Annual Report 2024

Annual Report
1 January – 31 December 2024

FLSmidth & Co. A/S
Vigerslev Allé 77, 2500 Valby, Denmark CVR no. 58180912

Contents

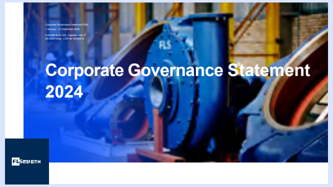
Management review

Financial statements

Integrated Report 2024

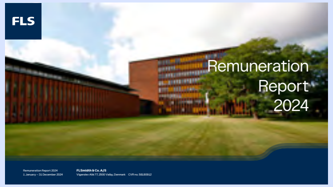
In our Annual Report for the FLSmidth Group, we provide financial and operational information about the Group's performance in 2024, and we describe the Group's strategic plans and future goals. To align with the EU Corporate Sustainability Reporting Directive (CSRD), our sustainability reporting is from 2024 an integrated part of the Annual Report. This is the first time we have prepared an integrated report, which demonstrates our commitment to integrating sustainability into the core of our business. We have structured our sustainability statement in line with the CSRD framework to ensure clear linkages from our most important sustainability matters, to how we embed our ways of working with them across the organisation

Other 2024 FLSmidth reports



Corporate Governance Statement 2024

In our Corporate Governance Statement, you can read more about how we have incorporated and follow the recommendations prepared by the Danish Committee on Corporate Governance.



Remuneration Report 2024

In our Remuneration Report, you can get a comprehensive overview of the remuneration of our Executive Management and our Board of Directors.

2024 strategic highlights

> FLSmidth is on an ambitious transformation journey, and during 2024 we have made strong progress on all our core transformation activities.

Strong financial performance

Driven by continued business simplification, portfolio pruning and de-risking, we achieved the highest Group EBITA margin and net profit in more than a decade.

Significant commercial investments

During the year, we have significantly strengthened our PC&V sales force, opened several new service centres and ramped up our production capacity.

Non-Core Activities wind-down

In late 2022, we established the Non-Core Activities segment, and with the backlog now reduced by 94%, the wind-down is virtually complete.

Sustainability progression

Strong progression on all key metrics and especially on all our Science Based Targets, where we have seen continued reductions in both scope 1, 2 and 3 emissions.

Letter from the Chair and the CEO

Building on recent years' operational and financial progress, 2024 turned out to be another solid year for FLSmidth as we continued to progress on our transformational journey. We are pleased that our efforts have resulted in additional improvements in the financial performance in both our Mining and Cement businesses. Further, we have continued to progress on our sustainability agenda during the year with additional improvements on all our Science Based Targets.

We remain committed to our transformational journey

Amid an ever-changing macroeconomic and geopolitical landscape, as well as soft Products markets in both the Mining and Cement businesses, we have remained steadfast in our commitment to the transformation of our company – a journey we embarked on a little over two years ago. Over the past year, we have reached important milestones in our efforts to focus our business on core Mining activities, first and foremost through continued de-risking of our order intake and continued optimisation of our product portfolio as well as through the decision to explore divestment opportunities for the Cement business.

In addition, the wind-down of Non-Core Activities continued to progress at an accelerated pace. Since the establishment of the segment in the fourth quarter of 2022, we have reduced the order backlog by more than 94%, incurring an accumulated loss from the segment of DKK 955m over the period, which is in line with our expectations. With the exit from the segment now virtually complete, we are well-positioned to concentrate fully on our strategic priorities for the core Mining business.

Finally, we have showed good progression in our continued efforts to simplify our business and operating model through consolidation of office locations, delayering of the organisation and near-shoring of support functions to our three global business centres. These initiatives have brought about significant changes across all areas of our organisation, including at Group Executive Management level. We acknowledge that such transitions can be challenging, bringing uncertainty and requiring major adjustments for everyone involved.

However, we firmly believe that embracing change is essential to securing the long-term success of FLSmidth. The transformation of our company reflects our commitment to our strategic journey, ensuring that we maintain our market-leading position, and we are confident that, together, we can navigate this journey and emerge stronger as an organisation.

Consistent performance through business excellence

A key element of both our Mining and Cement strategies is to drive consistent value creation and a stable financial performance. The exit from legacy project-focused and engineering-heavy business, combined with the implementation of a stringent commercial risk management framework, has contributed to a more consistent and reliable financial performance.

This strategic shift has not only reduced exposure to high-risk commitments but also allowed the organisation to focus on areas of core strength, driving sustainable value creation for our customers and partners. By embedding principles of business excellence across our operations, we have created a solid foundation of consistent performance that positions the company for longer-term growth.

DKK 640m

Cash flow from operating activities in 2024

The KREBS gMAX hydrocyclones deliver sharper particle separation at higher capacities and less maintenance

For the full year 2024, we reported improvements of 3.8 percentage points and 0.8 percentage points in EBITA margins for the Mining and Cement businesses, respectively, compared to the full year 2023. In addition, we reported the highest Group EBITA margin and net profit in more than a decade, which is a result that everyone in FLSmidth can be very proud of.

Thanks to our strong financial performance in 2024, the Board of Directors is pleased to propose a significant increase in dividends to our shareholders – doubling last year's payout.

We remain confident that our continued progress reflects the effectiveness of our strategic initiatives, positioning us well to achieve our full year 2026 financial targets and deliver sustainable value to our shareholders.

Securing our value proposition through investments

Our focus in 2024 has to a large extent been to ensure the continued execution of the transformation of FLSmidth. However, we have also dedicated a meaningful amount of time and effort to investments in key commercial areas with the aim of fuelling our long-term growth ambitions for the Mining business and to better support our mining customers.

This includes investments in our consumables business, in our service centre network, in our manufacturing set-up and in our Pumps, Cyclones & Valves (PC&V) business. The PC&V business, in particular, holds significant untapped potential. To fully capitalise on our strong technical expertise in this area, we have re-invested a substantial portion of the synergies realised from the acquisition of Mining Technologies into strengthening the commercial front end of the PC&V business. Over the past year, we have strengthened our PC&V sales force significantly, and we are already witnessing meaningful returns from this targeted investment.

We have also invested into the strengthening of our Mining service offering, including through the acquisitions of the global supplier of engineering services, parts and mills, Farnell-Thompson, and the German developer of cutting-edge sensor technology with strong digital applications across our Mining portfolio, Tipco. These investments hold significant potential, and we will continue to identify and pursue opportunities to further enhance our value proposition for our customers.

Throughout 2024, our customers and partners have reaffirmed the strength of our market-leading portfolio and value proposition through several significant commercial wins. These include a record number of orders for High Pressure Grinding Rolls (HPGRs) and a strategic framework agreement in Uzbekistan, signed in October, to deliver core mineral processing technologies for what is expected to become one of the largest copper concentrators globally.

The resilience of our value proposition enables us to navigate the current market environment with confidence. By consistently delivering innovative and reliable solutions, we are well-positioned to meet evolving customer needs and maintain our strong market position.

Looking ahead

We have made significant progress on our strategic journey, yet important work remains ahead. In 2025, we will remain steadfast in our commitment to business simplification by advancing the implementation of our 'OneMining' set-up. This includes streamlining our global ERP landscape and establishing the principal company model, ensuring greater efficiency and alignment across our operations.

Further, we will continue the roll-out of our newly defined corporate model, in which we will consolidate corporate functions into a smaller and leaner corporate centre, with the aim of fostering clearer accountability and stronger collaboration while at the same time reducing overhead costs. In addition, we will continue with the establishment of our global business centres, targeting greater efficiency, lower costs and improvements in the overall quality and delivery of support services across the organisation.

Finally, we will be strengthening our commercial focus with the aim of laying a solid foundation for sustained, long-term organic growth. A key enabler will be the optimisation of our supply chains to enhance efficiency and reliability for our customers. We also plan to expand our market coverage to better service our global Mining customers, deepen customer intimacy by fostering stronger relationships and understanding their evolving needs and drive continued product innovation to stay ahead in a competitive marketplace. These initiatives are designed to position us for future success, ensuring we deliver exceptional value to our customers and ultimately, to our shareholders.

Thank you for your continued support

In closing, we would like to extent our sincere gratitude to all our FLSmidth colleagues around the world for their continued hard work and unwavering dedication, forming a key driver of the continued success of the transformation of our company.

At the same time, we would like to take this opportunity to thank our customers, suppliers, partners and shareholders for their continued trust, support and collaboration, and we look forward to continuing this journey with you in 2025.

Tom Knutzen
Chair

Mikko Keto
CEO

01

Highlights

Financial performance highlights 2024

Mining

Order intake DKKm
▼ -6.2%
15,275

2024	15,275
2023	16,280

Revenue DKKm
▼ -9.1%
15,548

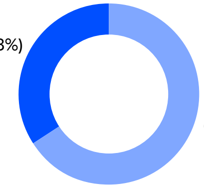
2024	15,548
2023	17,107

EBITA & EBITA margin DKKm – %
▲ 33.7%
1,839

2024	1,839
2023	1,375

11.8% (adj. 13.1%)

Revenue split by Service & Products %



34% (2023: 38%)
66% (2023: 62%)
Service
Products

Cement

Order intake DKKm
▼ -22.3%
3,800

2024	3,800
2023	4,888

Revenue DKKm
▼ -26.5%
4,447

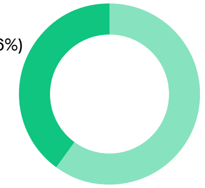
2024	4,447
2023	6,048

EBITA & EBITA margin DKKm – %
▼ -18.4%
333

2024	333
2023	408

7.5% (adj. 9.1%)

Revenue split by Service & Products %



40% (2023: 46%)
60% (2023: 54%)
Service
Products

Non-Core Activities

Order intake DKKm
▼ -72,1%
58

2024	58
2023	208

Revenue DKKm
▼ -79.8%
192

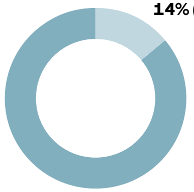
2024	192
2023	951

EBITA & EBITA margin DKKm – %
▲ -41.2%
(203)

2024	(203)
2023	(345)

-105.7%

Revenue split by Service & Products %



14% (2023: 32%)
86% (2023: 68%)
Service
Products

Group

Order intake DKKm
▼ 10.5%
19,133

2024	19,133
2023	21,376

Revenue DKKm
▼ -16.3%
20,187

2024	20,187
2023	24,106

EBITA & EBITA margin DKKm – %
▲ 36.9%
1,969

2024	1,969
2023	1,438

9.8% (adj. 11.0%)

Cash flow from operating activities
DKKm 640 ▲ from DKKm 623 in 2023

Earnings per share
DKK 17.8 ▲ from DKK 8.7 in 2023

Net working capital ratio
10.4% ▲ from 5.7% end of 2023

NIBD/EBITDA
0.4x ◀ from 0.4x end of 2023

Sustainability performance highlights 2024

We align our business with the core principles of environmental, social and governance responsibilities. In 2024, we continued to progress on our sustainability efforts with solid improvements across all our Science Based Targets as well as on all key performance metrics.

Scope 1 & 2 Greenhouse gas emissions

SCIENCE BASED TARGETS

tCO_2e (market-based)

30,638 (target 39,445)

19.4% improvement

Read more page 86

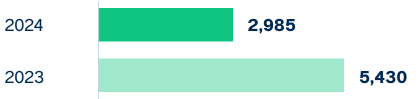
Scope 3 Economic intensity (use of sold products)[2]

SCIENCE BASED TARGETS

tCO_2e/DKKm order intake

2,985 (target 4,065 by 2030)

45.0% improvement



Read more page 86

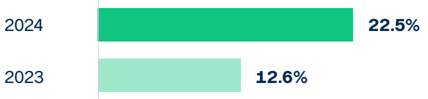
Spend with suppliers with science-based targets

SCIENCE BASED TARGETS

Percentage of total spend

22.5 (target 15%)

9.9%-points improvement



Read more page 86

Safety

Rate of recordable work-related accidents /million working hours

2.3 (target 1.1)

0.4 improvement

Read more pages 115-116

Women managers

Percentage of all managers

16.4 (target 18.4%)

0.1%-points improvement

Read more pages 116-117

Water

m^3

156,022 (target 192,738)

6.9% improvement

Read more page 101

EU taxonomy - aligned revenue

Percentage of total revenue

9.9

3.7%-points improvement

Read more page 90

5-year key figures

DKKm	2020	2021	2022*	2023	2024
Income statement					
Revenue	16,441	17,581	21,849	24,106	20,187
Gross profit[1]	3,865	4,180	5,076	5,960	6,465
EBITDA	1,134	1,401	1,300	1,761	2,257
EBITA	771	1,030	943	1,438	1,969
EBIT	428	668	619	1,200	1,738
Financial items, net	(47)	(81)	(67)	(146)	(180)
EBT	381	587	552	1,054	1,558
Profit for the year, continuing activities	226	374	351	672	1,030
Loss fo the year, discontinued activities	(21)	(17)	1	(181)	0
Profit for the year	205	357	352	491	1,030
Orders					
Order intake, continuing activities	18,524	19,233	24,644	21,376	19,133
Order backlog, continuing activities	14,874	16,592	23,541	17,593	15,214
Earning ratios					
Gross margin[1]	23.5%	23.8%	23.2%	24.0%	32.0%
EBITDA margin	6.9%	8.0%	5.9%	7.3%	11.2%
EBITA margin	4.7%	5.9%	4.3%	6.0%	9.8%
EBIT margin	2.6%	3.8%	2.8%	5.0%	8.6%
EBT margin	2.3%	3.3%	2.5%	4.4%	7.7%
Cash flow					
Cash flow from operating activities (CFFO)	1,421	1,449	968	623	640
Acquisitions of property, plant and equipment	(171)	(116)	(88)	(176)	(384)
Cash flow from investing activities (CFFI)	(376)	(273)	(2,310)	(257)	(508)
Free cash flow	1,045	1,176	(1,342)	366	132
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	1,082	1,185	777	201	7
Balance sheet					
Net working capital	1,752	1,058	1,893	1,382	2,107
Net interest-bearing debt (NIBD)	(1,808)	889	(726)	(639)	(847)
Total assets	20,456	23,053	29,845	27,011	26,935
CAPEX	494	397	424	604	831
Equity	8,130	10,368	10,787	10,828	11,781
Dividend to shareholders, proposed	103	173	173	231	461

[1] 2023 information has been restated to reflect a reclassification of costs from Administrative costs to Production costs. Prior years have not been restated. More information can be found in note 7.1

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

DKKm	2020	2021	2022*	2023	2024
Financial ratios					
Book-to-bill	112.7%	109.4%	112.8%	88.7%	94.8%
Order backlog / Revenue	90.5%	94.4%	107.7%	73.0%	75.4%
Return on equity	2.4%	3.9%	3.3%	4.5%	9.1%
Equity ratio	39.7%	45.0%	36.1%	40.1%	43.7%
ROCE, average	5.1%	7.2%	5.9%	8.2%	11.0%
Net working capital ratio, end	10.7%	6.0%	7.8%	5.7%	10.4%
NIBD / EBITDA	1.6x	(0.6)x	0.6x	0.4x	0.4x
Capital employed, average	15,195	14,384	15,888	17,552	17,867
Number of employees	10,639	10,117	10,977	9,377	7,739
Share ratios					
Cash flow per share, diluted	28.3	27.8	17.0	10.9	11.2
Earnings per share (EPS), diluted	4.2	6.9	6.5	8.7	17.8
Dividend yield	0.9	1.2	1.2	1.4	2.2
Dividend per share, proposed	2	3	3	4	8
Share price	232.8	244.3	251.7	287.2	356.0
Number of shares (1,000), end	51,250	57,650	57,650	57,650	57,650
Market capitalisation, end	11,931	14,084	14,511	16,557	20,523
Sustainability key figures					
Spend with suppliers with science-based targets**		4.9%	7.7%	12.6%	22.5%
Scope 1 and 2 greenhouse gas emissions (tCO_2e) market-based	41,155	34,737	39,079*	38,022	30,638
Scope 3: Economic intensity Use of sold products (tCO_2e/DKKm order intake)**		10,348***	5,461**	5,430	2,985
Water withdrawal (m^3)	197,346	201,997	178,064	167,610	156,062
Safety, Rate of recordable work-related accidents/ million working hours **	1.0	1.9	1.5	2.7	2.3
Women managers	13.1%	14.3%	14.3%	16.3%	16.4%
EU taxonomy - aligned revenue			1.4%	6.2%	9.9%
Other key figures					
Quality, DIFOT Delivery In Full On Time	88.3%	85.1%	81.9%	81.9%	82.7%

The financial ratios have been computed in accordance with the guidelines of the Danish Finance Society. Refer to note 7.8 for definitions of terms.

* Mining Technologies is included for the last four months of 2022. 2022 Scope 1 and 2 (market based) was updated to reflect Mining Technologies.

** Sustainability key figures are from our Sustainability Report. Starting in 2018, TRIR is including contractors. Spend with suppliers with science-based targets was tracked for the first time in 2021. Scope 3 economic intensity was a new target introduced in 2021 using 2019 data as baseline. No data was tracked for economic intensity in 2020. 2019 baseline has been recalculated to include Mining Technologies which is reflected in 2022 reported number.

*** Reported lifetime greenhouse gas emissions for 2021 have been recalculated by 631 tonnes CO_2e due to two orders moved from 2021 to 2022 to align with the effective Order Intake date

2025 financial guidance

In 2024, we reported revenue, Adjusted EBITA margin and EBITA margin in line with our latest financial guidance (ref. Company Announcement no. 11-2024). The financial guidance for the full year 2025 reflects the ongoing business simplification and transformation efforts, continued improvement in the core Mining business and the effects from the strategic initiatives implemented in the Cement business.

Mining

Revenue (DKKbn)

~15.0

(DKK 15.5bn)

Adj. EBITA margin

13.5-14.0%

(13.1%)

Compared to 2024, we expect market demand in the Mining Service business to remain stable and active, whereas market demand in the Mining Products business is expected to remain soft.

The guidance for the Adjusted EBITA margin excludes transformation and separation costs of around DKK 200m for the full year 2025. Further, the Adjusted EBITA margin is expected to be positively impacted by additional business simplification initiatives as well as organisational restructuring.

Cement

Revenue (DKKbn)

~4.0

(DKK 4.4bn)

Adj. EBITA margin

9.0-9.5%

(9.1%)

We expect the short-term outlook for the cement industry to remain impacted by macroeconomic uncertainty. The guidance for revenue reflects the divestment of the MAAG business completed in 2024.

The guidance for the Adjusted EBITA margin excludes transformation and separation costs of around DKK 50m for the full year 2025.

Group

Revenue (DKKbn)

~19.0

(DKK 20.2bn)

Adj. EBITA margin

12.5-13.0%

(11.0%)

EBITA margin

11.0-11.5%

(9.8%)

The Consolidated Group guidance reflects the sum of the guidance for the two business segments.

The guidance for 2025 is subject to uncertainty due macroeconomic uncertainty and geopolitical turmoil.

Note: Numbers in brackets represent actual full-year 2024 financial results.

Long-term financial targets

Our long-term financial targets for the full year 2026, originally announced in connection with our Capital Markets Day on 18 January 2023, are re-confirmed.

Mining

13-15%

EBITA margin for the full year 2026

Cement

~8%

EBITA margin for the full year 2026

Capital structure targets

<2x

Leverage (NIBD/EBITDA)

30-50%

Dividend pay-out ratio

Based on our full year 2025 guidance, we directionally expect our organic Mining revenue growth (CAGR towards FY2026) to be above market growth.

We expect this to be driven by our Products business growing in line with the market and our Service business growing above the market. We expect the mining market to grow at 3-6% (CAGR) over a business cycle.

