.4%	113.7%	109.4%
Order backlog / Revenue			124.3%	99.2%	94.4%
Return on equity			5.1%	2.9%	3.9%
Equity ratio			37.2%	45.6%	45.0%
ROCE, average**			6.3%	6.3%	7.2%
Net working capital ratio, end**			9.2%	10.4%	6.0%
NIBD / EBITDA			0.7x	0.0x	-0.6x
Capital employed, average**			18,060	14,753	14,384
Number of employees			11,820	10,135	10,117
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	8.4	(3.8)	3.4	11.9	27.8
Earnings per share (EPS), (diluted)	2.9	1.8	7.7	3.9	6.9
Share price			165.9	224.2	244.3
Number of shares (1,000), end			57,650	57,650	57,650
Market capitalisation, end			9,564	12,925	14,084
SUSTAINABILITY KEY FIGURES					
Scope 1 & 2 GHG emissions (tCO2e) market-based, SBT			29,413	25,857	34,737
Water withdrawal (m3)			129,585	144,126	201,997
Safety, TRIR Total Recordable Injury Rate (including contractors)			1.6	1.8	1.9
Women managers			14.1%	14.1%	14.3%
Quality, DIFOT Delivery In Full On Time			82.2%	86.8%	85.1%
Suppliers assessed for sustainability			596	494	641

The financial ratios have been computed in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 7.8 in the 2021 Annual Report.

**ROCE, average: The calculation includes the EBITA for TK Mining based on September actuals and expectations for Q4 2022.

**NWC ratio, end: The calculation includes realized revenue figures for TK Mining in September which are the basis for the revenue estimate on a 12 months rolling period.

**Capital employed, average: The calculation includes TK Mining's opening Capital employed balance (Intangible, tangible assets and NWC).

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 2021 Annual Report note 7.4 Alternative performance measures and 7.8 Definition of terms.

*To reflect the underlying business performance, we have introduced an adjusted EBITA margin to cover for the integration costs related to the integration of TK Mining and costs related to the wind-down of Russian activities.

MINING MARKET DEVELOPMENTS

The mining sector remains resilient with few visible signs of a slowdown, despite the lower commodity prices and fears of a global recession. The long-term outlook for minerals required to meet global economic development and drive the green transition continues to be positive.

This year has seen a material correction in metal prices, but copper and many other metal markets are still facing tight supply conditions. The global supply of many commodities is near historical lows, and the decline in metals prices during the last couple of months may result in supply conditions becoming even tighter in the future.

Whereas the underlying commodity prices have softened, the global increase in demand for critical minerals continues to drive activity and the green transition will require the mining industry to scale up on investments to meet the long-term demand for minerals. The pipeline for new projects and products is robust across regions and the service aftermarket business remains active with significant volumes of enquiries.

In the US, the recently passed climate law designed to support a domestic battery supply chain, has increased the incentives for producing electric cars with domestic materials. To this end, we currently have a healthy pipeline of opportunities, especially within lithium.

In South America, the market outlook for the key commodities copper, iron ore and lithium remains healthy. Mining activity remains high and the pipeline continues to be strong. Some customers are however hesitant in booking large capital orders due to current political instability and the expected economic recession.

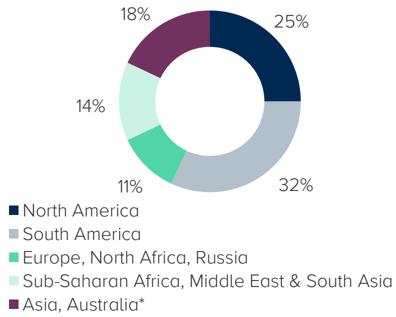
Iron ore remains a strong commodity driver for new projects in India, whereas copper and gold continue to dominate in Africa as well as in the Middle East.

We continue to have a healthy pipeline in Europe, North Africa and other countries of the Commonwealth of Independent States (CIS) that will partly compensate the loss of business in Russia.

Bottlenecks in supply chains continue to cause challenges but the situation has eased during the third quarter. There is however still significant pressure from customers in particularly remote areas of Africa and Australia to reduce the lead times associated with supply of spare- and wear parts. We continue to see a push towards localisation of supply to de-risk the supply from China and a willingness to pay higher prices for reduced supply chain risk.

Mining order intake split per Region Q3 2022

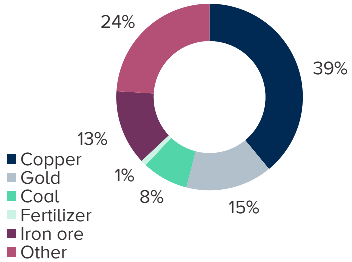
%



*This region was until H1 2022 presented as two regions 1) Australia and 2) Asia

Mining order intake split by commodity Q3 2022

%



MINING FINANCIAL PERFORMANCE

Q3 2022

Mining order intake increased 13% organically as a result of improved service activity compared to Q3 2021. Including currency effects and the impact from the acquisition of TK Mining, order intake increased by 30%, comprising a 53% increase in service orders (46% excluding TK Mining) and an 8% decline in capital orders. This was in line with our focus on increasing the share of higher margin service orders and portfolio de-risking approach. Service orders and capital orders represented 73% and 27%, respectively. The order intake from TK Mining amounted to DKK 260m for the month of September.

The DKK 330m order, announced in September 2022, has been recognised in the acquired order backlog instead of recorded as acquired order intake in Q3 2022.

Revenue increased organically by 7% and by 24% including currency effects and the additional revenue of DKK 287m coming from the acquisition of TK Mining. The quarter included DKK 118m in revenue from contracts with non-sanctioned Russian and Belarusian customers. Service revenue increased by 50%, driven mainly by higher spare and wear parts demand.

Gross profit increased by 33% to DKK 1,026m, from DKK 770m in Q3 2021. The corresponding gross margin increased to 26.0% as a result of the higher share of service revenue, partly offset by increased inflationary pressure and cost related to the wind-down of our activities in Russia.

Adjusted EBITA margin was 10.1%. Including integration costs related to the TK Mining acquisition of DKK 45m and costs of DKK 70m related to the wind-down of our activities in Russia, the reported EBITA margin was 7.2%. Excluding the former TK Mining business, legacy FLSmidth Mining would on a standalone basis have delivered a reported EBITA margin of 9.0% and an adjusted EBITA margin of 12.1% in Q3 2022. The dilutive impact from TK Mining was partly driven by costs related to the transition into FLSmidth.

Mining

(DKKm)	Q3 2022	Q3 2021	Change (%)	9M 2022	9M 2021	Change (%)
Order intake (gross)	**4,097**	**3,152**	**30%**	**13,243**	**9,670**	**37%**
- Hereof service order intake	3,003	1,967	53%	8,075	5,727	41%
- Hereof capital order intake	1,094	1,185	-8%	5,168	3,943	31%
Order backlog	**18,502**	**10,248**	**81%**	**18,502**	**10,248**	**81%**
Revenue	**3,946**	**3,180**	**24%**	**10,708**	**8,394**	**28%**
- Hereof service revenue	2,607	1,735	50%	6,550	5,123	28%
- Hereof capital revenue	1,339	1,445	-7%	4,158	3,271	27%
Gross profit	**1,026**	**770**	**33%**	**2,662**	**2,154**	**24%**
Gross margin	26.0%	24.2%		24.9%	25.7%	
Adjusted EBITA*	**399**	**n/a**		**1,056**	**n/a**	
Adjusted EBITA margin*	10.1%	n/a		9.9%	n/a	
EBITA	**284**	**302**	**-6%**	**809**	**746**	**8%**
EBITA margin	7.2%	9.5%		7.6%	8.9%	
EBIT	**235**	**242**	**-3%**	**649**	**564**	**15%**
EBIT margin	6.0%	7.6%		6.1%	6.7%	
Number of employees	8,154	6,205	31%	8,154	6,205	31%

Starting from 1 January 2022, the Mining Industry's consumption of shared cost is directly attributed to the Industry and therefore included in the relevant lines of gross profit and EBITA. The comparison quarter Q3 2021 has been restated accordingly.
'Excluding integration costs and costs to wind-down Russian activities.

9M 2022

Mining order intake in 9M 2022 increased by 37% to DKK 13,243m. Mining order backlog in 9M 2022 increased 81% to DKK 18,502m, as a result of continued positive market conditions and the addition of the former TK Mining's order backlog of DKK 5,451m.

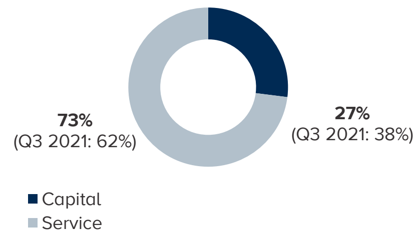
Mining revenue increased by 28% in 9M 2022. EBITA increased by 8% to DKK 809m and the corresponding EBITA margin decreased to 7.6% from 8.9% in 9M 2021. EBITA in 9M 2022 was impacted by costs related to the acquisition of TK Mining of DKK 127m and costs of DKK 120m related to the wind-down of our activities in Russia. Adjusted for these costs, the EBITA margin was 9.9% in 9M 2022.