The key drivers for achieving our Mining EBITA margin target for the FY2026 include synergy takeout and commercial integration of Mining Technologies, simplification of our operating model, de-risking, Service business growth, improved Service and Products mix as well as growth from our Products business.

Based on our full year 2025 guidance, we directionally expect our organic Cement revenue (CAGR towards FY2026) to grow in line with GDP growth in the markets where we are present.

In the short to mid-term period, we expect a negative impact from recession on our Products revenue, while we expect our Service revenue to remain largely stable. In the long-term, we expect both Products and Service revenue to grow in line with GDP growth.

The key drivers for achieving our Cement EBITA margin target for the FY2026 include simplification of our operating model, de-risking, Service business growth from increased installed base penetration as well as improved Service and Products mix.

Our capital allocation is focused on having a strong balance sheet while allowing for growth investments and value-adding M&A. Excess cash may be distributed either via extraordinary dividends or share buyback programmes. In addition, directional expectations for cash flow generation include:

- Net working capital ratio to sales is expected to increase towards 15% for the FY2026 driven by Service business growth.
- Expected annual CAPEX ratio to sales of 2-3% with investments mainly driven by green technologies and supply chain investments.
- Effective tax rate expected to be reduced from business simplification.

02

Business

FLSmidth at a glance

We are a leading supplier of productivity and sustainability solutions to the global mining and cement industries. We enable our customers in Mining and Cement to move towards zero emissions by 2030.

Mission Zero Towards zero emissions by 2030

1882	**7,739**	**150+**	**60+**	**20.2bn**
Danish company founded more than 140 years ago	employees using their unique knowledge and capabilities to meet our customers' needs	countries across the globe where we serve customers	countries across the globe where we have a local presence	in consolidated Group revenue in 2024 (DKK)

FLSmidth Group in the world

North America
NAMER

26% Share of revenue (23%)

23% Share of employees (19%)

South America
SAMER

26% Share of revenue (25%)

17% Share of employees (20%)

Europe, Middle East & Africa
EMEA

20% Share of revenue (20%)

26% Share of employees (30%)

Asia & Australia
APAC

28% Share of revenue (32%)

34% Share of employees (31%)

Note: Numbers in brackets are comparative 2023 figures.

Strategy and business model

Fundamentals of our business

Demand for metals and minerals is constantly increasing, driven by global economic development and the energy transition. The United Nations Environment Programme (UNEP) estimates that "half of buildings that will exist by 2050 have not yet been built" and the International Energy Agency (IEA) states that "mineral demand for clean energy technologies [...] almost triples by 2030 and quadruples by 2040 in the Net-Zero Emissions Scenario".

Our customers are committed to meeting the world's demands for these metals and minerals. They face a triple challenge: producing more, more sustainably, and under more difficult conditions.

In mining, new discoveries and mine developments have decreased in the last decades, and miners are focusing on getting more out of existing operations to meet demand. As they increase production, our customers need to manage increasing operational challenges. These include declining ore grades, exploration and development of more remote and intricate deposits, interest rates and financing challenges, intensifying regulations, and geopolitical uncertainties. They also want and need to improve sustainable production methods (e.g., by reducing emissions, minimising power consumption, and conserving water).

> We continue to believe that global economic development and the green transition offer attractive long-term growth opportunities for the Cement business.

Pure-play strategy

From 2024, Mining and Cement started to operate as independent 'pure-play' businesses and on 29 January 2024 FLSmidth announced it's intention to explore divestment options for the Cement business.

The Mining and Cement businesses are different in terms of market dynamics and industry fundamentals. In addition, the synergies, overlap in customer base and overlap in product offerings between the two businesses are limited. By separating the two businesses, both benefit from increased operational flexibility, strong accountability and improved financial transparency. This allows them to focus on their own unique opportunities and challenges, and thus maximise their respective full potential.

In 2024, we have simplified and right-sized the Cement business to further strengthen its market-leading position, improve profitability and make it fit-for-purpose with a strategic focus on the core products and services required in the cement industry. We continue to believe that global economic development and the energy transition offer attractive long-term growth opportunities for the Cement business.

However, unlocking the full potential of the Cement business requires substantial investments and dedicated management attention, which we believe will be more easily achieved under a different ownership structure.

> Mineral demand for clean energy technologies [...] almost triples by 2030 and quadruples by 2040 in the NZE Scenario.
>
> **The IEA**

The objective of a fully implemented 'pure-play' approach is not only to enable the Cement business to maximise its full potential but also to focus on strengthening our Mining business' market-leading position as a full flowsheet technology and service provider to the global mining industry.

In 2024, we have increased our focus on growth and portfolio management, elevating the responsibility for the pumps, cyclones and valves (PC&V) product line to the Group Executive Management and continuing our efforts to wind-down the activities within the Non-Core Activities (NCA) segment.

Our business model

Over the past 140 years, FLSmidth has grown into a global market leader in Mining and Cement. We deliver full flowsheet technologies and services, optimising asset efficiency while managing risk and prioritising environmental impact to meet the world's demands for metals and minerals.

Our value proposition is to empower our customers to optimise production and meet global metals and mineral demands responsibly. This proposition is anchored in our industry expertise, a foundation built on trust and proficiency, a team of highly skilled professionals, a significant installed base and a commitment to sustainability and technological innovation.

Two market dynamics are the foundation for our business model: capital investments and production levels.

Capital investments include new capacity and capacity expansions as well as replacements and upgrades in existing facilities, allowing us to introduce advanced technology and innovations for new sites and modernise current operations. Capital investments are cyclical, lumpy and subject to general and customer-specific economic conditions.

Steadily growing production levels drive the profitability and operating expenses of our customers, including the day-to-day costs of energy, maintenance, labour, water recycling and other materials. Our expertise is crucial in enhancing operational efficiency for our customers, and we leverage our large installed base to build a stable, recurring service business.

With less greenfield mining and fewer new cement plants being built, our overall strategic focus in Mining and Cement is shifting towards a service-centric business. We pursue fewer large, complex orders and target more high-margin service offerings.

Our ethos of 'value over volume' guides our business management. The products we supply often generate business opportunities far exceeding their initial investment over their lifecycle. We support our customers throughout this lifecycle, capturing a substantial share of service-related revenue. Lifecycle profitability is a key consideration in our decision-making and contract engagements, with set profitability guidelines for both our Service and Products businesses and their combined lifecycle offerings. Innovation and R&D are prioritised to align with our sustainability and service-focused objectives.

Our strategy emphasises an asset-light model and a streamlined setup. Localising our service footprint whilst consolidating our supply chain as well as our manufacturing and assembly centres are key. This ensures organisational efficiency and prompt delivery.

Our company values

Our values

Our transformation and strategy execution are truly rooted in our company values, encapsulated as 'TEACH' - trust, empowerment, accountability, collaboration, and honesty. These values foster strong internal engagement and shape our interactions with customers, business partners, suppliers, shareholders and communities.

People & Engagement

People are at the centre of FLSmidth. Our role in the green transition and the transformation journey we have embarked on are inspirational and to deliver, we need talented colleagues who share the FLSmidth values and ambitions going forward. As we operate a global business with more than 100 nationalities, finding the right people, developing them and retaining them remain key to FLSmidth's future success. Diversity, equity, and inclusion are therefore important elements in our continuous search for innovation and operational excellence across the company. We have a strong focus on our global employer branding, in-house talent development and the well-being of our employees. We continue to conduct monthly wellbeing and engagement surveys globally to obtain dynamic feedback.

We believe that diverse teams perform better and focus on ensuring that our organisation is diverse in terms of gender, background, education, nationalities, etc. All managers and employees have a role in creating a diverse and inclusive organisation.

Trust

We are trustworthy and believe others are as well

Empowerment

We have the necessary autonomy to drive results

Accountability

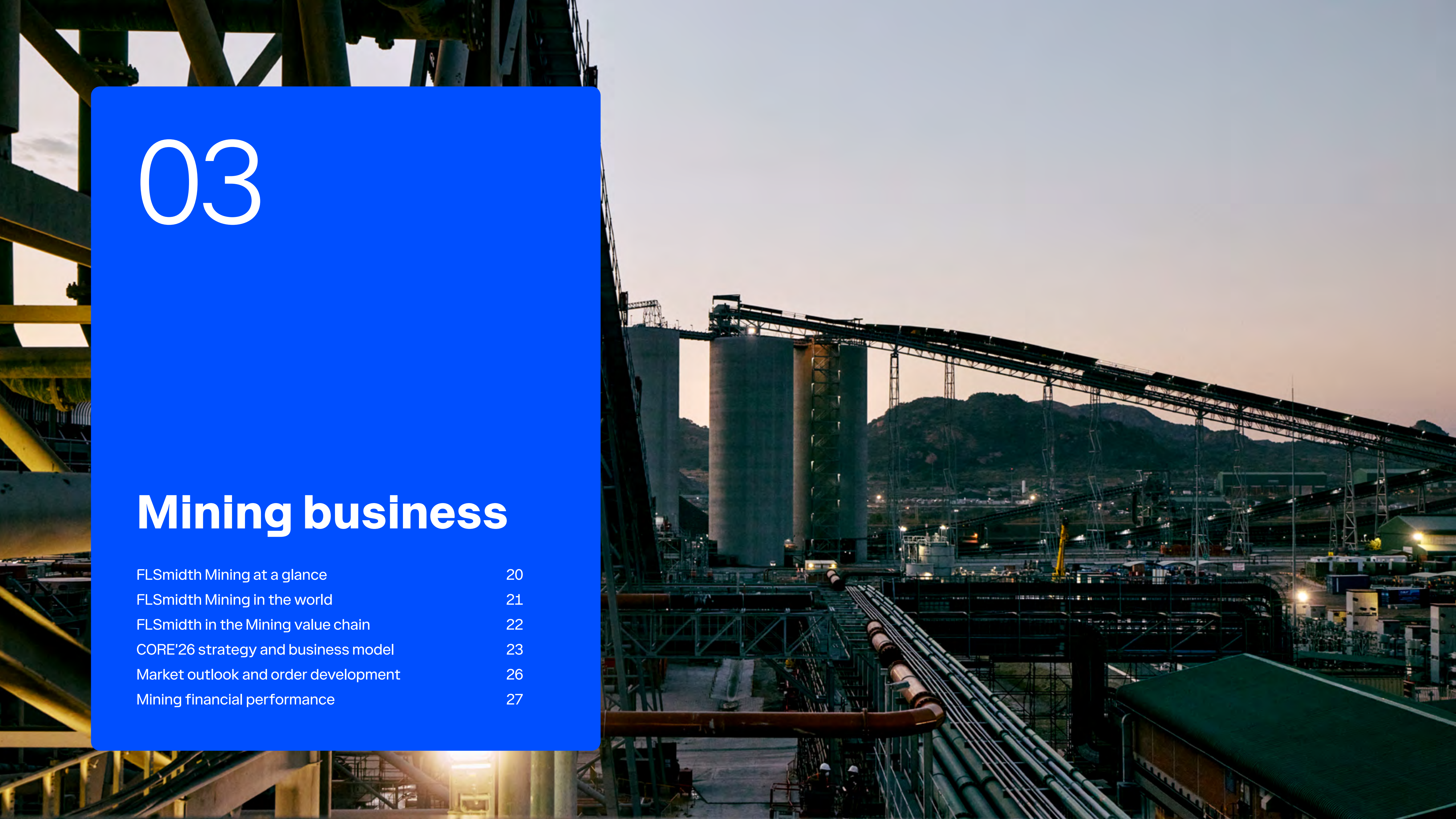
We take ownership to get it done

Collaboration

We proactively work together to achieve success

Honesty

We are transparent and act with good intent



03

Mining business

FLSmidth Mining at a glance

FLSmidth is a leading, full flowsheet minerals processing supplier to the global mining industry. We deliver proven technologies and services across the lifecycle of operations, and have set targets of providing solutions for zero-emissions mining by 2030 with our MissionZero programme.

Mission Zero Towards zero emissions by 2030

15.5bn	66/34%	~50%	5,737
2024 revenue (DKK)	2024 Service vs. Products revenue split	exposure to minerals critical to the green transition	Employees (end 2024)

FLSmidth Mining in the world

North America
NAMER

25%

Share of revenue (22%)

South America
SAMER

31%

Share of revenue (31%)

Europe, Middle East & Africa
EMEA

16%

Share of revenue (14%)

Asia & Australia
APAC

28%

Share of revenue (33%)

Note: Numbers in brackets are comparative 2023 figures.

We are a full flowsheet technology and service supplier for sustainable mineral processing

The solutions we provide build on our deep industry knowhow and expertise, our highly skilled employees, our large installed base and world-class offerings.

Our proven technologies empower mining operations to enhance productivity, lower costs, improve safety, and reduce environmental impact. From the primary crusher onwards, we offer the full flowsheet of mineral processing equipment, across commodities, and tailored to our customers' specific application requirements.

Mining value chain

CORE'26 strategy and business model

Executing our Strategy

Our CORE'26 strategy continues to form the basis for strong performance and consistent value creation, as we progress on our transformation towards a more resilient and profitable mining technology and service business. In 2024, we have continued to implement the strategic choices defined in CORE'26.

In our strategic journey, we are shifting focus from transforming the business and portfolio towards setting FLSmidth up for longer-term growth.

Early in the year, we elevated the responsibility for the pumps, cyclones and valves (PC&V) product line to the Group Executive Management. With the wind-down of the NCA segment and the increased focus on the PC&V product line, we have adjusted our business portfolio for growth, and with the acquisition of Farnell-Thompson Applied Technologies Inc., we have strengthened our market-leading portfolio in milling and grinding.

In our service business, we have extended our service centre network and continued our investments into consumables and improving the 'ease of doing business' with FLSmidth.

We leverage our unique knowledge of processes, equipment, applications and digital solutions to create value through our growing suite of digital-enabled optimisation services, adding advanced sensor technology to our portfolio and launching a state-of-the-art digital technology centre.

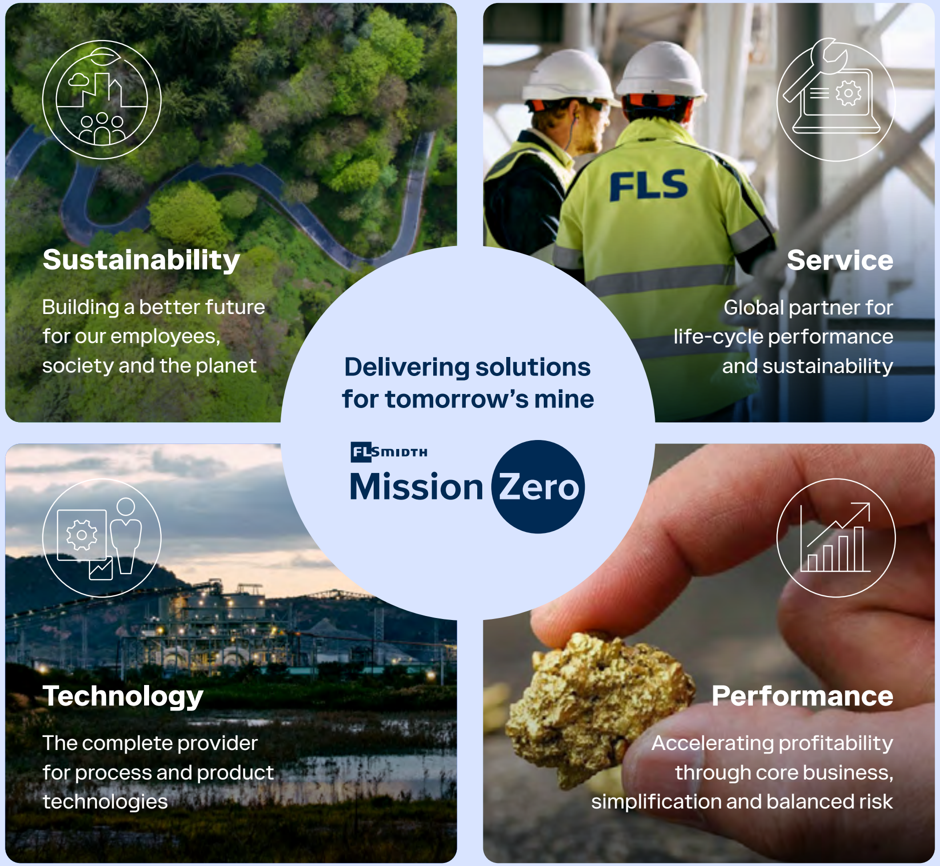
Purpose

Our purpose is *'Mining for a sustainable world''*. Mining is crucial to the global energy transition and the future demands from the growing middle-class population worldwide. The road to net-zero emissions requires an extraordinary increase in the supply of minerals essential to the energy transition, including copper, lithium, nickel and cobalt.

We are empowering the future of mining: We provide miners with the knowledge, technology and support they need to enhance their minerals processes efficiently.

Our goal is to help them meet the increasing global demand for minerals in a responsible and sustainable manner.

Delivering solutions for tomorrow's mine



Trust / Empowerment / Accountability / Collaboration / Honesty

Mission

Our mission is 'delivering solutions for tomorrow's mine'. We continue to leverage our ability to innovate, improve and produce world class offerings across the full flowsheet and lifecycle.

Focus areas

Our CORE'26 strategy has four focus areas:

- Sustainability
- Technology
- Service
- Performance

These focus areas are further detailed into concrete strategic initiatives for each Business Line, linked to goals and cascaded through the organisation. This ensures alignment between strategic ambitions and operational execution, strengthening our ability to deliver on our targets across our business.

Sustainability

Building a better future for our employees, society and the planet.

As a key sustainability partner for our customers, we have a significant impact across the value chain. Sustainability at FLSmidth has two dimensions:

- Firstly, through our customer-centric, technology-based sustainability programme, MissionZero. We have set targets of providing solutions for zero-emissions mining by 2030 and we help our customers accelerate towards more sustainable operations. This is strategically important for them to maintain their license to operate and to receive permits for developing new mines.
- Secondly, we address the impact of our own operations, and those of our suppliers. We set relevant targets and corresponding actions related to material issues which include addressing our scope 1, 2 and 3 emissions in accordance with the Science Based Targets initiative, committing to product stewardship, creating a safe, diverse workplace for our people and establishing clear standards for our suppliers.

Our market-leading High Pressure Grinding Rolls (HPGR) technology and the related capital and service orders in 2024 are a prime example of a high-tech product with a major impact on sustainability and a captive service opportunity.

Technology

The complete provider for process and product technology.

As a technology leader, we are in a unique position to enable our customers to move towards mining for a sustainable world. Our investments into innovation and digitalisation are critical to remain a market leader and to deliver on our mining strategy.

Our customers in mining are facing increasing operational challenges. These lead to more complex and costly operations that challenge their performance. This calls for advanced technical solutions, which is where FLSmidth has a leading position and a competitive edge.

A key example is the acquisition of TIPCO Tudeshki Industrial Process Control GmbH (Tipco). With the addition of Tipco's ground-breaking sensor technology we are further strengthening our offering for the optimisation of the grinding circuit. This plays a crucial part in maximising productivity and operational efficiency of the overall processing plant.

It also illustrates how digitalisation has become a natural and integral part of our product portfolio. The benefits to our customers are clear: increased productivity through optimisation, more reliable operations, increased up-time through proactive, predictive and increasingly prescriptive maintenance. Our strong digital capabilities are founded on our experience in digitalising the full flowsheet. This positions us as a market leader in analysing and understanding performance data.

2024 also marked the launch of our Global PerformanceIQ Hub, a state-of-the-art digital technology centre to help maximise mining customers' plant potential.

Service

Global partner for life-cycle performance and sustainability.

Service is at the heart of our business – it is the key to customer productivity and the main driver of our profitability. As a leader in the industry with a significant installed based across the world, leveraging this is key to our future success. A higher service share allows us to maintain a healthy, stable business despite the cyclical nature of the industry.

In 2024, we have further extended our network of service centres that offer a full range of services, including repairs, upgrades, and rebuilds, all aimed at extending the lifespan of our customers' mining equipment and enhancing their productivity.

We also continued to optimise our 'back end' service processes and our supply chain network, focusing on faster turnaround times for quotes and deliveries and precise delivery estimates and times.

Performance

Accelerating profitability through core businesses, simplification and balanced risk.

Our portfolio transformation and the successful execution of the initiatives within the Sustainability, Technology and Service focus areas ultimately contribute to our overall performance and growth.

With the perspective of FLSmidth being a standalone and 'pure-play' mining business, we have also continued to simplify our organisational setup with a smaller corporate center, more decision power in the operational business units and a modern, globally unified ERP landscape.

How we create value

We depend on

Our people and engagement
We recognise the importance of attracting, developing and retaining a highly qualified, diverse and value-based workforce.

Our industry know-how
Our solutions are built on our deep industry know-how, strong customer relationships, our large installed base, solid supplier networks and world-class offerings.

Our financial strength
Our solid and flexible capital structure supports our strategic journey and continued shareholder value creation.

Solid market fundamentals
Despite ongoing global macroeconomic and geopolitical turmoil, the long-term demand for minerals and metals remains resilient.

Delivering solutions for tomorrow's mine

CORE'26

Technology
As a technology leader, we are in a unique position to enable our customers to move towards mining for a sustainable world.

Performance
The successful execution of the initiatives identified within the Sustainability, Technology and Service focus areas ultimately contribute to our overall performance and growth.

Sustainability
As a key sustainability partner for our customers, we can drive significant progress across the industry value chain.

Service
Service is at the heart of our business. As a leader in the industry with a significant installed based across the world, leveraging this is key to our future success.

Value created for

Our customers
Based on a deep knowledge of customer needs, we help them overcome challenges, enhance efficiency and improve their sustainability performances.

Our employees
Employment and working conditions must be safe, fair and non-discriminatory to ensure that FLSmidth remains an attractive workplace.

Our shareholders
Our ongoing transformation aims at delivering sustained value creation for our shareholders. In addition, we target a dividend pay-out ratio of 30-50% of net profit.

Our planet
Through MissionZero, we help our customers reduce their environmental impact of their operations through improved energy efficiency as well as greater throughput and capture rates.

Market outlook and order development

The mining service market remains stable and active with customer focus on extending equipment life and improving operational efficiency. We see persistent softness in the mining products market.

Throughout 2024, the mining service market has remained stable and active, underpinned by steady production volumes and metal prices comfortably above cost of production for most mines. Customers are continuously looking to service providers for ways of extending equipment life through upgrades & retrofits. In addition, customers show interest in services to lower cost of operation and enhancing operational efficiency through increased mineral throughput and recovery rates as well as reduced energy consumption.

During 2024, we have continued to observe a soft products market with hesitation by some customers to allocate capital expenditures for larger brownfield and greenfield projects. However, customers continue to show strong interest in smaller product solutions that drive efficiency, increase throughput, or reduce maintenance costs, such as pumps, cone crushers, and flotation and thickening upgrades.

Looking into 2025, we expect a continued stable and active service market and persistent hesitation in the mining products market, except for a brighter outlook for smaller gold projects which could materialise in 2025.

Optimism on the longer-term demand outlook persists, with metals prices, such as copper and gold, remaining relatively high and indications from engineering, procurement and construction managers (EPCMs) that larger projects may progress over the next couple of years, albeit with uncertain timing.

Order intake development in Q4 2024

Mining order intake increased by 11% compared to Q4 2023, mainly driven by a higher level of Service orders. Excluding currency effects, the order intake increased by 13%.

Service order intake increased by 14% compared to Q4 2023, driven by increased levels of orders within spare parts, upgrades & retrofits and consumables. This development was due to good activity in especially the NAMER and EMEA regions.

Products order intake increased by 3% compared to Q4 2023. No large orders were announced in neither Q4 2024 nor in Q4 2023.

During the quarter, Service and Products orders accounted for 73% and 27% of the total order intake, respectively, compared to 71% and 29% in Q4 2023.

Order intake development in 2024

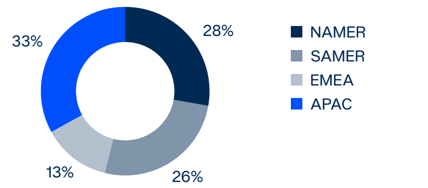
2024 order intake, decreased by 6% to DKK 15,275m compared to 2023, driven by a lower level of Products orders partly offset by an increase in Service order intake. Excluding currency effects order intake decreased by 4%.

Service order intake increased by 2% in 2024, reflecting stable and healthy market conditions for mining Service activities and good demand for consumables and upgrades & retrofits throughout the year. The increase was partly offset by a lower order intake within spare parts and professional services, with the lower order intake for professional services in part reflecting our ongoing exit from basic labour services.

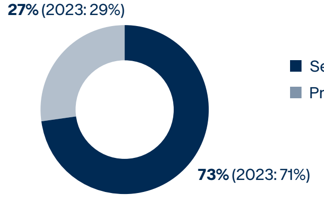
Products order intake decreased by 23% due to continued customer hesitation on large capital investments and our general de-risking approach, prioritising value over volume. Three large Products orders with a combined value of approximately DKK 1.0bn were announced in 2024 compared to five large orders with a combined value of approximately DKK 1.9bn announced in 2023.

In 2024, Service and Products order intake represented 73% and 27% of Mining order intake, respectively, compared to 67% and 33% in 2023.

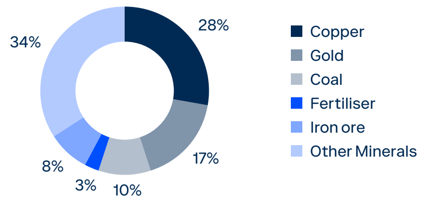
Order intake split by Region Q4 2024



Order intake split by Service and Products Q4 2024



Order intake split by Commodity Q4 2024



Mining financial performance

Revenue development in Q4 2024

Q4 2024 revenue decreased by 7% to DKK 4,178m compared to Q4 2023. Excluding currency effects, revenue decreased by 5%.

Service revenue increased by 12% compared to Q4 2023. The increase was primarily a result of higher revenue within upgrades & retrofits and professional services. The increase was partly offset by lower revenue within digital solutions and spare parts.

Products revenue decreased by 31% compared to Q4 2023, primarily reflecting the timing of the execution of certain orders as the execution of a number of Products orders was accelerated from Q1 2024 to Q4 2023 resulting in very high revenue in the quarter.

Service and Products revenue comprised 67% and 33% of total Mining revenue in Q4 2024, respectively, compared to 56% and 44% in Q4 2023, respectively.

Gross profit development in Q4 2024

Gross profit increased by 14% to DKK 1,308m, from DKK 1,148 m in Q4 2023. The corresponding gross margin increased to 31.3% as a result of good execution of higher margin orders following our de-risking strategy. The gross margins in Q4 2024 and Q4 2023 are negatively impacted by the reclassification of certain IT-related costs from sales, general & administrative (SG&A) costs to production costs. All of the effect from the reclassification was recognised in Q4 2024 and Q4 2023, respectively. Please refer to note 7.1 for more information.

EBITA development in Q4 2024

The Adjusted EBITA margin was 14.0% when excluding transformation and separation costs of DKK 48m. The higher adjusted EBITA margin was driven by the higher gross profit and a relatively unchanged SG&A costs as efforts to lower these costs were offset by hirings in key commercial areas as well as provisions related to the ongoing restructuring of the organisation. The EBITA margin increased to 12.9% from 8.7% in Q4 2023.

Mining

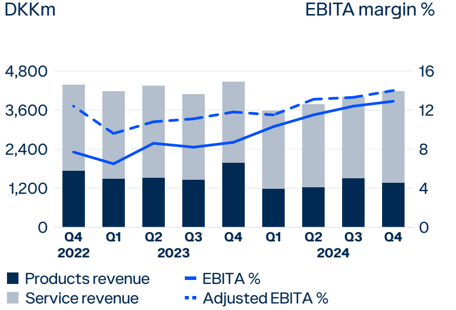
DKKm	Q4 2024	Q4 2023	Change (%)	2024	2023	Change (%)
Order intake	**3,952**	**3,568**	**11%**	**15,275**	**16,280**	**-6%**
Hereof service order intake	2,881	2,529	14%	11,108	10,871	2%
Hereof products order intake	1,071	1,039	3%	4,167	5,409	-23%
Order backlog	**11,147**	**12,267**	**-9%**	**11,147**	**12,267**	**-9%**
Revenue	**4,178**	**4,477**	**-7%**	**15,548**	**17,107**	**-9%**
Hereof service revenue	2,811	2,505	12%	10,285	10,681	-4%
Hereof products revenue	1,367	1,972	-31%	5,263	6,426	-18%
Gross profit*	**1,308**	**1,148**	**14%**	**5,056**	**4,562**	**11%**
Gross margin*	31.3%	25.6%		32.5%	26.7%	
Adjusted EBITA	**587**	**528**	11%	**2,030**	**1,856**	9%
Adjusted EBITA margin	14.0%	11.8%		13.1%	10.8%	
EBITA	**539**	**390**	**38%**	**1,839**	**1,375**	**34%**
EBITA margin	12.9%	8.7%		11.8%	8.0%	
Number of employees	5,737	6,581	-13%	5,737	6,581	-13%

* 2023 information has been restated to reflect a reclassification of DKK 110m from Administrative costs to Production costs.

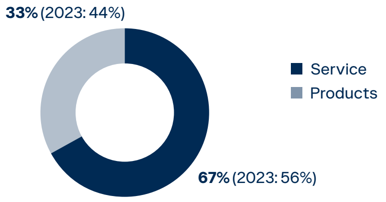
Growth in order intake and revenue in Q4 2024 (vs. Q4 2023)

	Order intake	Revenue
Organic	13%	-5%
Currency	-2%	-2%
Total growth	**11%**	**-7%**

Revenue and EBITA margin



Revenue split by Products and Service Q4 2024



Revenue development in 2024

Revenue decreased by 9%. Excluding currency effects, revenue decreased by 7%.

Mining Service revenue decreased by 4% compared to 2023 primarily as a result of lower revenue within spare parts and digital solutions.

Mining Products revenue decreased by 18% compared to 2023 reflecting the general softness of the mining products market which has persisted through the year.

Service and Products revenue comprised 66% and 34% of total Mining revenue in 2024, respectively, compared to 62% and 38% in 2023, respectively.

Gross profit development in 2024

Gross profit increased by 11% to DKK 5,056m, from DKK 4,562m in 2023. The corresponding gross margin increased to 32.5% (2023: 26.7%) as a result of good execution of higher margin orders following our de-risking strategy.

EBITA development in 2024

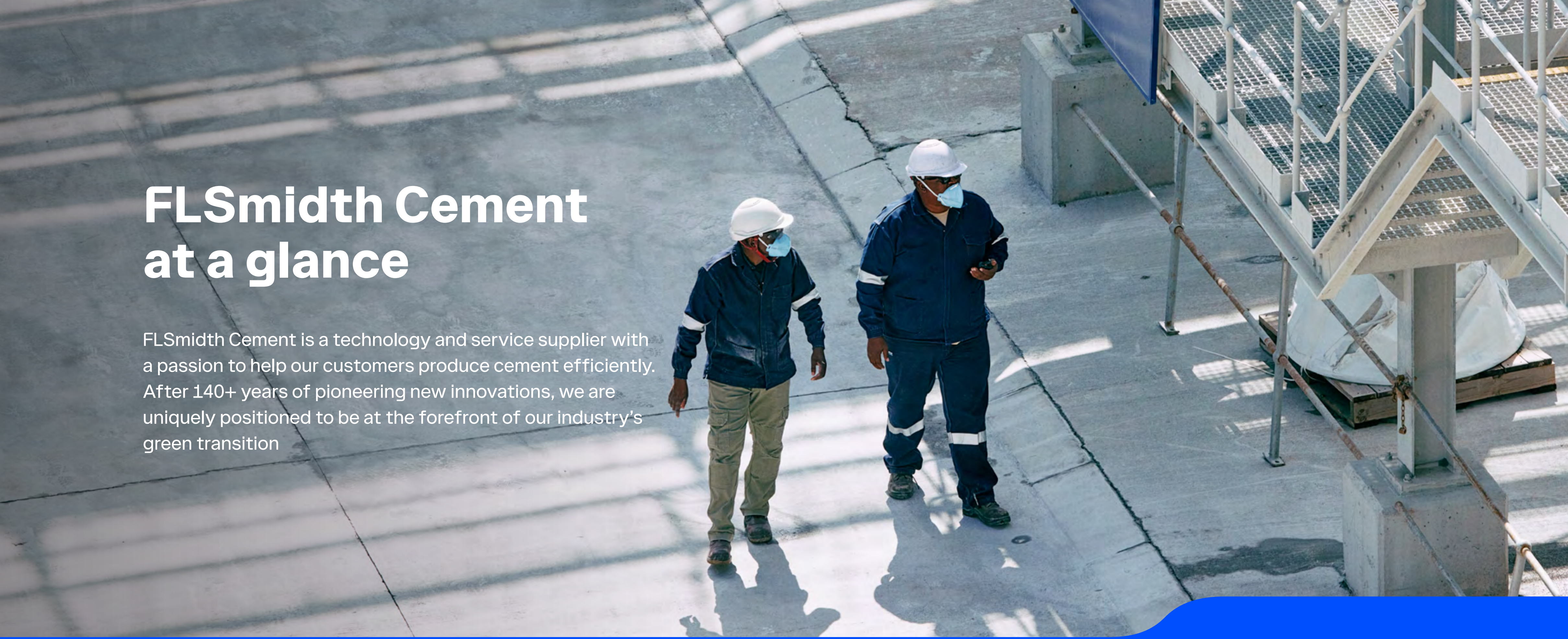
The Adjusted EBITA margin was 13.1% when adjusting for transformation and separation costs of DKK 191m. The higher Adjusted EBITA margin was driven by the higher gross profit and was partly offset by an increase in SG&A costs due to hirings in key commercial areas and provisions related to the ongoing restructuring of the organisation. The EBITA margin increased to 11.8% compared to 8.0% in 2023.

Employees

The number of employees in Mining has been reduced by 844 since the end of Q4 2023. This reduction reflects the synergy takeout related to the integration of Mining Technologies, outsourcing of certain support functions as part of the roll-out of our new corporate model and the effect of our exit from basic labour services, partly offset by new hirings in key commercial areas to fuel our long-term growth ambitions to support our CORE'26 strategy.

04

Cement business



FLSmidth Cement at a glance

FLSmidth Cement is a technology and service supplier with a passion to help our customers produce cement efficiently. After 140+ years of pioneering new innovations, we are uniquely positioned to be at the forefront of our industry's green transition

4.4bn	60/40%	+50%	1,994
2024 revenue (DKK)	2024 Service vs. Products revenue split	presence at all cement plants across the world outside of China	Employees (end 2024)

FLSmidth Cement in the world

Denmark[4]
13%
Share of revenue (14%)

US[3]
24%
Share of revenue (24%)

Indonesia[5]
5%
Share of revenue (9%)

India
13%
Share of revenue (11%)

Brazil[2]
11%
Share of revenue (8%)

Turkey[1]
9%
Share of revenue (7%)

China
4%
Share of revenue (7%)

Export
21%
Share of revenue (20%)

Clusters:
1) Turkey, Egypt, Nigeria, Pakistan, Saudi Arabia, UAE. 2) Brazil, Colombia, Mexico, Peru, 3) US, Canada
4) Denmark, Algeria, Austria, Belgium, France, Germany, Ireland, Italy, Morocco, Netherlands, Poland, Portugal, Czech, Spain, Switzerland, United Kingdom 5) Indonesia, Philippines, Thailand, Vietnam
Note: Numbers in brackets are comparative 2023 figures.

GREEN'26 strategy and business model

FLSmidth Cement continues to progress toward an enhanced service-centric and core product business model. This model is rooted in our cement customers' needs to improve productivity and reduce emissions, with a clear focus on delivering end-to-end digitalisation in the cement industry.

Key focus areas in the GREEN'26 strategy

1. We are maturing service-centricity, leveraging our market-leading reputation and presence in more than 50% of the world's cement plants, outside China, to optimise customer performance.

2. We are targeting core product-line growth via a streamlined portfolio focused on market-leading equipment, while divesting non-core product lines.

3. We are supporting the green transition through services and technologies that significantly reduce the CO_2 emissions of cement production.

4. We are putting digital at the heart, reaping the full benefit of connected assets and continuing to develop best-in-class digital tools to support real-time connectivity, profitability, and sustainability for customers.

5. We are embedding operating resiliency from adjusting our structure and processes to a service-focused business in order to ensure profitability in a volatile macroeconomic environment and evolving cement market.

Maturing service-centricity

Capitalising on our expertise and experience within the cement industry, we continue strengthening our service offering across spare parts, wear parts, and professional services. Our leading digital offerings enable us to offer

customised asset management to maximise plant value for our connected customers. This year, we built on the strategic progress seen in our seven service clusters in 2023 while further strengthening our agent and distribution channels to ensure global reach and improve service delivery beyond the core clusters.

Focusing our core product-based growth

Our exit from the project-oriented business and divestment of non-strategic product lines enabled our core product lines to focus on key leading offerings while continuing to grow our global installed base. This has been notable within Pyro and Grinding, with substantial interest in products like the OK™ mill, Cross-Bar® (CB) cooler, and HOTDISC® alternative fuel reactor. Our PFISTER®, Ventomatic®, and pneumatic transport (PT) lines continue to demonstrate value with solid growth potential. It was also an exciting year for Automation with significant updates to our flagship ECS/ControlCenter™ and ECS/ProcessExpert® solutions, while our gas analysis and QCX® quality control products continue to deliver, led by our best-in-class QCX/RoboLab® automated laboratory solution.

Our best-in-class digital tools support real-time connectivity, profitability, and sustainability for our customers.

Our Products group is also closely integrating with our Services group to bundle service offerings with new products, a trend we expect to develop and grow.

Supporting the green transition

In 2024, we commissioned our second FUELFLEX® Pyrolyzer, which allows the firing of 100% alternative fuels in the calciner while minimising NOx emissions. We also experienced good demand for our PFISTER TRW -S/D rotor weighfeeders for alternative fuels.

Interest in supplementary cementitious materials (SCMs), particularly calcined clay, was noticeable. Our Dania laboratory received considerable demand for material testing services while progress on two commercial-scale calcined clay production lines continued, with one, at VICAT's Xeuilley plant, France, in commissioning. Our OK mill is also well positioned to support increased SCM use, offering flexibility to grind various materials and switch easily between blends. Interest in the OK mill – alongside our CB cooler and Automation products – is driven by the offerings proven abilities to deliver energy reduction and efficiency goals. Notably, our CB Cooler is officially aligned with the EU Taxonomy as a result of demonstrated energy savings.

We also received strong interest from our newly launched service package, Carbon Capture Optimisation, that helps plants as they begin preparing their process for future carbon capture technology.

Digitalisation of the Cement Industry

Digital solutions are entwined with all facets of operational excellence, enabling equipment to run better and reducing equipment downtime. We can connect directly to customer assets using our IoT platform to offer real-time access from any device and 24/7 monitoring and support. Cement plants are increasingly recognising the value this brings. In 2024, we implemented more than 500 new PlantLine™ service agreements. These customisable service contracts offer cement plants rapid access to our experts for essential support and optimisation. We are also leveraging AI/data analytics alongside partners such as Carbon Re to elevate digital-enabled optimisation for optimised energy consumption, emissions reduction, and enhanced product quality.