Growth in Mining in Q3 2022 (vs. Q3 2021)

	Order intake	Revenue
Organic	13%	7%
Acquisition	8%	9%
Currency	9%	8%
Total growth	**30%**	**24%**

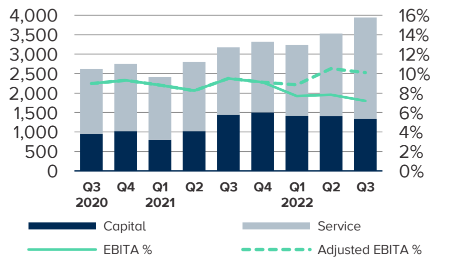
Order intake Q3 2022 split by capital & service

%



Revenue and EBITA margin

DKKm EBITA %



CEMENT MARKET DEVELOPMENTS

Despite an emerging global recession, the cement market currently remains at a stable level. The soaring energy prices and inflationary pressure create a difficult environment, but it also supports increased interest for productivity and sustainability solutions.

The emerging recession and increased energy prices have dominated the dialogue with customers during the third quarter of 2022. Cement producers are currently navigating high uncertainty, as cement consumption is driven by economic expansion and a global recession is expected to impact market demand over the coming period. Our healthy and expanded order backlog will continue to benefit us for a while, but when a recession hits, we expect that many customers will postpone investment decisions and hold back on capex.

Despite a more pessimistic view on the near-term future, sentiment in the cement industry differs from region to region. We continue to see the demand for green energy and sustainability solutions, and thus a shift away from conventional cement production facilities. Customers are working on making their sustainability ambitions more tangible and investments in the green transition are building momentum. The concern around energy prices and stability in energy supply continue to drive sales of both new energy reduction products as well as technologies related to change to lower cost and more sustainable fuels.

In some regions we have started to see the first cases of budget constraints imposed by customers to counter the increasing energy cost. A high utilisation is still driving service activity in Europe, but some customers have put large capital investments on stand-by and we have experienced a slowdown in decision-making processes. Nevertheless, the positive dialogue on sustainability continues and the full effect of the EU Taxonomy and phase-out of carbon allowances have brought urgency to the conversations.

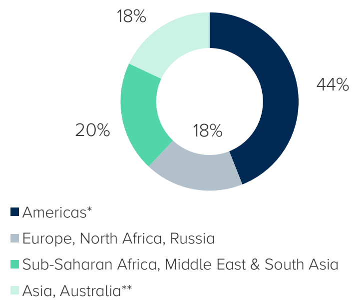
In Asia, the interest in alternative fuels remains high and the focus on reducing energy consumption continues to drive a significant upgrade market.

We have experienced a continued positive trend in the Americas during Q3 2022, with a particular focus on grinding equipment. In the US, cement producers are evaluating steps needed to capture opportunities from the large infrastructure packages announced last year.

Supply chain constraints for standard electrical components are still challenging, but the situation is slowly improving across regions.

Cement order intake split per Region Q3 2022

%



*This region was until H1 2022 presented as two regions 1) North America and 2) South America

**This region was until H1 2022 presented as two regions 1) Asia and 2) Australia

CEMENT FINANCIAL PERFORMANCE

Q3 2022

Cement order intake increased 8% organically compared to Q3 2021. Including favourable currency effects, the order intake increased by 16% to DKK 1,617m, mainly due to an increase in capital order intake.

No large orders were received during the quarter, with the increase in capital order intake rather reflecting an increase in medium-sized product orders.

Service orders and capital orders represented 64% and 36% of the cement order intake, respectively.

Revenue increased 7% organically compared to Q3 2021, driven by an increase in service revenue and a robust demand for wear parts and technical services. Including favourable currency effects, revenue increased by 13% to DKK 1,675m in Q3 2022. Service accounted for 53% of Cement revenue in Q3 2022 compared to 47% in Q3 2021. The quarter included DKK 35m in revenue from contracts with non-sanctioned Russian and Belarusian customers.

Gross profit increased 33% to DKK 405m, compared to DKK 304m in Q3 2021. The corresponding gross margin increased by 3.7%-point to 24.2% as a result of the increased revenue, mitigation of material price increases and improved execution management.

Cement EBITA continued the positive trend seen during 2022, mainly as a result of the improved gross margin but also as a result of the successful implementation of reshaping activities in 2021. EBITA amounted to DKK 50m in Q3 2022 compared to DKK 3m in Q3 2021. The corresponding EBITA margin was 3.0%, compared to 0.2% in Q3 2021.

9M 2022

Cement order intake in 9M 2022 increased by 20% to DKK 5,390m, driven by growth in both capital and service by 34% and 11%, respectively.

Cement revenue increased by 15% to DKK 4,646m in 9M 2022. Service and capital revenue increased by 19% and 10%, respectively.

EBITA improved in 9M 2022 and amounted to DKK 134m with a corresponding EBITA margin of 2.9%. Adjusted for a gain of DKK 23m from a sale of a property related to the Cement business in Q1 2022, the Cement EBITA margin in 9M 2022 was 2.4%.

Cement

(DKKm)	Q3 2022	Q3 2021	Change (%)	9M 2022	9M 2021	Change (%)
Order intake (gross)	**1,617**	**1,397**	**16%**	**5,390**	**4,479**	**20%**
- Hereof service order intake	1,027	988	4%	2,958	2,665	11%
- Hereof capital order intake	590	409	44%	2,432	1,814	34%
Order backlog	**6,974**	**6,300**	**11%**	**6,974**	**6,300**	**11%**
Revenue	**1,675**	**1,480**	**13%**	**4,646**	**4,052**	**15%**
- Hereof service revenue	895	693	29%	2,582	2,175	19%
- Hereof capital revenue	780	787	-1%	2,064	1,877	10%
Gross profit	**405**	**304**	**33%**	**1,120**	**875**	**28%**
Gross margin	24.2%	20.5%		24.1%	21.6%	
EBITA	**50**	**3**	**1,567%**	**134**	**(54)**	**348%**
EBITA margin	3.0%	0.2%		2.9%	-1.3%	
EBIT	**21**	**(23)**	**191%**	**64**	**(135)**	**147%**
EBIT margin	1.3%	-1.6%		1.4%	-3.3%	
Number of employees	3,666	3,930	-7%	3,666	3,930	-7%

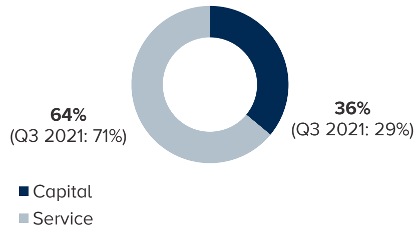
Starting from 1 January 2022, the Cement Industry's consumption of shared cost is directly attributed to the Industry and therefore included in the relevant lines of gross profit and EBITA. The comparison quarter Q3 2021 has been restated accordingly.

Growth in Cement in Q3 2022 (vs. Q3 2021)

	Order intake	Revenue
Organic	8%	7%
Acquisition	0%	0%
Currency	8%	6%
Total growth	**16%**	**13%**

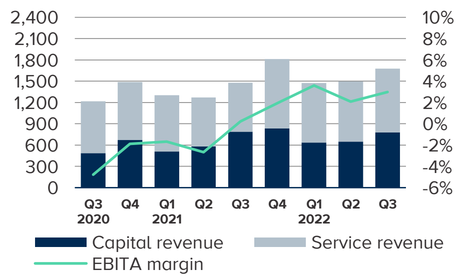
Order intake Q3 2022 split by capital & service

%



Revenue and EBITA margin

DKKm EBITA %



NON-CORE ACTIVITIES

Following the recent acquisition of TK Mining, FLSmidth initiated a planned strategic review of the combined FLSmidth and TK Mining product portfolio. As a result of the review that was completed in October, a strategic change was announced to enhance long-term profitability and to accelerate growth in the core Mining business. This change includes the decision to divest or wind-down non-core and unprofitable mining activities.

Strategic portfolio review

The review intended to assess all combined mining activities and products from a strategic, financial and sustainability perspective against FLSmidth's long-term strategic direction and ambitions. As a result of the strategic review, it was decided to split the Mining business into two separate segments for operational and reporting purposes:

1. a continuing Mining segment focused on profitability, growth and sustainability
2. a new Non-Core Activities segment, where activities will be fully exited either by way of divestment or wind-down of the order backlog

The new segment split will ensure sharpened strategic focus and stronger execution of the continuing Mining activities that are key to accelerating long-term profitability and growth for FLSmidth. At the same time, dedicated focus and resources will be allocated to the Non-Core Activities to ensure transparency and effective execution of the divestment or wind-down and to minimise losses from these activities.

Financial reporting for this new structure will be effective from Q4 2022.

Core Mining segment

FLSmidth's continuing Mining segment is dedicated to provide customers with best-in-class full flowsheet technologies and services solutions to enhance their productivity and sustainability agenda. Key focus for FLSmidth Mining is to enhance profitability through:

1. a significant service and aftermarket potential
2. low execution risks
3. high technology content and process know-how
4. a strong sustainability impact

This includes offering single services or products as well as projects with lower risk consisting of product bundles with related performance guarantees in accordance with FLSmidth's risk management approach.

The continuing Mining segment encompasses, but is not limited to, FLSmidth's key products within; conveying (former TK Mining's conveyor systems); milling & grinding (incl. former TK Mining's HPGR); crushing & feeding; separation, thickening & filtration; pumps, cyclones & valves; sizers, screens & centrifuges; pyro-processing; sampling, preparation & analysis; and mine shaft systems.