Embedding operating resiliency

We continued to create a resilient business rooted in the needs of our cement industry customers. Our journey to operational independence progressed with new hires entering strategic positions, separation of business support functions, the consolidation of our manufacturing footprint, and investment in supply chain optimisation to better align with cement customer needs.

Market outlook and order development

Generally, global cement growth was muted in 2024, with continued decline in China as well as slow market demand in Western Europe and emerging markets, albeit with some pockets of relatively higher growth.

Demand indicators deteriorated in key Western European markets as high interest rates and national debt ratios squeezed construction and infrastructure investment. In contrast, India remained a bright spot, driven by residential and commercial construction and government infrastructure spending. Poland, Turkey, Mexico, and Nigeria also showed positive developments.

Looking ahead, emerging markets will most likely drive clinker capacity expansion to 2030, most notably India, alongside solid growth in parts of Africa, and Central Asia, and moderate growth in Southeast Asia and Latin America. In contrast, carbon regulations constrain capacity expansion in mature markets where the CAPEX focus will be on import terminals, grinding stations, and an increased use of SCMs. Tight competition, high input prices, and a growing skills shortage is expected to spur investment in optimisation, efficiency, and cost reduction efforts. Combined, these trends in mature markets will likely support demand for core products, and automation solutions. In turn, the need to fill supply gaps in mature markets is expected to support both production levels in exporting regions, and the corresponding demand for our core products, parts and services.

In the longer term, we expect increased investment in decarbonisation solutions and services, expanding beyond traditional markets, and we are already seeing signs of this trend. The Chinese cement market is also pursuing green technologies, driven by government-set targets for carbon emission reduction.

Order intake development in Q4 2024

Cement order intake decreased by 13% in Q4 2024 compared to Q4 2023. Excluding divestments and currency effects of 7%, the organic order intake decreased by 6%.

Service order intake decreased by 11% compared to Q4 2023, in large parts as a result of the divestment of the MAAG business in Q1 2024. Adjusting for the divestment, Service order intake decreased by 3%. The year-on-year decline was primarily a result of lower orders within upgrades & retrofits, partly offset by a higher order intake within spare parts and professional services.

Products order intake decreased by 18% compared to Q4 2023. The year-on-year decline was in large parts driven by the impact of recent divestments as well as the continued pruning of the product portfolio and our exit from project-oriented business with significant risk profiles and lower margins.

Service and Products comprised 76% and 24% of the total Cement order intake in Q4 2024, respectively, compared to 74% and 26% in Q4 2023.

Order intake development in 2024

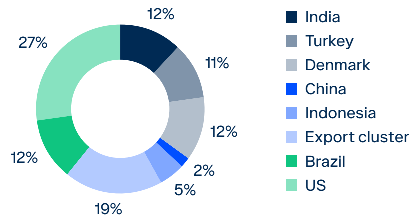
Cement order intake declined by 22% compared to 2023. Excluding divestments and currency effects of 5%, the organic order intake decreased by 17%.

Service order intake decreased by 11% compared to 2023, mainly due to the effect of the divestment of the AFT business in Q3 2023 and of the MAAG business in Q1 2024. The decrease was partly offset by an increase in orders for spare parts as well as for professional services.

Products order intake decreased by 43% compared to 2023, driven by the impact of divestments, continued pruning of the product portfolio and de-risking of the order intake.

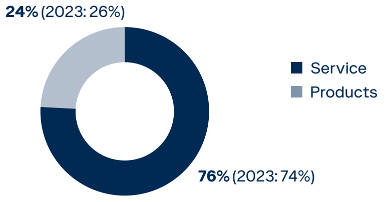
Service and Products comprised 74% and 26% of the total Cement order intake in 2024, respectively, compared to 65% and 35% in 2023.

Order intake split by cluster in Q4 2024 (vs. Q4 2023)



* For information on clusters refer to page 31

Order intake split by Service and Products Q4 2024



Cement financial performance

Revenue development in Q4 2024
Revenue decreased by 22% compared to Q4 2023. Excluding the effect from divestments and currencies of 7%, revenue decreased organically by 15%.

Service revenue decreased by 7% compared to Q4 2023 mainly due to the divestment of the MAAG business in Q1 2024.

Products revenue decreased by 41% compared to Q4 2023 driven by the impact from the divestment of the MAAG business as well as the continued pruning of the product portfolio and our exit from project-oriented business with significant risk profiles and lower margins.

Service and Products comprised 66% and 34% of total Cement revenue in Q4 2024, respectively, compared to 55% and 45% in Q4 2023, respectively.

DKKm	Q4 2024	Q4 2023	Change (%)	2024	2023	Change (%)
Order intake	**909**	**1,044**	**-13%**	**3,800**	**4,888**	**-22%**
Hereof service order intake	688	775	-11%	2,820	3,160	-11%
Hereof products order intake	221	269	-18%	980	1,728	-43%
Order backlog	**3,856**	**4,795**	**-20%**	**3,856**	**4,795**	**-20%**
Revenue	**1,091**	**1,397**	**-22%**	**4,447**	**6,048**	**-26%**
Hereof service revenue	718	769	-7%	2,685	3,246	-17%
Hereof products revenue	373	628	-41%	1,762	2,802	-37%
Gross profit*	**445**	**328**	**36%**	**1,459**	**1,502**	**-3%**
Gross margin*	40.8%	23.5%		32.8%	24.8%	
Adjusted EBITA	**93**	**n/a**		**404**	**n/a**	
Adjusted EBITA margin	8.5%	n/a		9.1%	n/a	
EBITA	**89**	**103**	**-14%**	**333**	**408**	**-18%**
EBITA margin	8.2%	7.4%		7.5%	6.7%	
Number of employees	1,994	2,669	-25%	1,994	2,669	-25%

* 2023 information has been restated to reflect a reclassification of DKK 17m from Administrative costs to Production costs.

Gross profit development in Q4 2024
Gross profit increased by 36% in Q4 2024 compared to Q4 2023 as a result of the more favourable sales mix as well as continued good execution of higher-margin orders and reversal of provisions due to positive outcome from completion of legacy projects. The corresponding gross margin increased to 40.8% in Q4 2024 compared to 23.5% in Q4 2023. The gross margins in Q4 2024 and Q4 2023 are negatively impacted by the reclassification of certain IT-related costs from sales, general & administrative costs to production costs. All of the effect from the reclassification was recognised in Q4 2024. Please refer to note 7.1 for more information.

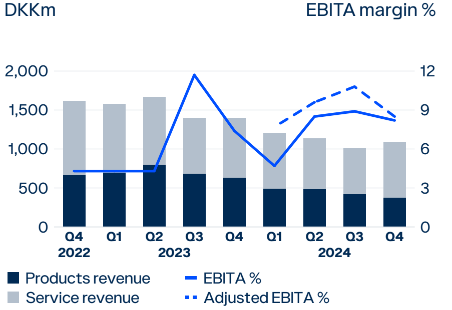
EBITA development in Q4 2024
The Adjusted EBITA margin was 8.5% when adjusting for transformation and separation costs of DKK 4m. The Adjusted EBITA margin reflected the strong gross profit partly offset by an increase in SG&A costs. EBITA decreased by 14% to DKK 89m compared to DKK 103m in Q4 2023. The corresponding EBITA margin improved by 0.8%-points to 8.2%.

Revenue development in 2024
Revenue decreased by 26% compared to 2023. Excluding the effects from divestments and currencies, revenue decreased organically by 20%.

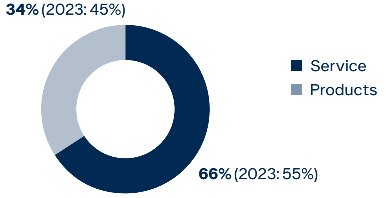
Growth in order intake and revenue in Q4 2024 (vs. Q4 2023)

	Order intake	Revenue
Organic	-6%	-15%
Divestment	-6%	-6%
Currency	-1%	-1%
Total growth	**-13%**	**-22%**

Revenue and EBITA margin



Revenue split by Service and Products Q4 2024



Service revenue decreased by 17% compared to 2023 mainly driven by the divestment of the AFT business in Q3 2023 and of the MAAG business in Q1 2024.

Products revenue decreased by 37% compared to 2023 as a result of recent divestments and the continued pruning of the product portfolio and exit from project-oriented business with significant risk profiles and lower margins.

Service and Products comprised 60% and 40% of total Cement revenue in 2024, respectively, compared to 54% and 46% in 2023, respectively.

Gross profit development in 2024

Gross profit decreased by 3% compared to 2023 primarily as a result of the lower revenue. The corresponding gross margin increased to 32.8% compared to 24.8% in 2023 driven by the more favourable sales mix as well as continued good execution of higher-margin orders.

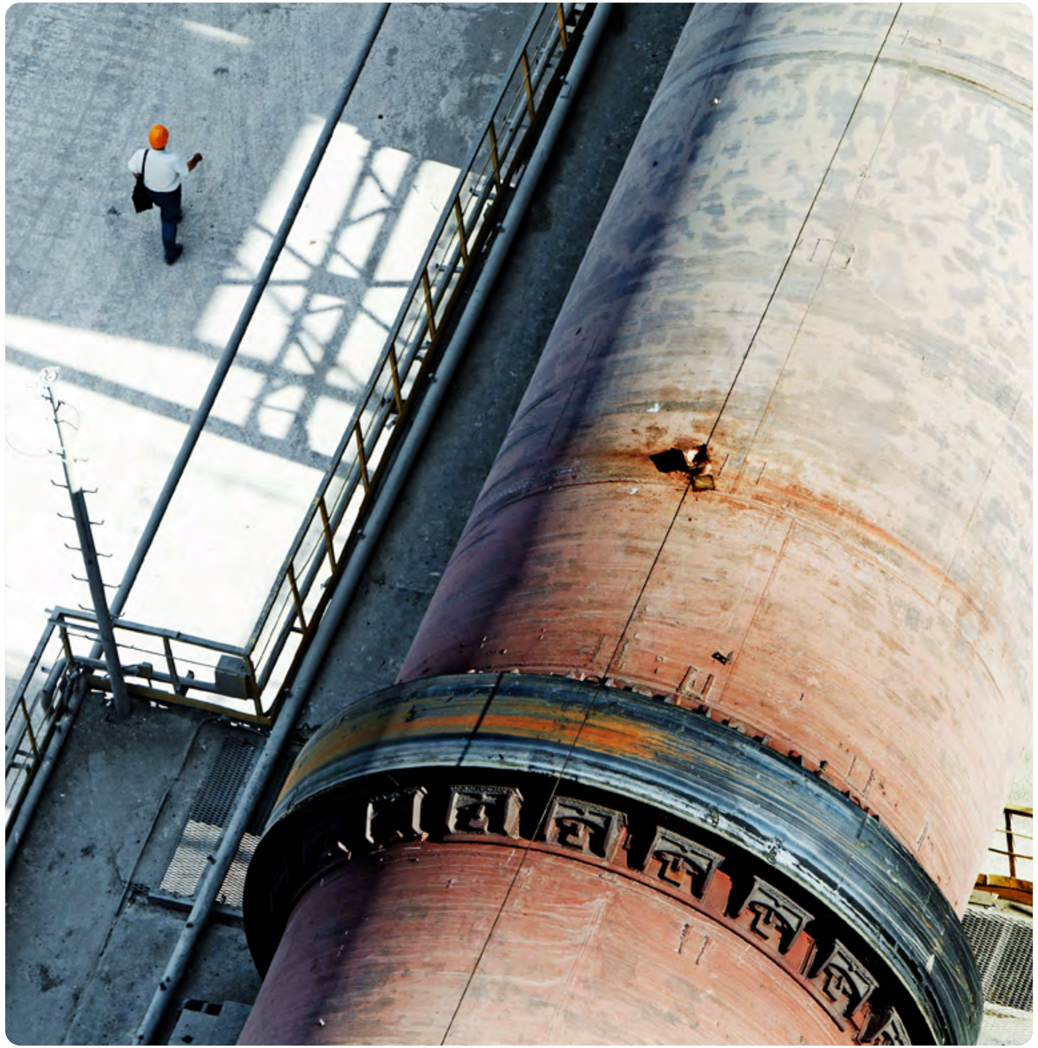
EBITA development in 2024

Excluding transformation and separation costs of DKK 71m, the Adjusted EBITA margin was 9.1%, reflecting good execution of higher-margin orders and a reduction on SG&A costs. EBITA decreased by 18% to DKK 333m compared to 2023.

Excluding the net gain of DKK 102m from the sale of the AFT business in Q3 2023 and DKK 28m from the sale of the MAAG business in Q1 2024, the EBITA margin improved by 1.8%-points to 6.9% in 2024 compared to 5.1% in 2023.

Employees

The number of employees in Cement was reduced by 675 to 1,994 compared to end Q4 2023. The reduction reflects continued optimisation of our global footprint, simplification of the operating model to improve operations and long-term profitability as well as the divestment of the MAAG business completed in Q1 2024.



05

Non-Core Activities

Non-Core Activities

The wind-down of the Non-Core Activities (NCA) segment has progressed as planned, following the successful completion of most of the activities within the segment and the termination or re-scoping of a significant portion of the order backlog.

Rationale behind the NCA segment
As part of FLSmidth's pure-play Mining strategy focusing on core products and services, the NCA segment was established in October 2022 with the mandate to fully exit all its activities.

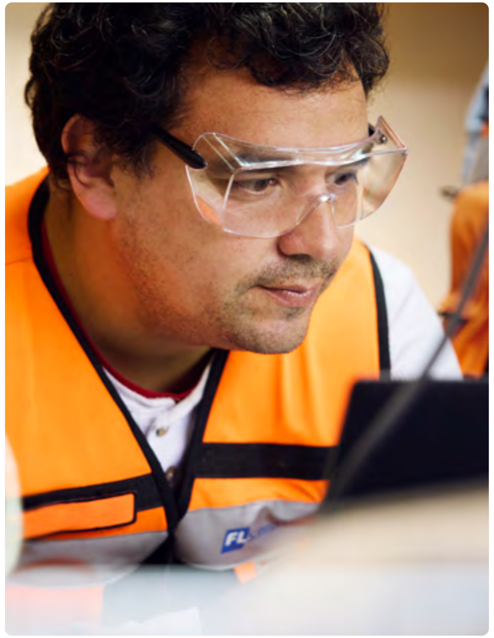
The NCA segment comprise of specific loss-making mining activities and technologies that are no longer deemed to be of core strategic importance to FLSmidth. The selection criteria for these activities and product types have been that they either offer limited or no aftermarket potential; are characterised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

A designated organisational structure was established to ensure transparency and effective execution of the divestment or wind-down and to limit losses from these activities. The initial NCA order backlog started at around DKK 3.6bn as of end Q3 2022, of which approximately 50% originated from FLSmidth and 50% from the former Mining Technologies. The vast majority of the order backlog related to Products orders.

Wind-down of the NCA segment
As a result of the sale of bulk material handling and continuous surface mining assets in 2023, combined with the operational closures of businesses such as KH Mineral (France) and ATP Technologies (Canada), the descoping and termination of various contracts and successful execution of open orders, the NCA order backlog was DKK 211m on 31 December 2024 of which approximately DKK 60m can be expected to be executed. The remaining orders are suspended by FLSmidth, and potential termination options are being investigated. Costs associated with the wind-down of the remaining part of the order backlog have been provided for.

The accumulated loss for the NCA Segment since Q4 2022 was DKK 955m, which is In line with our expectations of a total accumulated loss of around DKK 1bn.

Finally, the eight employees remaining as of the end of 2024 will move to positions within the Mining segment where they will be tasked with winding down the remaining activities within the NCA segment.



Non-Core Activities financial performance

Order backlog development in Q4 2024
Order backlog amounted to DKK 211m by end of Q4 2024 representing a decrease of DKK 192m since the end of Q3 2024 and a decrease of around DKK 3.4bn, equal to approximately 94%, since the establishment of the NCA segment as of Q4 2022.

The decrease reflected execution of parts of the order backlog as well as continued re-scoping and contract terminations. The remaining orders are suspended by FLSmidth and potential termination options are being investigated. Costs associated with the wind-down of the remaining part of the backlog have been provisioned for.

Revenue development in Q4 2024
Revenue for NCA in Q4 2024 amounted to DKK 62m. Service revenue amounted to DKK -2m as a result of closures and corrections related to the wind-down of the NCA segment partly offset by the execution of part of the order backlog. Products revenue amounted to DKK 64m in Q4 2024.

Non-Core Activities

DKKm	Q4 2024	Q4 2023	Change (%)	2024	2023	Change (%)
Order intake	**0**	**8**	**-113%**	**58**	**208**	**-72%**
Hereof service order intake	0	3	-100%	5	152	-97%
Hereof products order intake	0	5	-120%	53	56	-5%
Order backlog	**211**	**531**	**-60%**	**211**	**531**	**-60%**
Revenue	**62**	**94**	**-34%**	**192**	**951**	**-80%**
Hereof service revenue	(2)	8	-125%	27	309	-91%
Hereof products revenue	64	86	-26%	165	642	-74%
Gross profit	**46**	**(47)**	**198%**	**(50)**	**(104)**	**52%**
Gross margin	74.2%	-50.0%		-26.0%	-10.9%	
EBITA	**(34)**	**(83)**	**59%**	**(203)**	**(345)**	**41%**
EBITA margin	-54.8%	-88.3%		-105.7%	-36.3%	
Number of employees	8	127	-94%	8	127	-94%

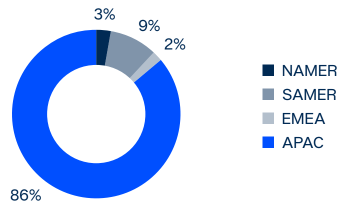
Gross profit development in Q4 2024
Gross profit amounted to DKK 46m. The corresponding gross margin amounted to 74.2% and was primarily a result of the release of provisions in connection with the wind-down of the NCA segment.

EBITA development in Q4 2024
EBITA amounted to DKK -34m driven by costs related to the wind-down of the segment partly offset by the positive gross profit for the quarter.

Order intake development in 2024
Order intake for NCA amounted to DKK 58m in 2024 reflecting contractual obligations. Service and Products orders represented 9% and 91% in 2024, respectively.

Revenue development in 2024
NCA revenue amounted to DKK 192m in 2024 compared to DKK 951m in 2023 with the year-on-year decline reflecting the wind-down of the activities in the segment. Service and Products revenue represented 14% and 86% of total NCA revenue, respectively.

Order intake split by Region Q4 2024



Gross profit development in 2024

Gross profit amounted DKK -50m in 2024 with a corresponding gross margin of -26.0% reflecting the general volatility and operationally loss-making nature of the NCA activities.

EBITA development in 2024

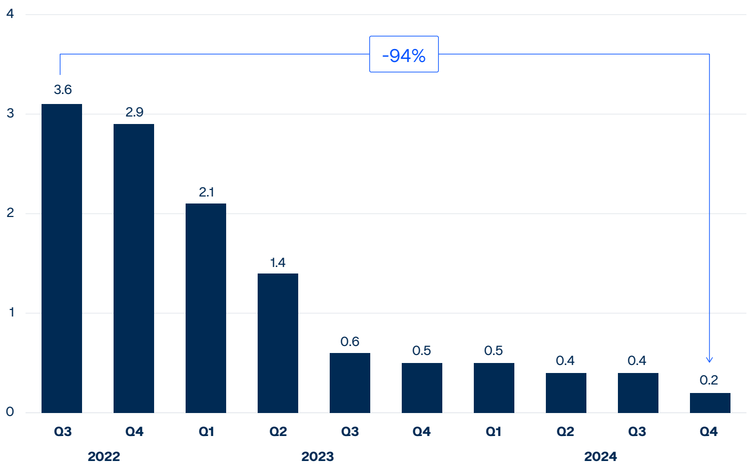
EBITA in 2024 amounted to DKK -203m reflecting the operationally loss-making nature of the NCA business and costs related to the exit.

Employees

Total number of employees of the segment amounted to 8 at the end of 2024, compared to 127 at the end of 2023. As part of the wind-down of the NCA segment, all remaining employees will move to positions within the Mining segment.

Development of NCA backlog

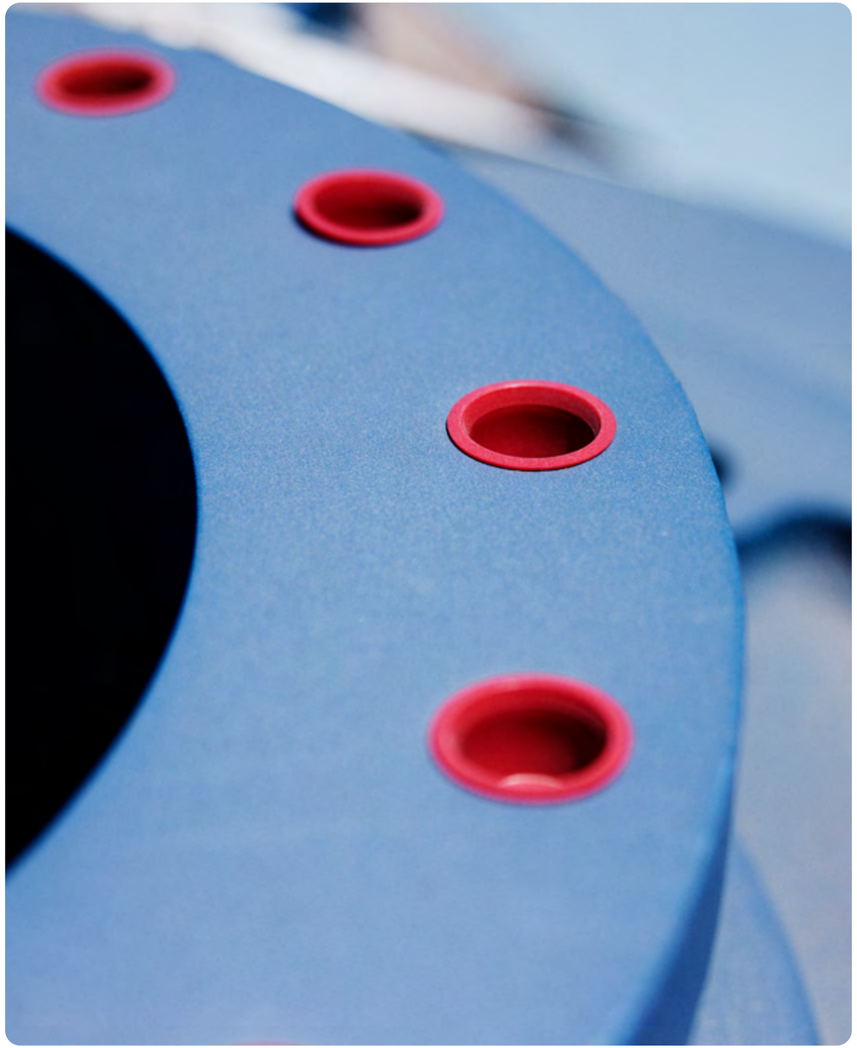
DKKm



Accumulated loss from the NCA segment

DKK 955m

in line with expectations



06

Financial Performance

Consolidated Quarterly financial performance

Order intake in Q4 2024

Order intake increased by 5% in Q4 2024 to DKK 4,860m compared to DKK 4,620m in Q4 2023. Excluding effects from divestments in Cement and currency effects of 4%, order intake increased organically by 9%.

Service order intake increased by 8% compared to Q4 2023, driven by a higher order intake in Mining Service but partly offset by a lower Cement Service order intake. Products order intake decreased by 2% compared to Q4 2023 driven by a lower order intake in Cement Products but partly offset by a high level of Mining Service orders.

Service and Products comprised 73% and 27% of total order intake, respectively, compared to 72% and 28%, respectively, in Q4 2023.

Order backlog and maturity in Q4 2024

The order backlog decreased by 3% to DKK 15,214m compared to Q3 2024 and by 14% compared to Q4 2023. The year-on-year decline was driven primarily by our de-risking strategy, the divestments completed in the Cement business and the continued wind-down of the NCA segment. Outstanding order backlog related to Russian and Belarusian contracts amounted to DKK 0.1bn at the end of Q4 2024 (end of Q4 2023: DKK 0.1bn). The remaining orders are suspended by FLSmidth, and potential termination options are being investigated. Due to the uncertain nature of these, they have been included in the backlog maturity for '2027 and beyond'.

Group

DKKm	Q4 2024	Q4 2023	Change (%)	2024	2023	Change (%)
Order intake	**4,860**	**4,620**	**5%**	**19,133**	**21,376**	**-10%**
Hereof service order intake	3,569	3,307	8%	13,933	14,183	-2%
Hereof products order intake	1,291	1,313	-2%	5,200	7,193	-28%
Order backlog	**15,214**	**17,593**	**-14%**	**15,214**	**17,593**	**-14%**
Revenue	**5,331**	**5,968**	**-11%**	**20,187**	**24,106**	**-16%**
Hereof service revenue	3,527	3,283	7%	12,997	14,236	-9%
Hereof products revenue	1,804	2,685	-33%	7,190	9,870	-27%
Gross profit*	**1,799**	**1,430**	**26%**	**6,465**	**5,960**	**8%**
Gross margin*	33.7%	24.0%		32.0%	24.7%	
SG&A cost*	**(1,085)**	**(944)**	**15%**	**(4,239)**	**(4,325)**	**-2%**
SG&A ratio*	20.4%	15.8%		21.0%	17.9%	
Adjusted EBITA	**645**	**549**	**17%**	**2,230**	**1,919**	**16%**
Adjusted EBITA margin	12.1%	9.2%		11.0%	8.0%	
EBITA	**594**	**412**	**44%**	**1,969**	**1,438**	**37%**
EBITA margin	11.1%	6.9%		9.8%	6.0%	
Number of employees	7,739	9,377	-17%	7,739	9,377	-17%

* 2023 information has been restated to reflect a reclassification of DKK 127m from Administrative costs to Production costs.

Backlog maturity	Mining	Cement	Non-Core Activities	FLSmidth Group
2025	69%	31%	28%	59%
2026	29%	49%	0%	34%
2027 and beyond	2%	20%	72%	7%

At the end of Q4 2024, outstanding backlog for the NCA segment amounted to DKK 211m. As a portion of the backlog is expected to be terminated, this has been included in the backlog maturity for '2027 and beyond'.

Growth in order intake in Q4 2024 (vs. Q4 2023)

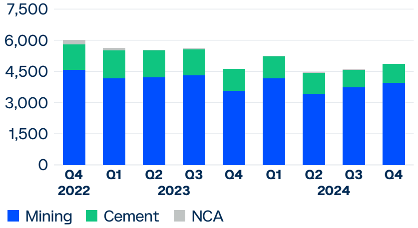
	Mining	Cement	Non-Core Activities	FLSmidth Group
Organic	13%	-6%	n/a	9%
Divestment	0%	-6%		-2%
Currency	-2%	-1%	n/a	-2%
Total growth	**11%**	**-13%**	n/a	**5%**

Growth in revenue in Q4 2024 (vs. Q4 2023)

	Mining	Cement	Non-Core Activities	FLSmidth Group
Organic	-5%	-15%	n/a	-7%
Divestment	0%	-6%	n/a	-2%
Currency	-2%	-1%	n/a	-2%
Total growth	**-7%**	**-22%**	**n/a**	**-11%**

Order intake

DKKm



Revenue in Q4 2024

Revenue decreased by 11% to DKK 5,331m in Q4 2024, compared to Q4 2023, driven by lower revenue in both the Mining and Cement businesses. Excluding the effect from divestments in Cement and currency effects of 4%, revenue decreased organically by 7% compared to Q4 2023.

Service revenue increased by 7% compared to Q4 2023, driven by higher Service revenue in the Mining business but partly offset by lower Cement Service revenue.

Products revenue decreased by 33% compared to Q4 2023, driven by both the Mining and Cement businesses.

Service and Products revenue accounted for 66% and 34% of total revenue in Q4 2024, respectively, compared to 55% and 45%, respectively, in Q4 2023.

Profit in Q4 2024

Gross profit and margin

Gross profit increased by 26% to DKK 1,799m in Q4 2024, compared to DKK 1,430m in Q4 2023. The corresponding gross margin increased to 33.7% compared to 24.0% in Q4 2023. The gross margin represents the highest level achieved in several years and reflected good execution of higher-margin orders following our de-risking strategy. The higher gross margin was partly offset by the relatively lower revenue as well as a reclassification in Q4 2024 and Q4 2023 of certain IT-related costs from sales, general & administrative costs to production costs. All of the effect from the reclassification was recognised in Q4. Please refer to note 7.1 for more information.

In Q4 2024 total research and development costs (R&D) amounted to DKK 109m, representing 2.0% of revenue (Q4 2023: 1.7%).

Research & development costs

DKKm	Q4 2024	Q4 2023
Production costs	34	32
Capitalised	75	71
Total R&D	**109**	**103**

SG&A costs

Sales, general and administrative costs (SG&A) increased by 15% compared to Q4 2023, primarily as a result of restructuring provisions related to the ongoing organisational changes in both the Mining and Cement businesses. The increase was partly offset by positive effects from our ongoing transformation efforts and one-off costs related to the integration of Mining Technologies incurred in Q4 2023 exceeding the transformation and separation costs incurred in Q4 2024. Currencies had a favourable impact on SG&A of DKK 14m in the quarter.

SG&A costs as a percentage of revenue increased to 20.4% in Q4 2024 compared to 15.8% in Q4 2023.

EBITA and margin

Excluding transformation and separation costs of DKK 51m, the Adjusted EBITA margin was 12.1% in Q4 2024 compared to 9.2% in Q4 2023. Including these costs, the EBITA margin was 11.1% compared to 6.9% in Q4 2023.

Amortisation of intangible assets

Amortisation of intangible assets amounted to DKK 52m (Q4 2023: DKK 60m). The effect of purchase price allocations amounted to DKK 10m (Q4 2023: DKK 11m) and other amortisation to DKK 42m (Q4 2023: DKK 49m).

Financial items

Net financial items amounted to DKK -31m (Q4 2023: DKK -89m), of which net interest amounted to DKK -19m (Q4 2023: DKK -26m), foreign exchange and fair value adjustments amounted to DKK -8m (Q4 2023: DKK -3m) and loss from associates amounted to DKK -4m (Q4 2023: DKK -60m) due to impairments.

Tax

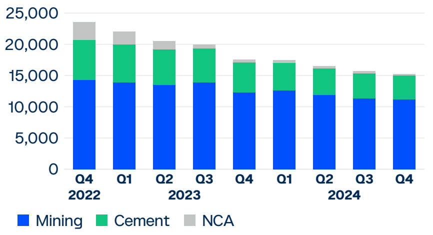
Tax in Q4 2024 totalled an expense of DKK 151m compared to an expense of DKK 91m in Q4 2023, corresponding to an effective tax rate of 29.5% in Q4 2024 compared to 34.6% in Q4 2023.

Profit for the period

Profit in Q4 2024 was DKK 360m (Q4 2023: profit of DKK 18m). Q4 2023 was impacted by a loss of DKK154m in discontinued activities.

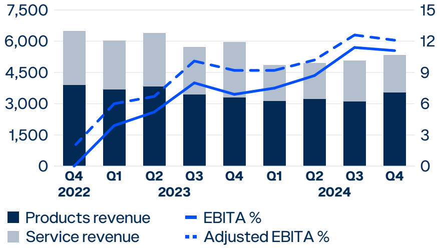
Backlog

DKKm



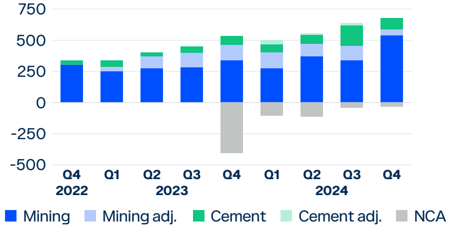
Revenue & EBITA margin

DKKm EBITA margin %



EBITA

DKKm



Return on capital employed

Return on capital employed (ROCE) increased to 11.0% (Q4 2023: 8.2%) due to higher earnings partly offset by an increase in net working capital.

Capital in Q4 2024

Cash flow from operating activities

Cash flow from operating activities (CFFO) amounted to DKK 621m in Q4 2024 (Q4 2023: DKK 931m) and was positively impacted by the higher earnings but negatively impacted by changes in net working capital. In Q4 2023, CFFO was positively impacted by changes in net working capital but negatively impacted by change in provisions.

Cash flow from investing activities

Cash flow from investing activities amounted to DKK -222m (Q4 2023: DKK -204m). Where the cash flows in Q4 2023 was impacted by the final payment for the acquisition of Mining Technologies, Q4 2024 was impacted by investment in production and warehousing capacity.

Free cash flow

Free cash flow (the sum of cash flow from operating and investing activities) amounted to DKK 399m in the quarter (Q4 2023: DKK 727m). Free cash flow adjusted for business acquisitions and disposals amounted to DKK 422m in Q4 2024 (Q4 2023: DKK 805m).

Net working capital

Net working capital decreased by DKK 101m to DKK 2,107m at the end of Q4 2024 (end of Q3 2024: DKK 2,208m), primarily as a result of a reduction in trade receivables from increased collection from customers as well as reductions in trade payables and prepayments. The decline was partly offset by an increase in net work-in-progress due to the commencement of the execution of certain orders for which milestone payments from customers are yet to be received. In addition, increases in prepayments from customers and inventories partly offset the decline in net working capital.

The corresponding net working capital ratio declined from 10.6% of revenue in Q3 2024 to 10.4% in Q4 2024.

Utilisation of supply chain financing was relatively unchanged and amounted to DKK 515m in Q4 2024 (Q3 2024: DKK 496m).

Net interest-bearing debt

Net interest-bearing debt (NIBD) at 31 December 2024 decreased to DKK847m (Q3 2024: DKK 1,180m).

The financial gearing end of Q4 2024 amounted to 0.4x (Q3 2024: 0.6x) and remains comfortably below our target level of less than 2.0x.

Financial position

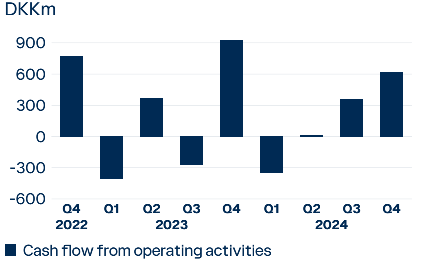
By the end of 2024, FLSmidth had DKK 6.3bn of available committed credit facilities (2023: DKK 6.3bn) of which DKK 4.8bn remained undrawn (2023: DKK 4.7bn). The committed credit facilities have a weighted average time to maturity of 2.4 years (2023: DKK 3.4 years).

Credit facilities of DKK 5.0bn and DKK 1.1bn will mature in 2027 and 2030, respectively. The remaining DKK 0.2bn mature in later years. Additionally, FLSmidth has DKK 0.8bn of uncommitted credit facilities available.

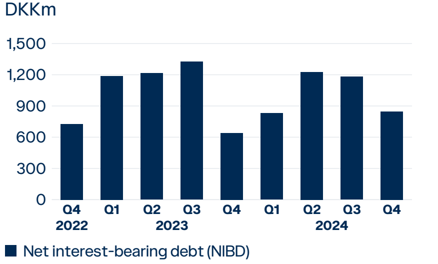
Equity ratio

Equity at the end of Q4 2024 increased to DKK 11,781m (end of Q3 2024: DKK 11,094m), driven by net profit and currency adjustments. The equity ratio was 43.7% at the end of Q4 2024 (end of Q3 2024: 40.2%).

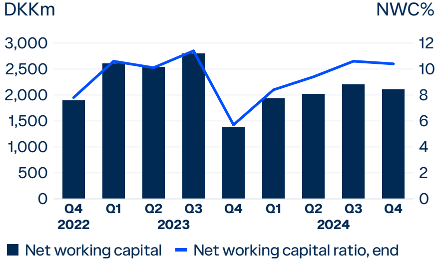
Cash flow



Net interest-bearing debt



Net working capital



Consolidated Annual financial performance

Order intake in 2024

Order intake decreased by 10% compared to 2023. Excluding divestments and currency effects, order intake decreased organically by 7% compared to 2023.

Service order intake decreased by 2% compared to 2023 driven by a lower Service order intake in the Cement business. Products order intake decreased by 28% compared to 2023 driven by both the Mining and Cement businesses and resulted from our continued de-risking strategy and general softness of the Products markets in both businesses.

In 2024, three large Mining orders at a combined value of around DKK 1.0bn were announced compared to five large orders with a combined value of approximately DKK 1.9bn in 2023.

Growth in order intake in 2024 (vs. 2023)

	Mining	Cement	Non-Core Activities	FLSmidth Group
Organic	-4%	-17%	n/a	-7%
Divestment	0%	-5%	n/a	-1%
Currency	-2%	0%	n/a	-2%
Total growth	**-6%**	**-22%**	**n/a**	**-10%**

Order backlog

The order backlog declined by 14% to DKK 15,214m compared to DKK 17,593m as of the end of 2023. The year-on-year decline was driven by the overall market conditions for the two businesses, execution of the order backlog as well as impacts from our continued de-risking strategy, the divestments completed in the Cement business and the continued wind-down of the NCA segment.

Based on the order backlog maturity profile, the majority, 59% (2023: 67%) of the order backlog is expected to be converted into revenue in 2025, while 41% (2023: 33%) is expected to be converted to revenue in subsequent years.

Revenue in 2024

Revenue decreased by 16% to DKK 20,187m compared to DKK 24,106m in 2023. Excluding divestments and currency effects of 4%, revenue decreased organically by 12% compared to 2023.

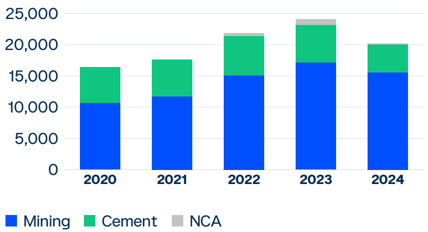
Service revenue decreased by 9% compared to 2023 driven by lower Service revenue in both the Mining and Cement businesses. Products revenue decreased by 27% compared to 2023 driven by both the Mining and the Cement businesses.

Growth in revenue in 2024 (vs. 2023)

	Mining	Cement	Non-Core Activities	FLSmidth Group
Organic	-7%	-20%	n/a	-12%
Divestment	0%	-6%	n/a	-2%
Currency	-2%	0%	n/a	-2%
Total growth	**-9%**	**-26%**	**n/a**	**-16%**

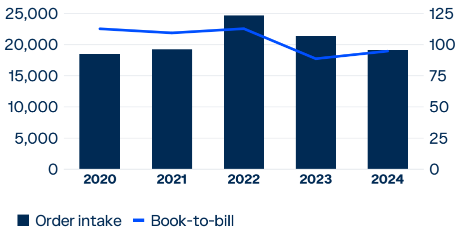
Mining, Cement & NCA revenue

DKKm



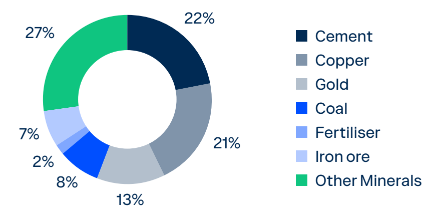
Order intake and book-to-bill

DKKm %



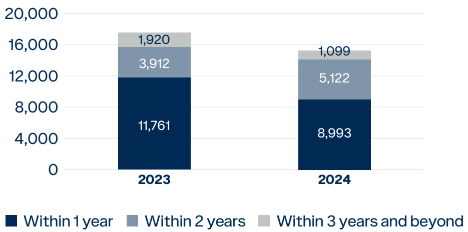
Order intake by commodity

%



Backlog maturity

DKKm



Service and Products revenue comprised 64% and 36% of total Group revenue in 2024, respectively, compared to 59% and 41%, respectively, in 2023.