Non-Core Activities segment

The Non-Core Activities segment comprises products that are no longer deemed to be of core strategic importance to FLSmidth as well as specific loss-making mining activities. The selection criteria for these activities and product types have been that either they; offer limited or no aftermarket potential, are characterised by high execution risks, are highly engineered and/or lack standardisation, and we see no viable commercial model for FLSmidth to turn these around. Furthermore, these products are not aligned with or important for FLSmidth's sustainability agenda.

Consequently, FLSmidth will either divest or wind-down the following activities and products:

- All legacy FLSmidth and former TK Mining brands: Port Systems, Stockyard equipment and Standard bucket wheel excavators
- Legacy FLSmidth Mining brands: Continuous Surface Mining equipment and Mine & Overland Conveyors
- Former TK Mining activities: Oil extraction technology and aggregate products

Existing contracts and ongoing activities in the order backlog will be executed and honoured, if not divested. FLSmidth will not take new orders for the Non-Core Activities segment.*

A designated organisational structure will be established to oversee the Non-Core Activities segment, with the Head of the segment reporting directly to the Group CFO. Around 450 employees are expected to be included in the Non-Core Activities segment.

The Non-Core Activities segment comprises of an order backlog of around DKK 3.6bn as of end Q3 2022, of which approximately half originates from FLSmidth and half from the former TK Mining. The vast majority of the order backlog relates to Capital orders.

The Non-Core Activities order backlog is expected to be divested or wound down within the next three years with an expected total EBITA loss over the period of around DKK 1.2bn. The estimate is based on historical performance and costs associated with the wind-down or divestment decision. This estimate is subject to uncertainty due to the nature of winding the business down and may change depending on which parts of the business are divested.

*Subject to local exemptions in France

CONSOLIDATED FINANCIAL PERFORMANCE IN Q3 2022

GROWTH

Group order intake increased by 11% organically, driven by both Mining and Cement. Currency tailwinds and the acquisition of TK Mining supported order intake in the quarter by 9% and 6% respectively.

Order intake

Order intake in Q3 2022 increased 26% to DKK 5,714m, including the impact from the acquisition of TK Mining of DKK 260m as well as currency effects. Organically, order intake increased by 11%.

Service order intake increased by 36%, in line with our focus on expanding the share of higher margin service orders and our portfolio de-risking approach. Capital orders increased by 6% compared to Q3 2021.

Order backlog and maturity

The order backlog amounted to around DKK 25.5bn, an increase of 31% compared to Q2 2022. The inclusion of the backlog of TK Mining represented DKK 5,451m of the total Group backlog at the end of Q3 2022.

Outstanding order backlog related to Russian and Belarusian contracts amounted to around DKK 1.6bn at the end of Q3 2022 (end of Q2 2022: around DKK 1.5bn) and is due to uncertainty included in the '2024 and beyond' maturity. The increase compared to end of Q2 2022 is due to the inclusion of the outstanding Russian order backlog from TK Mining, which amounted to around DKK 240m.

Backlog maturity	Mining	Cement	FLSmidth Group
2022	23%	18%	22%
2023	58%	62%	59%
2024 and beyond	19%	20%	19%

Revenue

Revenue increased 21% to DKK 5,621m in Q3 2022, driven by a 44% increase in service revenue. Service revenue accounted for 62% of total revenue in the quarter, compared to 52% in Q3 2021. The quarter included DKK 153m in revenue from contracts with non-sanctioned Russian and Belarusian customers. Total revenue in the quarter included DKK 287m coming from TK Mining for the month of September. Organically, revenue increased 7%, driven by both Mining and Cement.

Cost inflation and global supply chain issues remain challenging, but the situation has eased somewhat during the quarter. We have continued to be able to partly mitigate the supply chain pressure due to our flexibility to switch between suppliers and use regional sourcing.

Group – continued activities

(DKKm)	Q3 2022	Q3 2021	Change (%)	9M 2022	9M 2021	Change (%)
Order intake (gross)	**5,714**	**4,549**	**26%**	**18,633**	**14,149**	**32%**
- Hereof service order intake	4,030	2,955	36%	11,033	8,392	31%
- Hereof capital order intake	1,684	1,594	6%	7,600	5,757	32%
Order backlog	**25,476**	**16,548**	**54%**	**25,476**	**16,548**	**54%**
Revenue	**5,621**	**4,660**	**21%**	**15,354**	**12,446**	**23%**
- Hereof service revenue	3,502	2,428	44%	9,132	7,298	25%
- Hereof capital revenue	2,119	2,232	-5%	6,222	5,148	21%
Gross profit	**1,431**	**1,074**	**33%**	**3,782**	**3,029**	**25%**
Gross margin	25.5%	23.0%		24.6%	24.3%	
SG&A cost	**(1,012)**	**(682)**	**48%**	**(2,593)**	**(2,065)**	**26%**
SG&A ratio	18.0%	14.6%		16.9%	16.6%	
Adjusted EBITA*	**449**	**n/a**		**1,190**	**n/a**	
Adjusted EBITA margin*	8.0%	n/a		7.8%	n/a	
EBITA	**334**	**305**	**10%**	**943**	**692**	**36%**
EBITA margin	5.9%	6.5%		6.1%	5.6%	
EBIT	**256**	**219**	**17%**	**713**	**429**	**66%**
EBIT margin	4.6%	4.7%		4.6%	3.4%	
Number of employees	11,820	10,135	17%	11,820	10,135	17%

'Excluding integration costs and costs to wind-down Russian activities.

Growth in order intake in Q3 2022 (vs. Q3 2021)

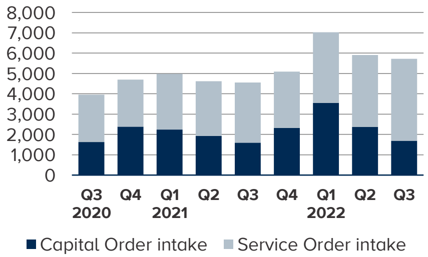
	Mining	Cement	FLSmidth Group
Organic	13%	8%	11%
Acquisition	8%	0%	6%
Currency	9%	8%	9%
Total growth	**30%**	**16%**	**26%**

Growth in revenue in Q3 2022 (vs. Q3 2021)

	Mining	Cement	FLSmidth Group
Organic	7%	7%	7%
Acquisition	9%	0%	6%
Currency	8%	6%	8%
Total growth	**24%**	**13%**	**21%**

Order intake

DKKm



PROFIT

Gross profit increased by 33% and the EBITA margin was 5.9% in Q3 2022. Adjusted for costs related to wind-down our Russian activities and integration costs related to the acquisition of TK Mining, the adjusted EBITA margin was 8.0%.

Gross profit and margin

Gross profit increased by 33% to DKK 1,431m and the corresponding gross margin increased to 25.5%. This was driven by the higher share of service revenue, partly offset by inflationary pressure and cost related to the wind-down of our activities in Russia.

In Q3 2022, total research and development costs (R&D) amounted to DKK 93m, representing 1.7% of revenue (Q3 2021: 1.7%). The increase in R&D is directly related to the acquisition of TK Mining.

R&D costs (DKKm)	Q3 2022	Q3 2021
Production costs	47	41
Capitalised	46	37
Total R&D	93	78

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items increased 48% compared to Q3 2021, mainly due to the higher activity level and cost related to the wind-down of our activities in Russia. Further, currencies had a negative impact on SG&A of DKK 24m in the quarter. Integration costs related to the acquisition of TK Mining business amounted to DKK 45m in the quarter. In addition, the SG&A costs of TK Mining itself contributed to the increase in overall SG&A costs.

As a result of this, SG&A costs as a percentage of revenue increased to 18.0% in Q3 2022 compared to 14.6% in Q3 2021.

EBITA and EBITA margin

EBITA increased by 10% to DKK 334m, as a result of the higher revenue. The EBITA margin decreased to 5.9% from 6.5% in Q3 2021. Adjusted for costs of DKK 70m related to the wind-down of our Russian activities and integration costs of DKK 45m related to the acquisition of TK Mining, the adjusted EBITA margin was 8.0% in Q3 2022.

Amortisation in Q3 2022 was DKK 78m (Q3 2021: DKK 86m) of which the effect of purchase price allocations amounted to DKK 14m (Q3 2021: DKK 23m) and other amortisations to DKK 64m (Q3 2021: DKK 63m).

Earnings before interest and tax (EBIT) increased 17% to DKK 256m.

Financial items

Net financial items amounted to DKK 14m (Q3 2021: DKK -43m), of which net interest amounted to DKK 6m (Q3 2021: DKK -32m) and foreign exchange and fair value adjustments etc. amounted to DKK 8m (Q3 2021: DKK -11m).

Tax

Tax for Q3 2022 totalled DKK -104m (Q3 2021: DKK -69m), corresponding to an effective tax rate of 38.5% (Q3 2021: 39.2%).

Profit for the period

Profit for the period increased to DKK 162m (Q3 2021: DKK 95m), equivalent to DKK 2.9 per share (Q3 2021: DKK 1.8). The increase resulted from the significantly higher EBT, partly offset by higher tax.