Profit

Gross profit and margin

Gross profit increased by 8% to DKK 6,465m in 2024, compared to DKK 5,960m in 2023. The corresponding gross margin increased to 32.0% compared to 24.7% in 2023. The year-on-year increase was driven by positive effect from our ongoing business simplification activities as well as releases of provisions in the Cement and NCA segments partly offset by the relatively lower revenue.

Research and development costs reported in production costs amounted to DKK 148m. The R&D costs mainly related to several innovations, including new and more sustainable technologies for both Mining and Cement to support the MissionZero programme as well as digital solutions across the flowsheets.

Capitalisation of R&D costs for the year were relatively unchanged compared to 2023.

Research & development costs

DKKm	2024	2023
Production costs	148	155
Capitalised	212	222
Total R&D	**360**	**377**

SG&A costs

Sales, general and administrative costs (SG&A) decreased by 2% compared to 2023. The decrease was primarily driven by lower SG&A costs in the Cement and NCA businesses. Further, the decrease reflected that one-off costs related to the integration of Mining Technologies incurred in 2023 exceeded the transformation and separation costs incurred in 2024. The decrease was partly offset by higher SG&A in the Mining business as a result of hirings in key commercial areas and provisions related to the ongoing restructuring of the organisation. Currencies had a favourable impact on SG&A of DKK 55m in 2024.

SG&A costs as a percentage of revenue increased to 21.0% in 2024 compared to 17.9% in 2023 as a result of the lower revenue.

EBITA and margin

Excluding transformation and separation costs of DKK 261m, the Adjusted EBITA was DKK 2,230m in 2024 corresponding to an Adjusted EBITA margin of 11.0%, compared to Adjusted EBITA of DKK 1,919m and Adjusted EBITA margin of 8.0% in 2024. Including these costs, EBITA was DKK 1,969m corresponding to an EBITA margin of 9.8% compared to EBITA of DKK 1,438m and an EBITA margin of 6.0% in 2023.

Excluding the net gain of DKK 102m from the sale of the AFT business in Q3 2023 and DKK 28m from the sale of the MAAG business in Q1 2024, the EBITA margin improved by 4.0%-points to 9.6% in 2024 compared to 5.6% in 2023.

Financial items

Net financial items amounted to an expense of DKK 180m (2023: DKK -146m), of which net interest cost, including interest from leasing, amounted to DKK -118m (2023: DKK -92m). Loss from associates accounted for -43m (2023: DKK -62m) due to impairments and foreign exchange and fair value adjustments accounted for a cost of DKK 19m (2023: income of DKK 8m).

Tax

Tax for the year totalled an expense of DKK 528m (2023: DKK 382m), corresponding to an effective tax rate of 33.9% (2023: 36.2%). The effective tax rate was negatively affected by withholding taxes not subject to credit relief and write-downs of tax losses mainly in Germany. The effective tax rate was positively affected by adjustments to prior years.

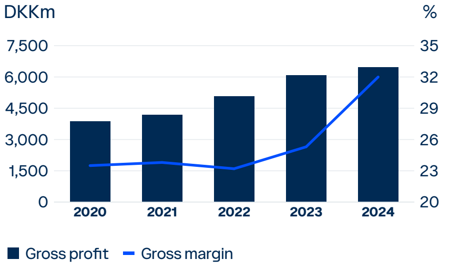
Profit for the year

Profit for the year increased to DKK 1,030m in 2024 compared to DKK 491m in 2023.

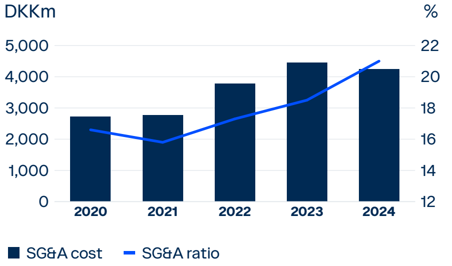
Earnings per share

Earnings per share increased from DKK 8.8 in 2023 to DKK 17.9 per share in 2024 as a result of the higher profit for the year.

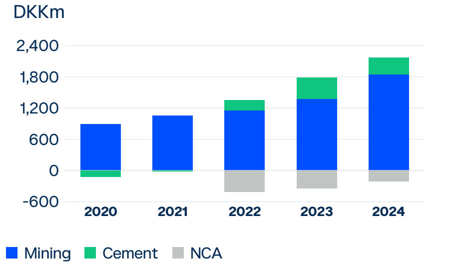
Gross profit and Gross margin



SG&A cost and SG&A ratio



EBITA by Mining, Cement & NCA



Return on capital employed
Return on capital employed (ROCE) increased to 11.0% (2023: 8.2%) due to a higher EBITA partly offset by an increase in net working capital.

Employees
The number of employees decreased by 1,638 to 7,739 at the end of 2024, compared to 9,377 at the end of 2023. The decrease was driven by workforce reductions across all business segments relating to footprint optimisation and the continued rightsizing of the organisation.

Capital

Balance sheet
Total assets amounted to DKK 26.9bn on 31 December 2024 and were unchanged compared to at the end of 2023.

Capital employed
Average Capital employed increased by DKK 315m to DKK 17,867m (2023: DKK 17,552m) primarily due to an increase in net working capital as well as in intangible assets. The average capital employed by the end of 2024 primarily consists of intangible assets (cost price) of DKK 13,899m, mostly goodwill, patents, rights, and customer relations. Property, plant, and equipment, including leased assets, increased to DKK 2,471m (2023: DKK 2,389m), and net working capital increased to DKK 2,107m by the end of 2024 (2023: DKK 1,382m).

Net working capital
Net working capital increased by DKK 725m compared to 31 December 2023, primarily driven by an increase in net work-in-progress due to the commencement of the execution of certain orders for which milestone payments from customers are yet to be received as well as an increase in net trade payables. The year-on-year increase was partly offset by a reduction of trade receivables as a result of increased collection from customers.

The corresponding net working capital ratio was 10.4% (2023: 5.7%). Currencies impacted net working capital negatively by DKK 23m.

Supply chain financing
Utilisation of supply chain financing increased slightly during 2024 and amounted to DKK 515m at the end of 2024 (2023: DKK 504m).

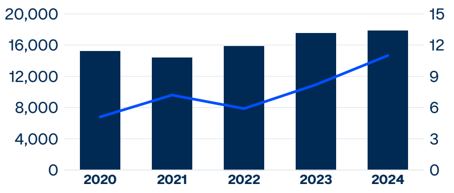
Net interest-bearing debt
Net interest-bearing debt (NIBD) amounted to DKK 847m at the end of 2024, compared to DKK 639m at the end of 2023.

Financial gearing (NIBD/EBITDA) remained low at 0.4x (2023: 0.4x) and was thus well below our capital structure target of <2.0x.

Equity
Equity at the end of 2024 increased to DKK 11,781m (end of 2023: DKK 10,828m) mainly related to the result for the year and positive currency adjustments related to foreign entities partly offset by dividend payment. The equity ratio was 43.7% at the end of 2024 (2023: 40.1%).

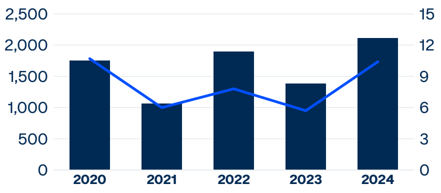
Treasury shares
At the end of 2024, FLSmidth held a total of 813,075 shares as treasury shares (2023: 913,828), corresponding to approximately 1.4% of the total share capital of the company. Treasury shares are used to meet obligations relating to the company's share-based incentive programmes.

Return on Capital employed
DKKm %



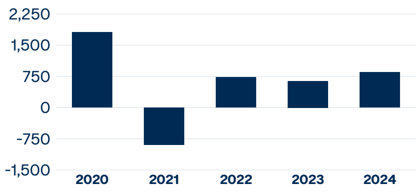
Capital employed, average ROCE

Net working capital
DKKm %



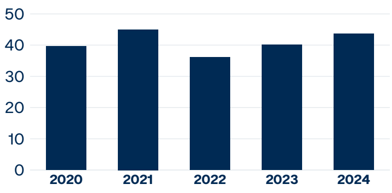
Net working capital NWC as % of revenue

Net interest-bearing debt
DKKm



Net interest-bearing debt (NIBD)

Equity ratio
%



Equity ratio

Dividend
The Board of Directors will propose at the Annual General Meeting that a dividend of DKK 8.00 per share corresponding to a dividend yield of 2.2% and a pay-out ratio of 44.8%, will be distributed for 2024. The total dividend proposed amounts to DKK 461m.

Cash flow from operating activities
Cash flow from operating activities (CFFO) increased to DKK 640m in 2024 compared to DKK 623m in 2023. The year-on-year increase was driven by higher earnings. Further, discontinued operations had no impact on CFFO in 2024 compared to a negative impact of DKK 171m in 2023. The year-on-year increase was partly offset by changes in net working capital.

Cash flow from investing activities
Cash flow from investing activities (CFFI) amounted to DKK -508m in 2024 compared to DKK -257m in 2023. The change reflects primarily investments in production and warehousing capacity in 2024.

Free cash flow
Free cash flow amounted to DKK 132m compared to DKK 366m in 2023. Free cash flow adjusted for business acquisitions and disposals amounted to DKK 7m in 2024 compared to DKK 201m in 2023.

Cash flow from financing activities
Cash flow from financing activities amounted to a cash outflow of DKK 413m in 2024 compared to a cash outflow of DKK 1,066m in 2023. The year-on-year increase repayment of debt and lease liabilities in 2023 partly offset by a higher dividend paid in 2024.

Cash position
Cash and cash equivalents amounted to DKK 1,070m on 31 December 2024 compared to 1,352m at 31 December 2023.

Restricted cash
Cash and cash equivalents included bank balances in countries with currency restrictions or other restrictions preventing the funds to be readily available at parent company level. Focused repatriation efforts reduced restricted cash to DKK 517m at 31 December 2024 from DKK 852m at 31 December 2023.

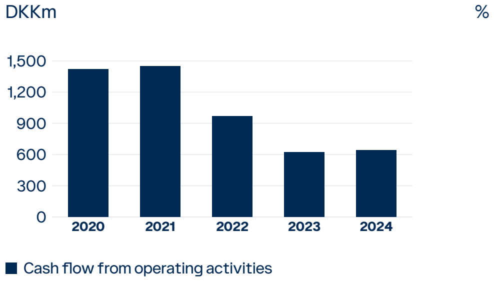
Other business

Domicile building in Valby up for sale
In early 2025, the disposal process regarding the sale of our domicile building in Valby, Denmark has been reactivated.

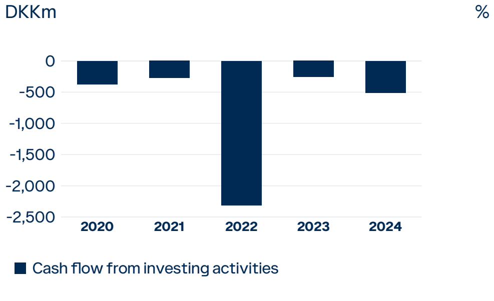
Changes to Group Executive Management
Throughout 2024, there have been various changes in Group Executive Management team. On 11 November 2024, it was announced that Chris Reinbold, previously President and Head of Mining Products Business Line, would be stepping down from his role and leave FLSmidth. On 18 February 2025, FLSmidth announced that Julian Soles had been appointed as President, Mining Products Business Line and that he would be joining FLSmidth on 1 May 2025.

On 17 December 2024 it was announced that Joshua Meyer, previously President and Head of Mining Service Business Line would be stepping down from his role and leave FLSmidth. On 18 February 2025, FLSmidth announced that Toni Laaksonen had been appointed as President, Mining Service Business Line and that he would be joining FLSmidth in the coming months.

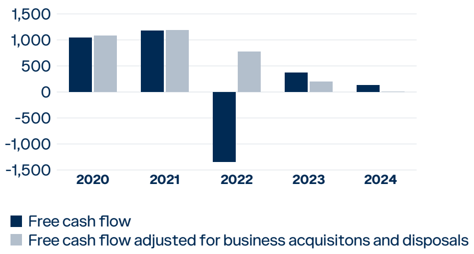
CFFO
DKKm



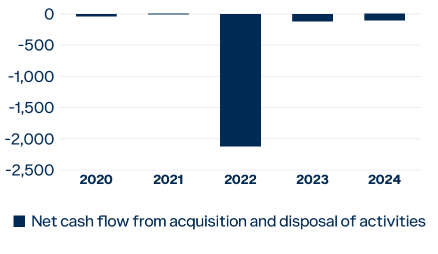
CFFI
DKKm



Free cash flow
DKKm



Cash flow from business acquisitions and disposals
DKKm



Finally, also on 17 December 2024, it was announced that Annette Terndrup, Group Legal Counsel, will be stepping down from her role and leave FLSmidth by the end of February 2025. Going forward, the role as General Counsel will no longer be part of the executive leadership team but will continue to report directly to the CEO.

Subsequent events

We are not aware of any subsequent matters, that could be of material importance to FLSmidth's financial position.

07

Governance

Risk management

Intro

FLSmidth is a global company exposed to risks related to our industry, operation and the countries in which we operate. The motivation of active Enterprise Risk Management (ERM) is to continuously assess how threats and opportunities influence our ability to achieve our long-term targets, strategic risks, and our short-term plans referred to as operational risks.

Governance

While the Board of Directors has the overall responsibility for maintaining a strong risk and compliance management system in FLSmidth, Group Executive Management is accountable for risks and is responsible for ensuring effective risk mitigation and identifying related opportunities.

The key risks are regularly discussed and evaluated by both the Group Executive Management and the Board of Directors. Group Executive Management reviews the risk map and presents top risk to be discussed with the Board of Directors. This combination of ongoing risk assessment and discussion of top risks ensures a comprehensive and structured process, fostering dialogue on which risks to avoid, which to mitigate, and how to maintain the agility needed to address new or sudden changes to existing risks.

2024 Risk Review

The ambitious pace of our transformation, with a strong focus on both internal and external progress, demands the ability to adjust and adapt. The 2024 risk landscape combines strategic and operational risk, detailed on the following pages along with their potential impacts and mitigation strategies.

In 2024, geopolitical and regional political tensions remain high along with concerns about climate change. Unfortunately, the green transition across industries continued to move slowly.

This year's risk review has identified five risk items compared to eight last year. Market trends, Geopolitics, Cybersecurity, Sustainability and Compliance. All items are likely to occur and potentially represents material risk. Each of the identified risks are described together with mitigating actions in the table on the following page.

FLSmidth's exposure to financial risks are governed by the Treasury Policy and the residual financial risks after mitigation are deemed to have lower magnitude than the five risks mentioned above.

The 2024 risk review is aligned with the double materiality assessment in relation to sustainability matters, please refer to pages 70-71 for more information.

Our journey to becoming a service-centric technology company with a streamlined, less complex structure involves executing several internal, complex projects. We continuously monitor our organisation's ability to deliver on these projects while maintaining our focus on customer satisfaction.

We have successfully mitigated project risks by prioritising "Value over Volume," focusing on contribution margin over total order intake and revenue. This strategy, along with de-risking our portfolio by eliminating low-margin, high-risk projects, has driven consistent underlying EBITA improvement in both Mining and Cement in 2024.

In 2025, we will continue reducing risks by improving project execution with clearly defined best practices for handover throughout the project value chain - from sales to execution to service. This includes focus on sustainability and aligning roles across functions. Additionally, we believe the simplification efforts will enable us to respond more effectively to changes in the enterprise risk landscape.

At the our Mineral Testing and Research Centre, we are innovating the next generation of mineral processing technologies.

Risk mitigation

Risk	Description	Potential impact	Mitigation
Market Trends	Slowdown continues and recovery will take time. Business activity in Products is exposed to the developments in the global economy and Service Business only to a limited degree.	Miners insufficient access to capital when balancing growth and capital discipline to satisfy soaring demand for energy transition minerals. Lower order intake may affect profitability and could potentially slow progress on strategic goals.	• Service Market remains stable and will help absorb potential impact. • Wind-down of Non-Core Activity segment see more on page 38. • Adapt to global economic development and supply/demand balances. • Continue strategic initiatives in terms of simplification and value over volume. See more in the performance section on page 24. • Strengthen and increase the share of the product portfolio with lower sensitivity to economic conditions. See more on the focus on service business on page 24.
Geopolitics	Geopolitical events like war, trade barriers, political disorder.	Supply chain challenges in terms of delays and shortage of needed materials. Geopolitical instability leads to financial invisibility since affected sales markets may deteriorate or close.	• Act on potential risk scenarios. • Selective approach on legal entity landscape. • Continuously seeking for value over volume. • Abandonment of certain high-risk markets. • Strategic supplier selection. • Business continuity planning.
Cybersecurity	Cybersecurity and digital transformation risks.	A sophisticated cyber-attack could potentially disrupt day-to-day operations for a period, resulting in delays to customers and additional costs to get the business up and running again. It may also harm relationship with customers/suppliers and there could be a leak of sensitive information.	• Data Protection, Recovery and Continuity, Patching and Attach Surface Reduction. • Identity and Access Management, Network detection and segmentation and employee training and awareness.
Sustainability	Increasing stakeholder focus on environmental and social issues.	Growing stakeholder focus on sustainability matters can translate into higher operating cost to meet the higher expectations in managing sustainability issues. This can impact us both in our own operations, but also in relation to our customers significant impact on the environment. Risks can also stretch downstream into the value chain impacting our customers license to operate and thereby our profitability.	• Embedded controlling and data compliance framework. See more on page 74. • Embedded targets in management renumeration. See explanation on sustainability linked remuneration KPI's on page 74. • Structured governance framework, including policies, procedures, dedicated resources and supervisory body on sustainability matters. See integrated sustainability on page 74. • Embedded sustainability core competencies in key business functions such as sales, procurement and finance.
Compliance	FLS' legal and regulatory landscape is complex, and the company could be subject to compliance investigations in case of violations of anti-corruption laws, anti-trust regulations and international sanctions.	Non-compliance may cause significant reputational harm together with legal fines, damages and loan defaults.	• Continuously monitor legislative framework, including international sanctions and anti-corruption regimes, and adjust FLS compliance framework accordingly Conduct and act on risk assessments of compliance risks for FLS. • Maintain and develop third party management procedure and standards. • Maintain and develop whistleblower hotline and procedures for internal investigations. • Training and awareness raising for employees and selected third parties.

Corporate governance

The Board of Directors continuously evaluates the work of Group Executive Management by specifying targets and assessing at what level or degree such targets have been met.

Framework

The Board of Directors believes that effective corporate governance has a positive impact for the company's shareholders, employees, customers and other stakeholders. Thus, the Board of Directors regularly reviews the company's corporate governance framework and policies and assesses the need for any adjustments in light of the Group's activities, the statutory requirements and the Danish Corporate Governance Recommendations.

The following statement constitutes the company's statutory reporting according to Section 107b of the Danish Financial Statements Act.

Governance structure

The company's shareholders exercise their rights at the general meeting. Any shareholder has the right to raise questions, and resolutions can generally be passed by a simple majority of votes cast. However, the adoption of a resolution to amend the company's articles of association or to wind up the company requires that the resolution is passed by not less than two thirds of the votes cast as well as of the share capital represented at the general meeting.

	2024	2023
Number of registered shareholders (1,000)	46	52
Treasury shares (1,000)	813 (1.4%)	914 (1.6%)
Number of shares held by the Board and Group Executive Management (1,000)	99	73
Total Board of Directors remuneration (DKK)	7.0m	6.8m
Total Group Executive Management remuneration (DKK)	38.4m	32.0m
Number of members of the Board of Directors (elected at the AGM)	6	6
Independent members of the Board of Directors (excluding employee elected)	100%	100%
Number of board committees	3	3/4
Number of board meetings held (overall meeting attendance in %)	18 (96%)	17 (93%)

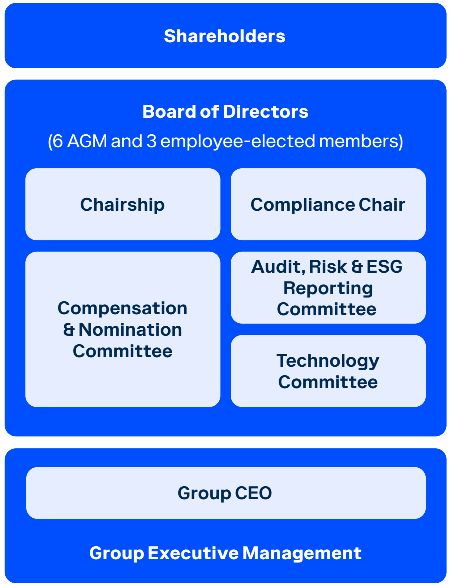
FLSmidth maintains a clear division of responsibility and separation between the Board of Directors and the Group Executive Management. The Group Executive Management is responsible for the day-to-day business of the company, and the Board of Directors oversees the Group Executive Management and handles overall managerial issues of a strategic nature.

Board of Directors

The Board of Directors consists of board members elected at the Annual General Meeting and board members elected pursuant to the provisions in the Danish Companies Act on employee representation.

The Board of Directors currently consists of nine members, six members elected at the Annual General Meeting and three members elected by and among the Group's employees.

The board members elected at the Annual General Meeting shall be no less than five and no more than eight members in order to maintain a small, competent and quorate Board of Directors. These board members serve for a one-year term and therefore stand for election every year. However, re-election may take place. The Compensation & Nomination Committee identifies and recommends candidates to the Board of Directors.



For additional governance information refer to: https://fls.com/en/company/governance

Pursuant to the provisions of the Danish Companies Act on employee representation, the three board members elected by and among the Group's employees are elected for a term of four years. The most recent election took place in 2021, where two new employee-elected members joined the Board of Directors.

Immediately after the Annual General Meeting, the Board of Directors elects, among its own members, a Chair and a Vice Chair. A job and task description has been created and outlines the duties and responsibilities of the Chair and the Vice Chair.

Board meetings are called and held in accordance with the Board of Directors' rules of procedure and annual plan. In general, between six and eight ordinary board meetings are scheduled every year. However, when deemed necessary, additional meetings are held and the meeting frequency has been higher in recent years. To enhance board meeting efficiency, the Chair conducts a planning meeting with the Group CEO prior to each board meeting. In 2024, 18 board meetings were held. Apart from contemporary business issues, the most important issues dealt with in 2024 were: preparation of the potential sale of the Cement business, deployment steps for the strategy rolled out in 2024, continued execution of the wind-down of the NCA segment and roll out of a new corporate set-up, including the ramp-up of our Global Business Centres.

Meeting attendance in 2024

Board of Directors	Board meetings attended	Audit, Risk & ESG Reporting Committee	Compensation & Nomination Committee	Technology Committee
Tom Knutzen (Chair)	18/18	5/6[1]	6/6[2]	3/3
Mads Nipper (Vice Chair)	17/18	6/6	6/6	
Anne Louise Eberhard	18/18	6/6[2]		
Thrasyvoulos Moraitis	17/18		6/6	3/3[2]
Daniel Reimann, elected to the Board in 2023	15/18		6/6	3/3
Anna Kristiina Hyvönen, elected to the Board in 2024	9/9	5/5		
Claus Østergaard (employee-elected)	18/18			
Leif Gundtoft (employee-elected)	18/18			
Carsten Hansen (employee-elected)	17/18			3/3
Gillian Dawn Winckler, left the Board in 2024	8/9	1/1		

1 Voluntary participation (not member of the committee)
2 Chair of committee

All members of the Board of Directors participated, physically or virtually, in all relevant board and committee meetings in 2024, except five members of which four were unable to attend one board meeting due to conflicting appointments, and one was unable to attend three board meetings due to a conflict on subject matter to discuss.

To ensure that the Board of Directors can perform its duties in the best possible manner and to achieve a highly informed debate with the Group Executive Management, the company strives for board membership profiles that reflect substantial managerial experience from internationally operating industrial companies and that match FLSmidth's company values.

At least one member of the Board of Directors must have CFO experience or similar background from a major listed company, and amongst the other members there should be a strong representation of experienced CEOs from major internationally operating and preferably listed companies. Further, most board members elected at the Annual General Meeting should hold competencies in general management including strategy development, financing and market dynamics, international controls and accounting as well as the acquisition and sale of companies. In addition, it is preferable that board members have a background in the capital goods sector with expertise in products and services.

For a description of the competencies of the Board of Directors, refer to pages 58 - 60.

All six members of the Board of Directors elected at the Annual General Meeting are independent in the opinion of the board considering the criteria specified by the Danish Committee on Corporate Governance, which is an independent body promoting corporate governance best practice in Danish listed companies.

The current Chair, Tom Knutzen, will not be running for re-election. The Board of Directors has proposed that current Vice Chair, Mads Nipper, is re-elected at the company's next AGM in April 2025 and that he is subsequently elected as Chair of the Board. In addition, board member Daniel Reimann, will not be running for re-election and three new board members are proposed elected (refer Company Announcement no. 13-2024 from 20 December 2024 for further details).

As part of its annual plan, the Board of Directors performs an annual self-evaluation to evaluate the contribution, engagement and competencies of its individual members. The Chair is responsible for the evaluation. The overall conclusions of the 2024 board evaluation were satisfactory.

Compensation & Nomination Committee

The Compensation & Nomination Committee consists of Tom Knutzen (Chair), Mads Nipper, Thrasyvoulos Moraitis and Daniel Reimann.

In 2024, the Compensation & Nomination Committee met six times.

Main activities in 2024 related to developing an understanding of pure mining benchmarks and determining a longer-term rewards strategy for the Group Executive Management and the management layer reporting to the Group Executive Management. In addition, activities included assessing the composition and competencies of the Board of Directors and succession planning.

Audit, Risk & ESG Reporting Committee

The Audit, Risk & ESG Reporting Committee consists of Anne Louise Eberhard (Chair), Mads Nipper and Anna Kristiina Hyvönen who are all considered independent and have considerable insight and experience in financial matters, accounting and auditing in listed companies.

The Chair of the Audit, Risk & ESG Reporting Committee is when appointed as Chair automatically appointed as the Compliance Chair as well.

Through long-term partnerships, FLS delivers ground-breaking research and solutions to our customers.

In 2024, the committee met six times and the committee's main activities were to consider specific financial risks, including tax risks, accounting and auditing matters, as well as paying special attention to financial processes, internal control environment and cyber-security.

Particular focus areas in 2024 have been to oversee the integration connected to the acquisition of the Mining Technologies business, and the pure-play strategy for the operational and legal separation of the Cement business. Further, focus has also been on the new and upcoming ESG reporting requirements (CSRD), ESG risks as well as EU Taxonomy.

The Technology Committee

The Technology Committee consists of four board members, Thrasyvoulos Moraitis (Chair), Tom Knutzen, Daniel Reimann and Carsten Hansen.

The Technology Committee met three times in 2024. The three meetings focused on sustainability, digitalisation and core product research and development respectively. The main objectives in 2024 were to review the KPIs for R&D projects and alignment with FLSmidth's strategic priorities, as well as the effectiveness of investment in R&D and the commercial potential of the R&D projects. Furthermore, an evaluation was performed of the key IP obtained as a result of the Mining Technologies acquisition.

Group Executive Management

The Group Executive Management of FLSmidth comprises the Group CEO and Group CFO, both formally registered with the Danish Business Authority.

In addition, the broader Group Executive Management team currently includes five Executive Vice Presidents (EVPs). Business Line EVPs hold full Profit & Loss responsibility for their respective business lines.

During the year, the following changes occurred within the executive management team:

- Chris Reinbold, President of the Mining Products Service Line, left his position in November 2024.
- Joshua Meyer, President of the Mining Service Business Line, left his position in December 2024.
- Annette Høi Butt Terndrup, Head of Legal Counsel, will depart in 2025. This role will not be replaced at the Group Executive Management level.

On 18 February 2025, FLSmidth announced the appointments of a new President, Mining Service Business LIne and of a new President, Mining Prouducts Business Line (see page 48 for more information).

Chris Ashworth, President for Cement, is solely focused on leading the Cement business as a pure-play entity.

As we move forward, the Group Executive Management remains committed to delivering strong performance, enhancing organisational capabilities, and advancing our transformation journey to support long-term growth and value creation for all stakeholders.

Gender representation on the Board of Directors and at other management levels of FLSmidth & Co. A/S

The Board of Directors of FLSmidth & Co. A/S continually evaluates the gender representation on the Board of Directors and at the other management levels of the company.

At the end of 2024, the gender representation among the six members of the Board of Directors elected by the general meeting of FLSmidth & Co. A/S was considered equal in accordance with our targets. Among the board members elected by the general meeting, 33.33% were women and 66.67% were men. Accordingly, no target has been set for the Board of Directors.

At the end of 2024, the gender representation at the other management levels of FLSmidth & Co. A/S was represented by 5 people, 20.0% were women and 80.0% were men. For this reason, and since FLSmidth & Co. A/S had less than 50 employees in the latest financial year, neither a target nor a policy has been introduced for the other management levels of the company.

The company aims to maintain a gender balance that is considered equal and in line with our targets. Thus, in connection with recommendations and appointments, diversity is deliberately taken into account when considering the profiles and qualifications of potential candidates.

Gender representation in FLSmidth & Co. A/S

	2024
Board of Directors[1]	
Total number of members	6
Underrepresented gender in percentage	33.33%
Other management levels[2]	
Total number of members	5
Underrepresented gender in percentage	20.00%

[1] Members of the Board of Directors elected by the general meeting of FLSmidth & Co. A/S.

[2] Other management level, only relates to employees in the FLSmidth & Co. A/S entity.

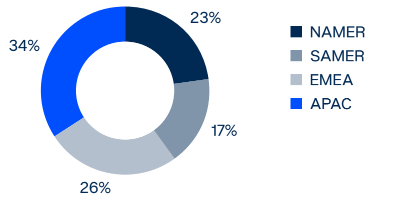
Diversity across the organisation

FLSmidth is dedicated to achieving a greater gender balance across the entire organisation and has set a voluntary target of 25.0% of the entire workforce and people managers are women by 2030. At the end of 2024, women accounted for 21.1% (end of 2023: 20.4%) of the total workforce, while 16.4% (end of 2023: 16.3%) of all managers were women.

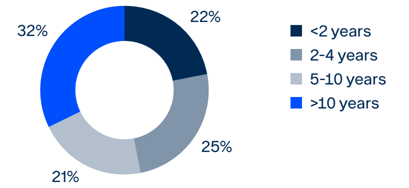
Our global standard process for talent acquisition promotes equal opportunities, treating all candidates fairly and minimising bias in hiring decisions. We will continue to monitor our recruiting practices and make improvements to further DE&I. Talent acquisition for all employment types includes various dimensions of diversity, such as gender, age, nationality, location and personality profile, to achieve a balanced workforce. To reduce potential bias and enable equal opportunities in the hiring process we encourage the removal of personal data from CVs. Additionally, we encourage internal candidates to pursue job opportunities as part of their growth within the company.

FLSmidth believes in providing growth and development opportunities across the organisation. FLSmidth also knows that our people are key to our success. Forty percent (40%) of our workforce is below the age of 40. Forty-seven percent (47%) have less than 5 years seniority, which reflects the ongoing transition FLSmidth is going through.

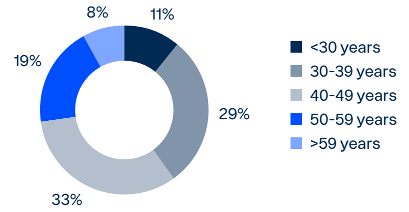
Employees
Geographical distribution



Employees
Length of service



Employees
Age distribution



Presentation of financial statements and internal controls

To ensure the high quality of the Group's financial reporting, the Board of Directors and the Group Executive Management have adopted a number of policies, procedures and guidelines for the presentation of the financial statements and internal controls which can be found at: www.fls.com/en/company/governance

Report on Data Ethics Policy

In 2022, FLSmidth introduced its Data Ethics Policy. The policy addresses the data ethics principles applied by FLSmidth as well as the approach to data processing covering all relevant data types. When using artificial intelligence and the like, we strive to ensure that the results are not discriminatory or biased. The short- and long-term consequences of data processing activities, especially when new technology is applied, are considered and the impact on the data subjects are taken into account. Security of data is important to us. FLSmidth adheres to the six fundamental ethical values developed by the expert group on data ethics to the Danish Data Ethics Council.

For additional information in accordance with Section 99d of the Danish Financial Statements Act, refer to: https://fls.com/en/legal/data-ethics

Sustainability Report

We have published a standalone Sustainability Report as a supplement to the Annual Report, Corporate Governance Statement, Tax Report and Remuneration Report every year since 2010. As of 2024, we report our Sustainability Statement as an integrated report following the requirements of the EU's Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS).
With the new requirements, we have increased the scope of the reporting information and data points. For information on where to find each disclosure see pages 76-80.

Report on compliance with Recommendations on Corporate Governance

Pursuant to the rules set out in the Nasdaq Nordic Main Market Rulebook for Issuers of Shares, Danish listed companies must provide a statement on how they address the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance in December 2020 based on the 'comply or explain' principle: https://corporategovernance.dk/english

FLSmidth's position on each specific recommendation is summarised in the corporate governance statement which has been prepared pursuant to section 107b of the Danish Financial Statements Act and is available at: www.fls.com/en/company/governance/governance-reports

In the opinion of the Board of Directors, FLSmidth complies with all the Corporate Governance Recommendations applicable to Danish listed companies, except recommendation 3.5.1 related to external assistance in connection with evaluation of the Board of Directors, where the company only complies partially. The Board of Directors only engages external assistance in the evaluation if deemed relevant. It is the general opinion of the Board of Directors that external assistance rarely yields any benefits. However, each member of the Board of Directors has the right to request external assistance in the evaluation.

Board of Directors

					
	Tom Knutzen Chair	**Mads Nipper** Vice Chair	**Anne Louise Eberhard**	**Thrasyvoulos Moraitis**	**Daniel Reimann**
Age	62	58	61	61	45
Nationality	Danish	Danish	Danish	British/Greek	Danish
Gender	Male	Male	Female	Male	Male
Member of the Board of Directors since	2012, Chair since 2022 (elected at the AGM). Chair of the Compensation & Nomination Committee and member of the Technology Committee	2022, Vice Chair since 2022 (elected at the AGM). Member of the Audit, Risk & ESG Reporting Committee and the Compensation & Nomination Committee	2017 (elected at the AGM). Chair of the Audit, Risk & ESG Reporting Committee	2019 (elected at the AGM). Chair of the Technology Committee and member of the Compensation & Nomination Committee	2023 (elected at the AGM). Member of the Technology Committee and the Compensation & Nomination Committee
Number of shares in FLSmidth	50,000	1,220	2,000	1,000	0
Executive and non-executive positions in Denmark	Chair of the Board of Directors of Tivoli A/S. Vice Chair of the Board of Directors of Jeudan A/S, Egmont Fonden and Egmont International Holding A/S	None	Chair of the Boards of Directors of Finansiel Stabilitet SOV. Member of the Boards of Directors of Bavarian Nordic A/S, VL52 ApS, and Den Danske Unicef Fond. Director of EA Advice ApS, Member of the Advisory Board of the Center for Strategic CSRD, and Faculty Member at Copenhagen Business School (CBS Executive, Board Education)	None	Director of Shepherd's Tree Holding ApS
Executive and non-executive positions outside Denmark	Member of the Board of Directors of Givaudan SA (CH) and Jungbunzlauer Holding AG (CH)	None	None	CEO of Serra Verde Group (CH). Advisor and principal in Vision Blue Resources (UK). Member of the Board of Directors of Reload Greece Foundation (UK)	None

Board of Directors

				
	Anna Kristiina Hyvönen	**Claus Østergaard**	**Leif Gundtoft**	**Carsten Hansen**
Age	56	58	63	61
Nationality	Finnish	Danish	Danish	Danish
Gender	Female	Male	Male	Male
Member of the Board of Directors since	2024 (elected at the AGM). Member of the Audit, Risk & ESG Reporting Committee	2016 (elected by the employees)	2021 (elected by the employees)	2021 (elected by the employees) Member of the Technology Committee
Number of shares in FLSmidth	100	429	128	52
Executive and non-executive positions in Denmark	None	None	None	None
Executive and non-executive positions outside Denmark	Chair of the board of directors of Duell Corporation (FI), EVP with Nokian Tyres Oyj (Tenure expires in 2025) (FI)	None	None	None

Board competencies

	Tom Knutzen (Chair)	Mads Nipper (Vice Chair)	Anne Louise Eberhard	Thrasyvoulos Moraitis	Daniel Reimann	Anna Kristiina Hyvönen	Claus Østergaard (E)	Leif Gundtoft (E)	Carsten Hansen (E)
CEO (operational) experience	■	■		■					
Finance, Audit Committee, Accounting, Treasury	■		■		■				
Strategy Development	■	■	■	■	■	■			
M&As, Joint ventures, Alliances	■		■	■	■				
Capital markets, Listed company experience	■	■	■	■		■			
Risk Management, Legal, Compliance		■	■						
HR, Total Rewards & Labour					■		■	■	
Safety, Health, Environment, Sustainability		■	■	■		■			
Digital transformation, Technology advancement		■	■	■		■	■	■	■
Cement and Mining Industry Knowledge/Experience				■			■	■	■
Commercial and Project excellence		■			■	■			
Other Industrial experience	■					■			
Service, Aftermarket experience					■	■	■	■	■

(E) = Employee-elected

Group Executive Management

	Mikko Keto	Roland M. Andersen	Mikko Tepponen	Pat Turner
Title	Group Chief Executive Officer. Employed by FLSmidth since 2021*	Group Chief Financial Officer. Employed by FLSmidth since 2020*	Chief Operations Officer and Chief Digital Officer. Employed by FLSmidth since 2020	Pumps, Cyclones and Valves (PCV) Business Line President. Employed by FLSmidth since 1982
Age	57	56	45	64
Nationality	Finnish	Danish	Finnish	American
Gender	Male	Male	Male	Male
Education	MSc Economics from Helsinki School of Economics	MSc Corporate Finance, Executive Management Programme, London Business School	MSc Automation Technology	MBA, Business Administration and Management, BS Metallurgical Engineering
Number of shares in FLSmidth	8,886	22,746	2,907	0
Past experience	Numerous senior management positions with Metso (2010-2020), President for Services and Pumps business areas. Head of Sales, KONE corporation (2008-2010). Various management positions in multiple countries with Nokia Networks (1994-2008)	CFO with NKT (2015-2020) and interim CEO with NKT (2018-2019). Prior to that various CFO roles in multiple countries for A.P. Moller – Maersk, Cybercity, Telenor, Torm	Vice President, Digital Product Development, Wartsila (2017-2020), Director of Digitalisation at Wartsila (2015-2017), Senior Manager, Product Management, Digital Services at Outotec (2012-2015). COO & CTO, Sigma Solutions (2010-2012)	Formerly various positions with FLSmidth: President, Region North America (2019-2022), Senior VP Global Product Line Management (2018-2019), President of FLSmidth Krebs Product Company (2010-2018), VP of Sales Krebs and FLSmidth Krebs (1994-2010), CFO Krebs (1992-1994), Various sales position with Krebs (1982-1992)
Non-executive positions	Member of the Board of Directors of Normet Group	None	Member of the Board of Directors of Etteplan Oui	None

* Registered with The Danish Business Authority. Trading in FLSmidth shares by executives and associated persons is only reported for executives registered with the Danish Business Authority.