Return on capital employed

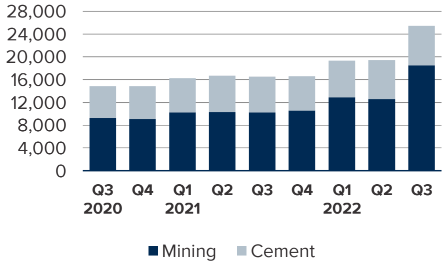
Return on capital employed (ROCE) remained stable at 6.3% (Q3 2021: 6.3%).

Employees

The number of employees increased to 11,820 at the end of Q3 2022, compared to 10,055 at the end of Q2 2022. The increase is a direct result of around 2,000 FTEs coming from the acquisition of TK Mining.

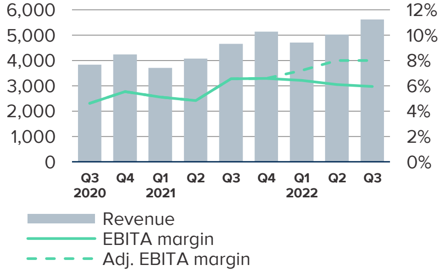
Backlog

DKKm



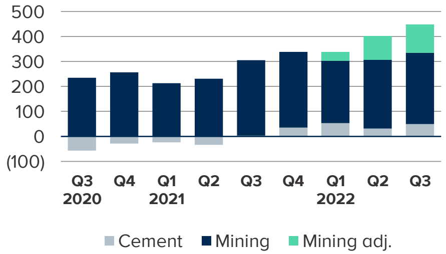
Revenue & EBITA margin

DKKm EBITA%



EBITA

DKKm



CAPITAL

Net working capital increased to DKK 2,170m, driven by the impact from the acquisition of TK Mining. The net working capital ratio remained stable at 9.2% in Q3 2022 (Q2 2022: 9.2%).

Net working capital

Net working capital increased to DKK 2,170m at the end of Q3 2022 (end of Q2 2022: DKK 1,805m). The increase is primarily due to the impact from the acquisition of TK Mining as well as a higher level of inventories to mitigate supply chain challenges. The net working capital ratio remained stable at 9.2% of 12-months trailing revenue (Q2 2022: 9.2%).

Utilisation of supply chain financing increased slightly to DKK 636m due to a higher activity level (Q2 2022: DKK 614m).

Cash flow from operating activities

Cash flow from operating activities (CFFO) increased to DKK 476m in Q3 2022 (Q3 2021: DKK -192m).

The main contributor to the positive CFFO was the higher EBITDA for the period compared to a net working capital outflow of DKK 494m in Q3 2021.

Cash flow from investing activities

Cash flow from investing activities resulted in a net cash outflow of DKK 2,146m in Q3 2022, of which DKK 2,103m relates to the acquisition of TK Mining.

Cash flow from financing activities

Cash flow from financing activities amounted to DKK 2,291m as the payment of the acquisition of TK Mining was funded by an increase in net interest-bearing debt.

Free cash flow

Free cash flow (cash flow from operating and investing activities) adjusted for business acquisitions and disposals amounted to DKK 433m in Q3 2022 supported by the focus on controlling net working capital (Q3 2021: DKK -253m).

Net interest-bearing debt

Net interest-bearing debt (NIBD) increased to DKK -985m at the end of Q3 2022 (Q2 2022: DKK 528m) due to the payment of the acquisition of TK Mining. The financial gearing end of Q3 2022 amounts to 0.7x (Q2 2022: -0.3x).

Financial position

By the end of Q3 2022, FLSmidth had DKK 5.2bn of available committed credit facilities of which DKK 2.9bn was undrawn. The committed credit facilities have a weighted average time to maturity of 4.5 years. DKK 5.0bn will mature in 2027 and the remaining DKK 0.2bn will mature later than 2027. FLSmidth has in October 2022 signed its first sustainability linked term loan of DKK 1.1bn with the Nordic Investment Bank. The term loan is a committed facility and runs until 2029.

Equity ratio

Equity at the end of Q3 2022 increased to DKK 11,555m (Q2 2022: DKK 11,033m), due to the positive profit for the period and the translation effect from foreign currencies. The equity ratio declined to 37.2% (Q2 2022: 45.0%) due to the acquisition of TK Mining and the consequently significant increase in total assets.

OTHER BUSINESS

Annual cost synergy target raised

The acquisition of TK Mining closed on 31 August 2022. Following this, FLSmidth has revisited the cost synergy potential from the combined organisational setup, geographical footprint and pooled innovation, procurement and administration structures in relation to the Mining segment. Based on this, further upside has been uncovered.

The annual cost synergy target is now expected to be around DKK 560m (previously DKK 360m) and the pace to realise these synergies will be accelerated. Consequently, the annual cost synergy run-rate is now expected to be achieved by end of 2023 (previously first two years after closing of the acquisition).

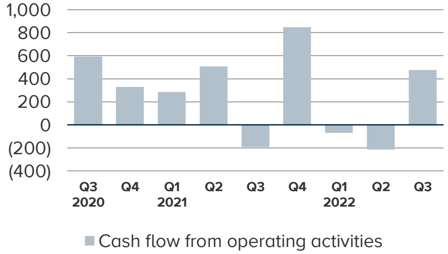
Integration costs to realise these synergies are now estimated to be around DKK 800m (previously DKK 560m), of which around DKK 250m is expected to be recognised in 2022. Total integration costs are expected to be recognised before the end of 2023.

New Headquarter

In September 2022, FLSmidth signed a lease of a new headquarter at Havneholmen in Copenhagen. The headquarter is currently in the construction phase and it is expected that the lease will be effective late 2024.

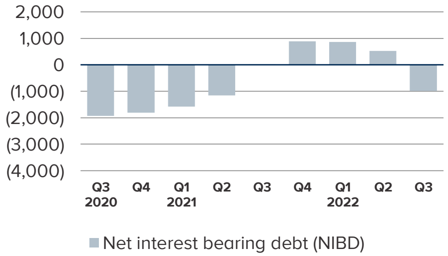
Cash flow

DKKm



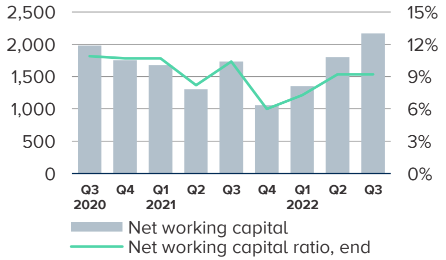
Net interest-bearing debt

DKKm



Net working capital

DKKm NWC%



CONSOLIDATED FINANCIAL PERFORMANCE IN 9M 2022

GROWTH

Order intake

Order intake increased 22% organically, driven by both Mining and Cement. Including currency effects and the impact of the acquisition of TK Mining, order intake in the first nine months of 2022 increased 32% to DKK 18,633m (9M 2021: DKK 14,149m). Service order intake and capital order intake increased by 31% and 32% respectively, driven by both Mining and Cement.

In 9M 2022, several large orders at a combined value of around DKK 2.0bn were announced, compared to 9M 2021 when announced large orders had a combined value of DKK 0.8bn.

Order backlog

The order backlog increased 54% to DKK 25,476m by 30 September 2022 (30 September 2021: DKK 16,548m). This includes the addition of TK Mining's order backlog, as well as the amendment of Russian contracts at a total value of approximately DKK 750m made in Q2 2022. The higher order backlog relates to both Mining and Cement, which increased by 81% and 11%, respectively.

Revenue

Organically, revenue grew by 15%, comprising an 18% increase in Mining and a 10% increase in Cement. Including the impact of TK Mining for the month of September and favourable currency effects, revenue increased 23% to DKK 15,354m in the first nine months of 2022.

Growth in Mining revenue comprised a 28% increase in service revenue and a 27% increase in capital revenue.

In the first nine months of 2022, Cement continued the positive trend with revenue growth of 19% and 10% in service and capital revenue, respectively.

PROFIT

Gross profit and margin

Gross profit for the first nine months of 2022 increased by 25% to DKK 3,782m. Gross margin was stable at 24.6%, compared to 24.3% in 9M 2021.

In 9M 2022, Research and Development costs amounted to DKK 239m (9M 2021: 211m), of which DKK 110m were capitalised (9M 2021: 102m) and the balance reported as production costs.

EBITA and margin

EBITA increased 36% to DKK 943m, as a result of higher revenue and improved gross profit in both Mining and Cement. Group EBITA margin was 6.1%, up from 5.6% in the first nine months of 2021. The improvement was despite the impact from costs related to the acquisition and integration of TK Mining of DKK 127m in 9M 2022 as well as costs of DKK 120m related to the wind-down of our activities in Russia. Adjusted for these costs, the EBITA margin was 7.8% in 9M 2022.

Financial items

Net financial items amounted to DKK -20m (9M 2021: DKK -79m), of which net interest amounted to DKK -24m (9M 2021: DKK -60m) and foreign exchange and fair value adjustments etc. amounted to DKK 4m (9M 2021: DKK -19m). Termination of hedging Russian Rubles had a negative impact of DKK 36m on foreign exchange adjustments.

Tax

Tax for 9M 2022 totalled DKK -267m (9M 2021: DKK -136m), corresponding to an effective tax rate of 38.5% (9M 2021: 38.9%). The high effective tax rate is impacted by a DKK 10m write-down of deferred tax assets in Russia taken in Q2 2022.

Profit for the period

Profit for the period increased by 114% to DKK 419m. Continuing activities improved to DKK 426m from DKK 214m. Discontinued activities reported a DKK 7m loss, compared to a DKK 18m loss in the first nine months of 2021.

Earnings per share

Earnings per share (diluted) increased to DKK 7.7 from DKK 3.9 in the first nine months of 2021.

Growth in order intake in 9M 2022 (vs. 9M 2021)

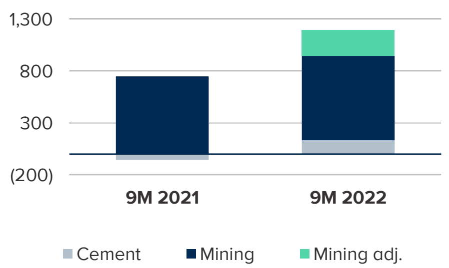
	Mining	Cement	FLSmidth Group
Organic	26%	14%	22%
Acquisition	3%	0%	2%
Currency	8%	6%	8%
Total growth	**37%**	**20%**	**32%**

Growth in revenue in 9M 2022 (vs. 9M 2021)

	Mining	Cement	FLSmidth Group
Organic	18%	10%	15%
Acquisition	3%	0%	2%
Currency	7%	5%	6%
Total growth	**28%**	**15%**	**23%**

EBITA split by segment

DKKm



CAPITAL

Net working capital
Net working capital increased in 9M 2022 to DKK 2,170m (end of 2021: DKK 1,058m). The increase is primarily due to the impact from the acquisition of TK Mining, a higher level of inventories to mitigate supply chain challenges as well as the usage of large prepayments.

In line with expectations, the corresponding net working capital ratio was 9.2% of 12-months trailing revenue, compared to 6.0% at the end of 2021.

Cash flow from operating activities
Cash flow from operating activities decreased to DKK 192m (9M 2021: DKK 600m), mainly due to the cash outflow of DKK 761m in net working capital compared to the period 9M 2021.

Cash flow from investing activities
Cash flow used for investments was DKK -2,194m compared to DKK -176m in the first nine months of 2021, reflecting the acquisition of TK Mining which resulted in a cash outflow of DKK 2,103m in Q3 2022.

Cash flow from financing activities
Cash flow from financing activities amounted to DKK 2,287m as the payment of the acquisition of TK Mining was funded by an increase in net interest-bearing debt.

Free cash flow
Free cash flow adjusted for business acquisitions and disposals was DKK 117m in 9M 2022 (9M 2021: DKK 430m).

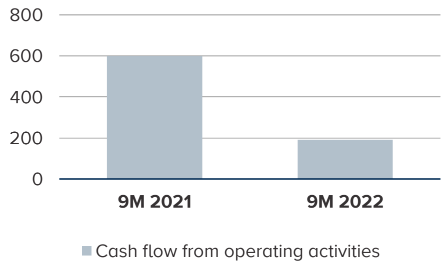
Balance sheet
Total assets increased to DKK 31,051m by 30 September 2022 (end of 2021: DKK 23,053m), primarily related to the acquisition of TK Mining.

Net interest-bearing debt
Net interest-bearing debt (NIBD) by 30 September 2022 increased to DKK -985m (end of 2021: DKK 889m) due to the payment of the acquisition price for TK Mining. The Group's financial gearing was 0.7x (end of 2021: -0.6x).

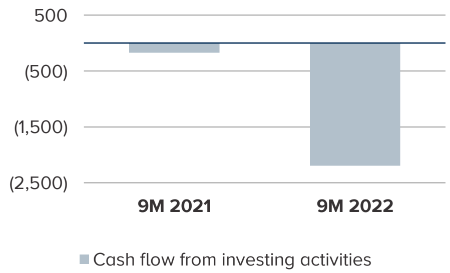
Equity
Equity at end 9M 2022 increased to DKK 11,555m (end of 2021: DKK 10,368m). The increase related to profit for the period and currency adjustments regarding translation of entities, less dividend paid.

Treasury shares
The holding of treasury shares as of 30 September 2022 amounts to 913,828 shares compared to 924,568 shares at year end 2021, representing 1.6% of the total share capital. Treasury shares are used to hedge our share-based incentive programmes.

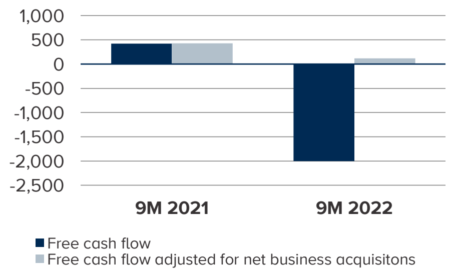
Cash flow from operating activities
DKKm



Cash flow from investing activities
DKKm



Free cash flow
DKKm



CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

Notes	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
3, 4	Revenue	5,621	4,660	15,354	12,446
	Production costs	(4,190)	(3,586)	(11,572)	(9,417)
	Gross profit	**1,431**	**1,074**	**3,782**	**3,029**
	Sales costs	(438)	(330)	(1,174)	(982)
	Administrative costs	(594)	(352)	(1,475)	(1,094)
	Other operating items	20	0	56	11
	EBITDA before special non-recurring items	**419**	**392**	**1,189**	**964**
	Special non-recurring items	0	(14)	0	(33)
	Depreciation and impairment of property, plant and equipment and lease assets	(85)	(73)	(246)	(239)
	EBITA	**334**	**305**	**943**	**692**
	Amortisation and impairment of intangible assets	(78)	(86)	(230)	(263)
	EBIT	**256**	**219**	**713**	**429**
	Financial income	468	93	1,196	624
	Financial costs	(454)	(136)	(1,216)	(703)
	EBT	**270**	**176**	**693**	**350**
	Tax for the period	(104)	(69)	(267)	(136)
	Profit for the period, continuing activities	**166**	**107**	**426**	**214**
3, 7	Loss for the period, discontinued activities	(4)	(12)	(7)	(18)
	Profit for the period	**162**	**95**	**419**	**196**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	167	93	439	196
	Minority interests	(5)	2	(20)	0
		162	**95**	**419**	**196**
	Earnings per share (EPS):				
	Continuing and discontinued activities per share	2.9	1.8	7.7	3.9
	Continuing and discontinued activities per share, diluted	2.9	1.8	7.7	3.9
	Continuing activities per share	3.0	2.0	7.9	4.2
	Continuing activities per share, diluted	3.0	2.0	7.9	4.2

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
	Profit for the period	**162**	**95**	**419**	**196**
	Items that will not be reclassified to profit or loss:				
	Actuarial gains on defined benefit plans	12	59	54	41
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	386	49	940	317
	Cash flow hedging:				
	- Value adjustments for the period	(48)	(18)	(100)	(30)
	- Value adjustments transferred to work in progress	(2)	(9)	15	(23)
	Tax of total other comprehensive income	5	0	7	4
	Other comprehensive income for the period after tax	**353**	**81**	**916**	**309**
	Comprehensive income for the period	**515**	**176**	**1,335**	**505**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	519	173	1,354	505
	Minority interests	(4)	3	(19)	0
		515	**176**	**1,335**	**505**

CASH FLOW STATEMENT

Notes	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
	EBITDA before special non-recurring items	419	392	1,189	964
3	EBITDA, discontinued activities	(5)	(12)	(9)	(18)
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	9	(7)	0	(22)
	Adjusted EBITDA	**423**	**373**	**1,180**	**924**
	Change in provisions, pension and employee benefits	61	59	86	87
8	Change in net working capital	24	(494)	(761)	(25)
	Cash flow from operating activities before financial items and tax	**508**	**(62)**	**505**	**986**
	Financial items received and paid	(7)	(37)	(36)	(66)
	Taxes paid	(25)	(93)	(277)	(320)
	Cash flow from operating activities	**476**	**(192)**	**192**	**600**
9	Acquisition of enterprises and activities	(2,103)	0	(2,119)	(8)
	Acquisition of intangible assets	(61)	(41)	(145)	(120)
	Acquisition of property, plant and equipment	(29)	(28)	(62)	(56)
	Acquisition of financial assets	(11)	(1)	(20)	(5)
	Disposal of enterprises and activities	0	0	0	2
	Disposal of property, plant and equipment	58	9	152	11
	Cash flow from investing activities	**(2,146)**	**(61)**	**(2,194)**	**(176)**
	Dividend paid	0	0	(170)	(101)
11	Issue of shares, net of costs	0	1,434	0	1,434
	Capital injection, minority interests	0	0	0	3
	Exercise of share options	0	0	0	1
	Repayment of lease liabilities	(32)	(29)	(93)	(93)
	Change in net interest bearing debt	2,323	(1,339)	2,550	(1,516)
	Cash flow from financing activities	**2,291**	**66**	**2,287**	**(272)**
	Change in cash and cash equivalents	**621**	**(187)**	**285**	**152**
	Cash and cash equivalents at beginning of period	1,639	1,347	1,935	976
	Foreign exchange adjustment, cash and cash equivalents	11	10	51	42
	Cash and cash equivalents at 30 September	**2,271**	**1,170**	**2,271**	**1,170**

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

Free cash flow

DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
Free cash flow	(1,670)	(253)	(2,002)	424
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	433	(253)	117	430

BALANCE SHEET

Notes	DKKm	30/09 2022	31/12 2021	30/09 2021
	ASSETS			
	Goodwill	6,535	4,364	4,310
	Patents and rights	791	784	808
	Customer relations	397	401	417
	Other intangible assets	168	165	129
	Completed development projects	193	233	178
	Intangible assets under development	375	310	392
	Intangible assets	**8,459**	**6,257**	**6,234**
	Land and buildings	2,134	1,792	1,774
	Plant and machinery	446	383	346
	Operating equipment, fixtures and fittings	142	112	106
	Tangible assets in course of construction	47	21	55
	Property, plant and equipment	**2,769**	**2,308**	**2,281**
	Deferred tax assets	1,701	1,490	1,249
	Investments in associates	165	162	157
10	Other securities and investments	71	49	47
	Other non-current assets	**1,937**	**1,701**	**1,453**
	Non-current assets	**13,165**	**10,266**	**9,968**
	Inventories	4,030	2,464	2,552
	Trade receivables	5,572	4,112	3,814
	Work in progress	3,440	2,358	2,449
	Prepayments	1,004	871	593
	Income tax receivables	361	248	537
	Other receivables	1,208	799	833
	Cash and cash equivalents	2,271	1,935	1,170
	Current assets	**17,886**	**12,787**	**11,948**
	Total assets	**31,051**	**23,053**	**21,916**

Notes	DKKm	30/09 2022	31/12 2021	30/09 2021
	EQUITY AND LIABILITIES			
11	Share capital	1,153	1,153	1,153
	Foreign exchange adjustments	274	(665)	(814)
	Cash flow hedging	(139)	(54)	(57)
11	Retained earnings	10,289	9,937	9,704
	Shareholders in FLSmidth & Co. A/S	**11,577**	**10,371**	**9,986**
	Minority interests	(22)	(3)	(3)
	Equity	**11,555**	**10,368**	**9,983**
	Deferred tax liabilities	193	169	223
	Pension obligations	474	320	344
5	Provisions	735	450	424
	Lease liabilities	226	200	206
	Bank loans and mortgage debt	2,868	726	821
	Prepayments from customers	604	587	303
	Income tax liabilities	119	119	134
	Other liabilities	95	55	52
	Non-current liabilities	**5,314**	**2,626**	**2,507**
	Pension obligations	2	2	3
5	Provisions	1,152	697	693
	Lease liabilities	121	104	109
	Bank loans and mortgage debt	55	17	30
	Prepayments from customers	2,108	1,903	1,739
	Work in progress	3,988	2,373	2,012
	Trade payables	4,580	3,367	3,094
	Income tax liabilities	257	193	311
10	Other liabilities	1,919	1,403	1,435
	Current liabilities	**14,182**	**10,059**	**9,426**
	Total liabilities	**19,496**	**12,685**	**11,933**
	Total equity and liabilities	**31,051**	**23,053**	**21,916**

EQUITY STATEMENT

9M 2022

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	**1,153**	**(665)**	**(54)**	**9,937**	**10,371**	**(3)**	**10,368**
Comprehensive income for the period							
Profit/loss for the period				439	439	(20)	419
Other comprehensive income							
Actuarial gains/(losses) on defined benefit plans				54	54		54
Currency adjustments regarding translation of entities		939			939	1	940
Cash flow hedging:							
- Value adjustments for the period			(100)		(100)		(100)
- Value adjustments transferred to work in progress			15		15		15
Tax on other comprehensive income				7	7		7
Other comprehensive income total	**0**	**939**	**(85)**	**61**	**915**	**1**	**916**
Comprehensive income for the period	**0**	**939**	**(85)**	**500**	**1,354**	**(19)**	**1,335**
Transactions with owners:							
Dividend paid				(170)	(170)		(170)
Issue of shares, net of costs					0		0
Share-based payment				22	22		22
Exercise of share options					0		0
Capital injection, minority interests					0		0
Equity at 30 September	**1,153**	**274**	**(139)**	**10,289**	**11,577**	**(22)**	**11,555**

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		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**

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 2021, Key accounting estimates and judgements, pages 57-58 and to specific notes.

In the third quarter of 2022, the geopolitical situation remained on top of the agenda following the war in Ukraine. Sanctions are continuously being imposed on Russian and Belarusian entities and individuals resulting in restrictions on imports and exports. We are closely monitoring the impact from the war and the sanctions imposed by EU, US and other western countries. We have suspended new business in Russia and Belarus and will – in a responsible manner – wind-down our activities in Russia. Costs to wind-down have been recognised. We are, however, obliged to fulfil our remaining legal obligations with regards to existing orders, provided the customer is not sanctioned and to the extent possible. During the second and third quarter of 2022, sanctions were introduced to further limit the possibilities for the shipment of products to Russia.

Besides the direct impact from the sanctions, the war has also intensified bottlenecks in the global supply chains that were already current at the end of 2021. It has also led to further increases in energy prices, contributed to rising inflation and fluctuations in foreign exchange rates and central banks have increased interest rates to reduce the inflationary pressure. Further, the COVID-19 pandemic and government-imposed restrictions continue to pose challenges in some parts of the world.

The resulting uncertainties have impacted our key accounting estimates as described below.

We have reassessed our projects to reflect the expected implications on project financials. This includes updating of project costs to ensure that significant expected cost increases are reflected in the total cost to complete. In cases where customers are severely impacted by the war, we assess the likelihood that the customer will be able to pay the agreed consideration for goods or services provided by us. The assessment reflects the risk of any potential additional expected credit losses (ECL) on trade receivables against Russian and Belarussian customers. The assessments also consider the need for write-down of inventory and other assets.

The change in estimates had no material impact on the financial statements in the first nine months of 2022. 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.

On 1 September 2022, FLSmidth Group obtained control of TK Mining. At initial recognition, assets acquired and liabilities assumed are measured at fair value and the excess of the purchase price over the fair value of the net assets acquired represents goodwill. Due to the short time since the transaction settled, the initial accounting is still subject to change, and significant changes to the fair value of assets acquired and liabilities assumed may be expected as we obtain further information on facts and circumstances that existed at the acquisition date. The purchase price is also subject to change. Further information can be found in note 9.

Income Statement by function

DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	5,621	4,660	15,354	12,446
Production costs	(4,273)	(3,665)	(11,815)	(9,668)
Gross profit	**1,348**	**995**	**3,539**	**2,778**
Sales costs, including depreciation and amortisation	(447)	(342)	(1,200)	(1,020)
Administrative costs, including depreciation and amortisation	(665)	(434)	(1,682)	(1,340)
Other operating income	20	0	56	11
EBIT	**256**	**219**	**713**	**429**
Special non-recurring items, depreciation, amortisation and impairment consist of:				
Special non-recurring items	0	(14)	0	(33)
Depreciation and impairment of property, plant and equipment and lease assets	(85)	(73)	(246)	(239)
Amortisation and impairment of intangible assets	(78)	(86)	(230)	(263)
	(163)	**(173)**	**(476)**	**(535)**
Special non-recurring items, depreciation, amortisation and impairment are divided into:				
Production costs	(83)	(79)	(243)	(251)
Sales costs	(9)	(12)	(26)	(38)
Administrative costs	(71)	(82)	(207)	(246)
	(163)	**(173)**	**(476)**	**(535)**

2. INCOME STATEMENT BY FUNCTION

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). Special non-recurring items, depreciation, amortisation and impairment are therefore separated from the individual functions and presented in separated lines.

The income statement classified by function includes allocation of special non-recurring items, depreciation, amortisation and impairment.

3. SEGMENT INFORMATION

DKKm	9M 2022 Mining	9M 2022 Cement	9M 2022 FLSmidth Group Continuing activities	9M 2022 FLSmidth Group Discontinued activities [2]	9M 2021 Mining [1]	9M 2021 Cement [1]	9M 2021 FLSmidth Group Continuing activities	9M 2021 FLSmidth Group Discontinued activities [2]
Revenue	**10,708**	**4,646**	**15,354**	**0**	**8,394**	**4,052**	**12,446**	**0**
Production costs	(8,046)	(3,526)	(11,572)	(6)	(6,240)	(3,177)	(9,417)	0
Gross profit	**2,662**	**1,120**	**3,782**	**(6)**	**2,154**	**875**	**3,029**	**0**
SG&A costs	(1,686)	(907)	(2,593)	(3)	(1,237)	(828)	(2,065)	(18)
EBITDA before special non-recurring items	**976**	**213**	**1,189**	**(9)**	**917**	**47**	**964**	**(18)**
Special non-recurring items	0	0	0	0	(12)	(21)	(33)	0
Depreciation and impairment of property, plant and equipment and lease assets	(167)	(79)	(246)	0	(159)	(80)	(239)	0
EBITA	**809**	**134**	**943**	**(9)**	**746**	**(54)**	**692**	**(18)**
Amortisation and impairment of intangible assets	(160)	(70)	(230)	0	(182)	(81)	(263)	0
EBIT	**649**	**64**	**713**	**(9)**	**564**	**(135)**	**429**	**(18)**
Order intake (gross)	13,243	5,390	18,633	0	9,670	4,479	14,149	0
Order backlog	18,502	6,974	25,476	0	10,248	6,300	16,548	0
Gross margin	*24.9%*	*24.1%*	*24.6%*		*25.7%*	*21.6%*	*24.3%*	
EBITDA margin before special non-recurring items	*9.1%*	*4.6%*	*7.7%*		*10.9%*	*1.2%*	*7.7%*	
EBITA margin	*7.6%*	*2.9%*	*6.1%*		*8.9%*	*-1.3%*	*5.6%*	
EBIT margin	*6.1%*	*1.4%*	*4.6%*		*6.7%*	*-3.3%*	*3.4%*	
Number of employees at 30 September	**8,154**	**3,666**	**11,820**	**0**	**6,205**	**3,930**	**10,135**	**0**
Reconciliation of profit for the period								
EBIT			713	(9)			429	(18)
Financial income			1,196	1			624	1
Financial costs			(1,216)	(2)			(703)	(1)
EBT			**693**	**(10)**			**350**	**(18)**

1) Starting from 1 January 2022, shared costs are directly attributed to the industries based on consumption and therefore included in the relevant line items. Previously, the costs were allocated to the industries after the total 'EBITA before allocation of shared costs'. The numbers have been restated to include shared costs in the cost line items for the industries. See next page for further explanation.

2) Discontinued activities mainly consist of non-mining bulk material handling.

3. SEGMENT INFORMATION
– CONTINUED

Starting from 1 January 2022, shared costs are directly attributed to the industries based on consumption. Therefore, the costs are now included in the relevant line items, being production costs, SG&A costs and depreciation and impairment of property, plant and equipment. Previously, the costs were allocated to the industries and included below the subtotal 'EBITA before allocation of shared costs'.

For 2021, the information has been restated to reflect the change.

The table below shows the impact on the line items and margins in the segment information in 9M 2021 for the two industries.

Restated segment information for 9M 2021, shared costs

DKKm	Mining	Cement	Other companies	Shared costs
Production cost	(49)	(23)	0	72
SG&A costs	(454)	(325)	(2)	781
Depreciation and impairment of property, plant and equipment and lease assets	(70)	(20)	0	90
Shared costs directly attributed	**(573)**	**(368)**	**(2)**	**943**
Gross margin	*-0.6%*	*-0.6%*		
EBITDA margin before special non-recurring items	*-6.0%*	*-8.6%*		
EBITA margin before allocation of shared costs	*-6.8%*	*-9.1%*		
EBITA margin	*0.0%*	*0.0%*		
EBIT margin	*0.0%*	*0.0%*		
Number of employees at 30 September	**853**	**512**	**0**	**(1,365)**

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.

As of Q3 2022, five regions support the sales within Mining and four regions within Cement. Up until H1 2022, the region Asia, Australia was presented as two regions 1) Asia and 2) Australia. Further, in Cement, the regions North America and South America have been merged to Americas as of Q3 2022.

Revenue is presented in the Regions in which delivery takes place. In the first nine months of 2022, the regions North America and Europe, North Africa, Russia picked up a higher share of the Group revenue than the same period last year. The region Asia, Australia represented a 4%-point lower share of Group revenue in the first nine months of 2022 compared to same period in 2021. Sub-Saharan Africa, Middle East & South Asia represented a 1%-point lower share of Group revenue compared to the same period in 2021.

Backlog

The order backlog at 30 September 2022 amounted to DKK 25,476m (end of 9M 2021: DKK 16,548m). The increase is due to the acquisition of TK Mining by DKK 5,451m.

The backlog represents the value of outstanding performance obligations on current contracts. The value of outstanding performance obligations on current contracts is a 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.

22% of the backlog is expected to be converted to revenue in the remainder of 2022. Outstanding order backlog related to Russian and Belarusian contracts amounted to around DKK 1.6bn at the end of Q3 2022 (end of Q2 2022: DKK 1.5bn) and is due to uncertainty included in the '2024 and beyond' maturity. The increase compared to end of Q2 2022 is due to the inclusion of the outstanding Russian order backlog from TK Mining, which amounted to around DKK 240m.

Revenue split by recognition principle

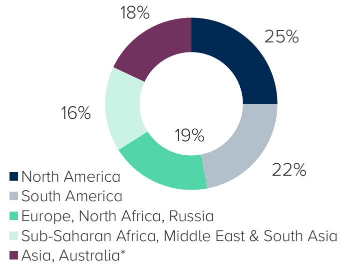
DKKm	Mining 9M 2022	Cement 9M 2022	Group 9M 2022	Mining 9M 2021	Cement 9M 2021	Group 9M 2021
Point in time	5,687	1,929	7,616	4,506	1,360	5,866
Percentage of completion	5,021	2,717	7,738	3,888	2,690	6,578
Cash	0	0	0	0	2	2
Total revenue	**10,708**	**4,646**	**15,354**	**8,394**	**4,052**	**12,446**

Revenue split by industry and category

DKKm	Mining 9M 2022	Cement 9M 2022	Group 9M 2022	Mining 9M 2021	Cement 9M 2021	Group 9M 2021
Projects	3,132	881	4,013	2,209	855	3,064
Products	1,026	1,183	2,209	1,062	1,022	2,084
Capital business	**4,158**	**2,064**	**6,222**	**3,271**	**1,877**	**5,148**
Service business	**6,550**	**2,582**	**9,132**	**5,123**	**2,175**	**7,298**
Total revenue	**10,708**	**4,646**	**15,354**	**8,394**	**4,052**	**12,446**

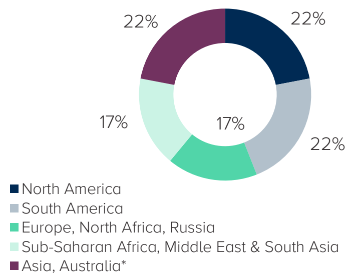
Revenue split by Regions 9M 2022

%



Revenue split by Regions 9M 2021

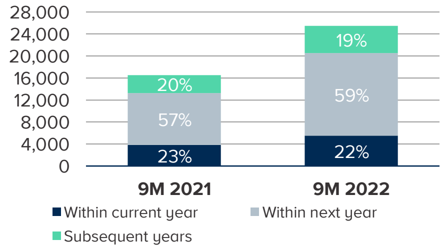
%



*This region was until H1 2022 presented as two regions 1) Australia and 2) Asia

Backlog

DKKm



5. PROVISIONS

For a description of the main provision categories see note 2.7 in the 2021 Annual Report.

Net provisions increased by DKK 740m compared to 31 December 2021, of which DKK 600m relate to the TK Mining acquisition.

Additions to provisions amounted to DKK 516m in 9M 2022, compared to DKK 412m in 9M 2021 and the increase is related to higher projects risks from litigation issues and loss-making contracts.

Warranty provisions have increased by DKK 329m and other provisions by DKK 271m due to the acquisition of TK Mining.

Provisions

DKKm	30/09 2022	31/12 2021	30/09 2021
Provisions at 1 January	1,147	1,015	1,015
Foreign exchange adjustments	30	27	18
Acquisition of Group enterprises	600	0	0
Additions	516	641	412
Used	(301)	(384)	(242)
Reversals	(105)	(152)	(86)
Provisions	**1,887**	**1,147**	**1,117**
The split of provisions is as follows:			
Warranties	961	543	531
Restructuring	30	47	106
Other provisions	896	557	480
	1,887	**1,147**	**1,117**
The maturity of provisions is specified as follows:			
Current liabilities	1,152	697	693
Non-current liabilities	735	450	424
	1,887	**1,147**	**1,117**

6. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities at 30 September 2022 amounted to DKK 4.7bn excluding the TK Mining issued corporate guarantees mentioned below (31 December 2021: DKK 3.1bn).

Contingent liabilities primarily relate to customary performance and payment guarantees. The volume of such guarantees amounted to DKK 4.1bn (31 December 2021: DKK 2.3bn). The increase relates to the acquisition of TK Mining. In addition to the above mention guarantees, TK Mining has also issued DKK 1.5bn of corporate contract-support guarantees to customers. Nearly half of all TK Mining guarantees will expire during 2023, and by end 2024 almost all will have expired. It is customary market practice to issue guarantees to customers, which serve as a security that we will deliver as promised in terms of performance, quality, and timing. The volume of the guarantees varies with the activity level and reflects the outstanding backlog, finalised projects and deliveries that are covered by warranties etc. Only a minor share of such guarantees is expected to materialise into losses. In the event a guarantee is expected to materialise, a provision is recognised to cover the risk. Information on provisions is included in note 5.

The remaining contingent liabilities of DKK 0.6bn (31 December 2021: 0.8bn) 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.

In September 2022, FLSmidth signed a lease of a new headquarter at Havneholmen in Copenhagen. The headquarter is currently in the construction phase. It is expected that the lease will be effective late 2024. The minimum lease payments over the term of the lease amount to DKK 0.2bn.

Besides the above, no significant changes have occurred to the nature and extent of our contractual commitments and contingent liabilities compared to what was disclosed in note 2.9 in the 2021 Annual Report.

Provisions related to continued activities

DKKm	30/09 2022	31/12 2021	30/09 2021
Provisions at 1 January	999	833	833
Foreign exchange adjustments	30	27	18
Acquisition of Group enterprises	600	0	0
Additions	516	641	412
Used	(282)	(350)	(225)
Reversals	(105)	(152)	(86)
Provisions	**1,758**	**999**	**952**

7. 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 and most recently by the war in Ukraine. For further information on discontinued activities, please refer to note 2.11 of Annual report 2021.

In addition to provisions of DKK 129m shown in the table below, discontinued activities accounts for DKK 381m (31 December 2021: DKK 350m) of the Group's net working capital shown in note 8.

Discontinued activities' effect on cash flow from operating activities

DKKm	9M 2022	31/12 2021	9M 2021
EBITDA	(9)	(19)	(18)
Change in provisions	(19)	(34)	(17)
Change in net working capital	(35)	(134)	(125)
Cash flow from operating activities before financial items and tax	**(63)**	**(187)**	**(160)**
Financial items received and paid	(1)	(1)	0
Taxes paid	0	0	0
Cash flow from operating activities	**(64)**	**(188)**	**(160)**

Discontinued activities share of Group provisions disclosed in note 5

DKKm	30/09 2022	31/12 2021	30/09 2021
Provisions at 1 January	148	182	182
Used	(19)	(34)	(17)
Provisions	**129**	**148**	**165**

8. NET WORKING CAPITAL

Net working capital at 30 September 2022 has increased by DKK 1.1bn compared to 31 December 2021. The increase is primarily due to the impact from the acquisition of TK Mining, a higher level of inventories to mitigate supply chain challenges as well as the usage of large prepayments.

Utilisation of supply chain financing increased in the first nine months of 2022 to DKK 636m (31 December 2021: DKK 490m).

Net working capital

DKKm	30/09 2022	31/12 2021	30/09 2021
Inventories	4,030	2,464	2,552
Trade receivables	5,572	4,112	3,814
Work in progress, assets	3,440	2,358	2,449
Prepayments	1,004	871	593
Other receivables	1,055	709	729
Derivative financial instruments	72	31	34
Prepayments from customers	(2,712)	(2,490)	(2,042)
Trade payables	(4,580)	(3,367)	(3,094)
Work in progress, liability	(3,988)	(2,373)	(2,012)
Other liabilities	(1,556)	(1,224)	(1,245)
Derivative financial instruments	(167)	(33)	(43)
Net working capital	**2,170**	**1,058**	**1,735**
Change in net working capital	(1,112)	694	17
Financial instruments and foreign exchange effect on cash flow	351	(82)	(42)
Cash flow effect from change in net working capital	**(761)**	**612**	**(25)**

9. BUSINESS ACQUISITION

As announced on 11 August 2022, the transaction to acquire TK Mining closed on 31 August 2022, after which FLSmidth obtained control over the acquired business.

TK Mining is a leading full-line supplier of solutions for mining systems, material handling, mineral processing and services.

The combination of FLSmidth and TK Mining will create a leading global mining technology and service provider with operations from pit-to-plant with a strong focus on productivity and sustainability. Furthermore, TK Mining's extensive active installed base, together with FLSmidth's strong existing service setup, will provide additional aftermarket opportunities, while the joint R&D capabilities and combined portfolio will enable accelerated innovation in digitalisation and MissionZero solutions.

The mining industry is characterised by sound fundamentals and a positive outlook, based on underinvestment over the past decade and increasing demand due to the clean energy transition. The timing of this acquisition positions FLSmidth to capture enhanced value from the mining growth cycle underway.

In addition to the competitive advantages of scale, FLSmidth will be able to offer a stronger value proposition to customers through combined competencies, a wider offering and a more extensive customer reach. Such expected synergies as well as the value of the assembled workforce constitute the major parts of the goodwill recognised on the acquisition.

Preliminary allocation of purchase price on assets acquired and liabilities assumed (DKKm)	31/08 2022
Patents and IP rights	65
Land and buildings	358
Other tangible assets	147
Deferred tax assets	204
Inventories	806
Trade and other receivables	1,038
Work in progress	193
Other current assets	368
Cash	1,019
Total assets	**4,198**
Pension liabilities	180
Other non-current liabilities	63
Provisions	600
Prepayments from customers	117
Work in progress	757
Trade payables	555
Other current liabilities	627
Total liabilities	**2,899**
Total identifiable net assets	1,299
Goodwill	1,823
Purchase price, including intercompany funding taken over	**3,122**
Cash	1,019
Net cash transferred to TK	**2,103**

Initial recognition of TK Mining

On 31 August 2022, a consideration of EUR 420m (DKK 3,122m) was transferred to the seller. Net of cash acquired, the consideration amounted to DKK 2,103m and includes compensation of DKK 212m for internal funding of the acquired business previously provided by the seller. The final purchase price depends on certain adjustments primarily related to ongoing projects and development in net working capital. The adjustments are currently estimated by the seller. Subsequent adjustments to the consideration paid for the acquisition are therefore expected during the coming quarters.

The acquisition is incorporated into the cash generating unit Mining.

A preliminary allocation of the purchase price on the fair value of identifiable assets acquired and liabilities assumed at acquisition date is shown in the table to the left. Provisions include the estimated fair value of contingent liabilities of DKK 0.1bn to cover the risk on performance and payment guarantees issued and to cover for pending and potential legal disputes.

It is important to note that the initial accounting for the business combination is subject to change and will be retrospectively adjusted to reflect new information obtained in subsequent periods within a maximum period of 12 months after the acquisition date. This includes information on the identification of assets and liabilities, including contingent liabilities, and the measurement of those items at fair value. Amongst other, project reviews (including the identification of onerous contracts) are still ongoing and may lead to changes to the initial accounting. During the measurement period, changes to the above will have a resulting impact on goodwill as well as changes to the purchase price that is currently only estimated as explained. Significant changes can therefore be foreseen during the measurement period.

Acquisition related costs amounted to DKK 33m in 2022 and DKK 89m in 2021 and are included in the income statement as administrative costs. The costs include costs incurred both before and after signing of the agreement in 2021 and after the agreement closed in 2022.

The consolidation of TK Mining has increased Revenue by DKK 287m and reduced net profit by DKK 38m. Assuming the Group had taken over TK Mining with effect from 1 January 2022, the currently estimated impact would be a further increase in Revenue of DKK 2.7bn and decrease in Net profit of DKK 0.1bn.

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 2022 or during 2021.

Fair value of financial instruments

DKKm	Level 1	Level 2	Level 3	Total
				9M 2022
Securities and investments	4	0	67	71
Hedging instruments asset	0	72	0	72
Hedging instruments liability	0	(167)	0	(167)
	4	**(95)**	**67**	**(24)**

DKKm	Level 1	Level 2	Level 3	Total
				2021
Securities and investments	6	0	43	49
Hedging instruments asset	0	31	0	31
Hedging instruments liability	0	(33)	0	(33)
	6	**(2)**	**43**	**47**

11. SHAREHOLDERS' EQUITY

At the Annual General Meeting 30 March 2022, a dividend of DKK 3 per share was declared. The total dividend amounting to DKK 170m was paid out in April 2022.

In September 2021, an issue of 6,400,000 new shares of DKK 20 each at a price of DKK 228 per share was completed. The proceeds received net of transaction costs of DKK 25m increased shareholders' equity in 2021.

12. EVENTS AFTER THE BALANCE SHEET DATE

As announced on 20 October 2022, following the recent acquisition of TK Mining, FLSmidth initiated a planned strategic review of the combined FLSmidth and TK Mining technology product portfolio. As a result of the strategic review, it has been decided to split the Mining business into two separate segments for operational and reporting purposes: (1) a continuing Mining segment focused on profitability, growth and sustainability and (2) a new Non-Core Activities segment, where activities will be fully exited either by way of divestment or wind-down of the order backlog. Financial reporting for this new structure will be effective from Q4 2022.

Following the decision, additional exit costs of around DKK 0.3bn are expected to be recognised in Q4 2022. This includes non-recurring severance costs and costs related to contract negotiations aimed at reducing the scope of the Non-Core Activities order backlog.

The previously announced signed contract to supply all mineral processing technology to ShalkiyaZinc, the operator of a zinc and lead mine in the south of Kazakhstan, has become effective in October 2022. The contract is valued at around DKK 950 million and will be part of the Q4 2022 order intake.

We are not aware of any other subsequent matters that could be of material importance to the Group's financial position at 30 September 2022.

13. ACCOUNTING POLICIES

The condensed interim report of the Group for the first nine months of 2022 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 2021 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 2021 Annual Report for further details. To better reflect the underlying performance, we present EBITA and Adjusted EBITA margin for costs to integrate TK Mining and costs to wind-down Russian activities. Besides this, Alternative Performance Measures (APM) are unchanged from those applied in the 2021 Annual Report, refer to note 7.4 in the 2021 Annual Report for a description of used APM.

Changes in accounting policies

As of 1 January 2022, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2022 financial year. This includes the changes to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvement 2018-2020. The latter includes changes to IFRS 9 Financial Instruments and IFRS 16 Leases.
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 2022.

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 2022 as well as of the results of its operations and cash flows for the period 1 January – 30 September 2022.

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, 8 November 2022

Executive management

Mikko Juhani Keto
Group CEO

Roland M. Andersen
Group CFO

Board of directors

Tom Knutzen
Chair

Mads Nipper
Vice chair

Anne Louise Eberhard

Gillian Dawn Winckler

Richard Robinson Smith

Thrasyvoulos Moraitis

Carsten Hansen

Claus Østergaard

Leif Gundtoft

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 2022

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