Note: On 18 February 2025, FLSmidth announced the appointments of Julian Soles as President, Mining Products Business Line and Toni Laaksonen as President, Mining Service Business Line. Please refer to page 48 for more information.

Group Executive Management



	Christopher Ashworth	Cori Petersen	Annette Terndrup
Title	Cement President. Employed by FLSmidth since 2023	Chief People & Sustainability Officer. Employed by FLSmidth since 2016	Group Legal Counsel. Employed by FLSmidth since 2004
Age	60	55	55
Nationality	American	American	Danish
Gender	Male	Female	Female
Education	MBA, Copenhagen Business School / University of Southern Carolina Darla Moore School of Business BS, Civil Engineering, Virginia Military Institute	BS in Business Administration: Human Resource Management, Senior Professional in Human Resources. Certified by Human Resource Certification Institute	Master of Laws (Denmark) and LLM (England)
Number of shares in FLSmidth	0	3,825	5,600
Past experience	Vice President & Managing Director – Eurotherm (2013-2022), General Manager / Director at Invensys (2009-2013), Managing Director Wonderware (2008-2010) Scandinavia -All Schneider Electric companies	Director Human Resources, US, FLSmidth (2016), Director, Human Resources, North America, FLSmidth (2017). Various managerial positions in Rio Tinto (2011-2016). Various managerial and specialist positions (1987-2011)	Head of Group Legal (2013-2016). Various managerial positions in FLSmidth (2006-2013). Corporate counsel FLSmidth (2004-2006). Lawyer Ashurst (1998-2003). Trainee lawyer, Lett, Vilstrup & Partnere (1994-1997)
Non-executive positions	Member of the Board of Directors of LAAS Copenhagen & PR electronics	None	None

* Registered with The Danish Business Authority. Trading in FLSmidth shares by executives and associated persons is only reported for executives registered with the Danish Business Authority.

Remuneration

Total remuneration to Board of Directors and Group Executive Management registered with Danish Business Authority increased compared to 2023.

Total remuneration increased compared to 2023, primarily due to increase in the expense on share-based remuneration and other bonuses.

Base salary
The Group CEO and Group CFO received a base salary increase of 6% and 4%, respectively, in 2024.

Short-term incentive programme
The pay-out under the short-term incentive programme reflects that average performance for the financial KPIs (order intake, EBITA margin and CFFO) were significantly above target.

Long-term incentive programme
In 2024, management received a pay-out close to maximum for the long-term incentive programme (LTIP) for the performance period 2021-2023. The KPIs for the 2024 LTIP grant are: EBITA-margin, total shareholder return and a sustainability KPI.

Other incentives
No new incentives were granted to the Group CEO and Group CFO in 2024. The long-term incentive programme (Restricted Share Units) granted in 2023 and the long-term cash-based incentive bonus that was granted to the Group CEO in 2023, remain outstanding.

Remuneration of Group Executive Management
The Board of Directors has adopted overall guidelines for incentive pay for the Group Executive Management establishing a framework for variable salary components in order to support FLSmidth's short- and long-term goals. The purpose is to ensure that the remuneration structure does not lead to imprudence, short-term behaviour or unreasonable risk acceptance on the part of the Group Executive Management.

The Compensation & Nomination Committee considers on a regular basis the Group Executive Management's remuneration.

The total remuneration of the Group Executive Management consists of the following components:

- Base salary
- Short-term incentives in the form of a cash bonus (up to 75% of annual base salary)
- Long-term incentives in the form of performance shares (up to 100% of base salary)
- Other incentives of up to 150% of the annual base salary in cash and/or in shares
- Up to 18 months' notice in the event of termination of employment and severance payment of a maximum of 6 months' base salary
- Customary benefits such as company car, telephone, etc.

Remuneration of the Board of Directors
The Board of Directors' total remuneration consists of an annual cash payment for the current financial year, which is submitted for approval at the Annual General Meeting. The Board of Directors' fees are normally pre-approved by the General Meeting for the year in question and then finally approved by the shareholders at the following year's General Meeting. In approving the final fees, shareholders may take unexpected workload into consideration and increase the preliminarily approved fees for all or some members of the Board of Directors. The Board of Directors'fees do not include incentive-based remuneration.

Cash payment is increased in 2024 and consists of a base fee of DKK 475,000 (2023: 450,000) to each Board member, graded in line with additional tasks and responsibilities as follows:

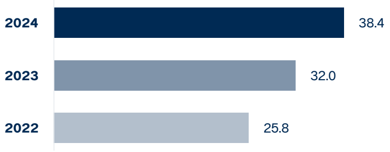
- Ordinary Board members 100% of the base fee
- Board Vice chair 200% of the base fee
- Board Chair 300% of the base fee
- Audit, Risk & ESG reporting Committee Chair fee DKK 300,000 (2023: 225,000)
- Other Committee Chair fee DKK 250,000 (2023: 225,000)
- Committee members fee DKK 125,000

The Chair and Vice chair do not receive payment for committee work. The fee structure has been unchanged since 2017 until the change in 2024.

The remuneration report can be found here: https://fls.com/en/company/governance/remuneration.

Total remuneration of the Board of Directors
DKKm

Total remuneration of Executive Management registered with the Danish Business Authority
DKKm



Shareholder information

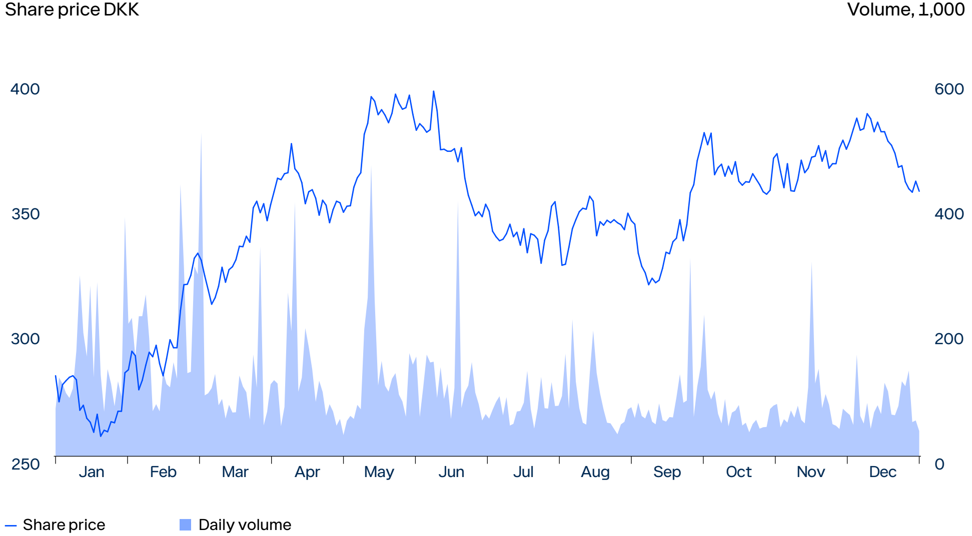
Total shareholder return was 25.3% in 2024. A dividend of DKK 8.00 per share is proposed.

Capital and share structure

FLSmidth & Co. A/S is listed on the Nasdaq Copenhagen stock exchange. The share capital is DKK 1,153,000,000 (unchanged versus 2023) and the total number of issued shares is 57,650,000 (unchanged versus end of 2023). At the end of 2023, FLSmidth held a total of 813,075 shares, equal to approximately 1.4% of the total share capital, as treasury shares.

Each share entitles the holder to 20 votes. The FLSmidth shares are included in 162 Danish, Nordic, European and global share indices. This includes the Danish Large Cap index.

Share price development in 2024



At the time of issuing the 2024 financial statements for FLSmidth & Co. A/S, the company had approximately 46,000 registered shareholders (2023: 51,700). Major shareholders owning more than 5% of the share capital and of the votes were Altor Invest 7 AS, Tjuvholmen Allé 19, 0252 Oslo and Lundbeckfond Invest A/S, Scherfigsvej 7, 2100 Copenhagen Ø. When excluding major shareholders and certain other related shareholdings, the free float of FLSmidth's outstanding shares is estimated to be approximately 72%.

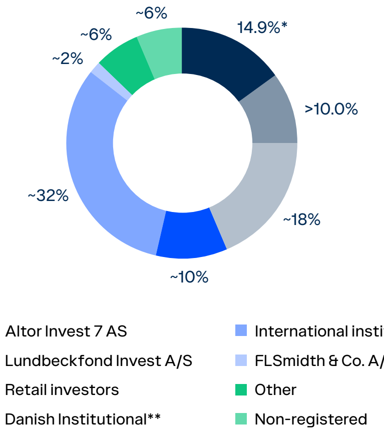
Based on available information, it has been estimated that approximately 18% of the share capital is held by private investors, with the vast majority being held by Danish private investors. Further, 68% was held by institutional investors. Of the institutional ownership, approximately 21% was held by Danish investors (including Lundbeckfonden).

Return on the FLSmidth share in 2024

The total return on the FLSmidth share in 2024 was 25.3% (2023: 15.3%), calculated as share price appreciation and dividends paid. By comparison, the Danish Copenhagen 25 index decreased by approximately 2.4% in 2024. The share price ended the year at DKK 356.00 compared to DKK 287.20 at the end of 2023, having traded between DKK 257.00 and DKK 401.20 during the year. Total shareholder return was included as a KPI in the

Shareholder structure

As of 31 December 2024 (%)



* Altor Invest 7 AS have publicly disclosed their position of 14.9%
** Excluding Lundbeckfond Invest A/S
*** Excluding Altor Invest 7 AS

long-term incentive programme during 2024. The average daily traded volume was 113,604 shares, representing a decrease of approximately 43% compared to 2023.

Capital structure and allocation

FLSmidth takes a conservative approach to capital structure with an emphasis on relatively low debt, gearing and financial risk. The Board of Directors' priorities for capital structure are as follows:

- Leverage ratio (NIBD/EBITDA) < 2x
- Dividend pay-out ratio of 30-50% of net profit

In addition, the Board of Directors' priority for capital allocation is to ensure a strong balance sheet while allowing for growth investments and value-adding M&A. Excess cash may be distributed either via share buy-back programmes or extraordinary dividends.

The Board of Directors will propose at the Annual General Meeting that a dividend of DKK 8.00 per share (2023: DKK 4.00 per share), corresponding to a dividend yield of 2.2% and a pay-out ratio of 44,8% is to be distributed in 2024, which is in line with the targeted pay-out ratio.

FLSmidth Investor Relations

FLSmidth engages in an open and active dialogue with the capital markets. It is FLSmidth's objective to have an appropriately diversified shareholder base in terms of geography, investment style and investment horizon. Accordingly, the purpose of FLSmidth Investor Relations is to:

1. Ensure compliance with relevant rules and regulations for companies listed on the Nasdaq Copenhagen stock exchange;
2. ensure that FLSmidth is perceived as a visible, accessible, reliable and professional company by the capital markets;
3. ensure that relevant, accurate, balanced and timely information is made available to the capital markets as basis for regular trading and fair pricing of the shares; and
4. ensure that the Board of Directors and the Group Executive Management are briefed on relevant information received based on dialogue with investors, analysts and other financial market stakeholders. To achieve these goals, an open and active dialogue with the capital markets takes place through stock exchange announcements and financial reporting, investor presentations, webcasts, conference calls and other forms of electronic communication, investor meetings, roadshows, annual general meetings and capital markets days.

FLSmidth & Co. A/S is generally characterised as a capital goods or industrials company and is currently being covered by 16 equity analysts, nine of which are based outside Denmark. For further details, please see: fls.com/en/investors/the-share/analyst-coverage.

Share and dividend key figures

	2020	2021	2022	2023	2024
CFPS (cash flow per share), DKK (diluted)	28.3	27.8	17.0	10.9	11.2
EPS (earnings per share), DKK (diluted)	4.2	6.9	6.5	8.7	17.8
BVPS (book value per share), DKK	159	180	188	188	204
DPS (dividend per share), DKK, proposed	2	3	3	4	8
Pay-out ratio (%)	50	48	49	47	45
Dividend yield (dividend as percent of share price end of year)	0.9	1.2	1.2	1.4	2.2
FLSmidth & Co. A/S share price, end of year, DKK	232.8	244.3	251.7	287.2	356.00
Listed number of shares (1,000), end of year	51,250	57,650	57,650	57,650	57,650
Number of shares excl. own shares (1,000), end of year	50,152	56,725	56,736	56,736	56,837
Average number of shares (1,000), (diluted)	50,153	52,080	56,879	57,137	57,334
Market capitalisation, DKKm	11,931	14,084	14,511	16,557	20,523

Financial calendar 2025

2 Apr 2025	Annual General Meeting
14 May 2025	Q1 2025 Interim Financial Report
20 Aug 2025	H1 2025 Interim Financial Report
12 Nov 2025	Q3 2025 Interim Financial Report

Share information

Market	Nasdaq Copenhagen
Symbol	FLS
ISIN	DK0010234467
Number of shares	57,650,000
Share capital (DKK)	1,153,000,000
Votes per share	20
Sector	Construction and Materials
ICB code	5010
Segment	Large
Share price end of year	DKK 356.00

All investor relations materials and investor relations contact information are available to investors at the company website: https://fls.com/en/investors

08

Sustainability statement

Understanding sustainability and CSRD-aligned reporting

Sustainability is about meeting today's needs without compromising the future. It considers environmental, social and governance (ESG) factors to ensure businesses operate responsibly and create long-term value.

This year, for the first time, FLSmidth is reporting under the Corporate Sustainability Reporting Directive (CSRD) which is newly implemented regulation from the European Green Deal, aimed at supporting the European market transitions to a carbon neutral economy. Through this reporting, we address our actual and potential impacts on people and the planet, as well as how sustainability related factors could impact our business, both now, and in the future.

To align with these requirements, we performed a robust double materiality assessment, to identify key areas essential for our focus and reporting. We took a fresh approach, ensuring we considered topics we have not worked with before, whilst also building on previous materiality assessments and existing methodologies.

We also focused on the quality of our ESG data, as we know this is the essential foundation to build our actions on and monitor our progress.

The following sustainability statement is designed to give clear and transparent insight into how we work with sustainability. We aim to provide direct linkages from our identified areas of materiality to the policies, actions, targets and key performance indicators we have in place to drive progress in these areas.

The year 2024 marks the initial implementation of section 99a of the Danish Financial Statements Act regarding compliance with ESRS. As such, more clear guidance and practice are anticipated in various areas in the coming years.

Additionally, the Sustainability Statements contain forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

How to read our impacts, risks and opportunities

For each sustainability topic, we use a chart and illustration to show how the identified IROs relate to our business. The chart indicates whether we are disclosing a negative impact, positive impact, opportunity or risk. It shows whether the IRO is actual or potential, where in the value chain it applies, and the applicable time horizon.

Key acronyms in this section

CSRD	Corporate Sustainability Reporting Directive
ESRS	European Sustainability Reporting Standards
DMA	Double materiality assessment
IROs	Impacts, risks and opportunities
SBTi	Science Based Targets initiative
SASB	Sustainability Accounting Standards Board
GRI	Global Reporting Initiative
MSCI	Morgan Stanley Capital International
CO_2e	Carbon dioxide equivalent
CBAM	Carbon Border Adjustment Mechanism
IPCC	Intergovernmental Panel on Climate Change
IEA	International Energy Agency
GHG	Greenhouse gas emissions
DEFRA	Department for Environment, Food and Rural Affairs
REACH	EU Registration, Evaluation, Authorisation and Restriction of Chemicals
UNGPs	United Nations Guiding Principles on Business and Human Rights
OECD	Organisation for Economic Co-operation and Development
DE&I	Diversity, equity and inclusion
ILO	International Labour Organization

General disclosures

This sustainability statement is intended to provide transparent, relevant and reliable insights into sustainability at FLSmidth. Through strong governance, we ensure that sustainability principles are integrated into our strategic decision-making processes, operational practices and corporate culture. Based on clear roles, responsibilities and accountability mechanisms, we effectively monitor, manage and enhance our sustainability performance.

Sustainability at FLSmidth

FLSmidth supplies technologies and services to mining and cement operations throughout the world, serving customers in more than 150 countries and with a local presence in over 60 countries and with 7,739 employees worldwide. See page 117 for key geographies breakdown.

Global economic development and the energy transition are driving increased demand for minerals and cement. Both industries are integral to meet the needs of a growing middle class, which requires a substantial supply of minerals such as copper, lithium, nickel and cobalt.

Mining operations and cement production impact the environment through CO_2e emissions, water usage and waste generation. These industries combined contribute approximately 10% of the world's CO_2e emissions. Notably, 99% of the emissions across our value chain arise from the use of our products by customers throughout their operational life, presenting us a significant opportunity to drive change.

Innovation in these industries is essential to achieving net-zero emissions while meeting these demands. Recognising this, we launched the MissionZero sustainability programme in 2019. This is at the heart of our ongoing commitment to providing technologies and services that help customers reduce emissions, energy consumption, water consumption and use, and waste. With the MissionZero programme, we have set targets to provide solutions for zero-emissions mining and cement production by 2030.

There is growing recognition of the societal and environmental challenges associated with developing new greenfield operations. Therefore, we enable customers to maximise the potential of their existing operations by offering services, spare parts, upgrades and retrofits. We aim to improve the efficiency, extend the life of equipment and minimise the environmental footprint of mining and cement operations.

We support the global energy transition and the long-term phasing-out of coal. Macroeconomic, industry-related and geopolitical developments have, however, led to a slower transition. Consequently, we have in 2024 re-evaluated our position on coal and decided that we will continue to service our existing customers, and provide technologies and services to brownfield coal mining operations, beyond 2030, ensuring that we support customers with the most resource-efficient solutions during the transition. We will not enter into new, greenfield coal-related projects.

Mikko Keto, Chief Executive Officer

In 2024, revenue related to coal was around DKK 1.4bn, equal to around 7% of total revenue. Revenue related to other fossil fuel sectors accounted for less than 1% of total revenue[1].

We are integrating sustainability into the core of the company's business processes. This involves ensuring that ESG considerations are a fundamental element of decision-making processes across all relevant business functions. Supported by clear responsibilities and standardised processes, we are establishing a structured approach allowing us to set realistic targets, take corresponding actions and continuously track our progress. This integration of ESG into our operations not only aligns with global sustainability expectations but also drives greater business value by enhancing operational efficiency, strengthening stakeholder relationships and ensuring long-term resilience.

See pages 16-17 for a description of our business model.

[1] All revenue comes from the ESRS defined Mining, quarrying and coal sector.

Double materiality assessment

Methodology

We developed our methodology from previous years with reference to the principles in the ESRS.

Our assessment considered potential and actual impacts, risks and opportunities (IROs) in our own operations and both upstream and downstream in our value chain.

Our impact assessment considered both positive and negative impacts on society and the environment from our business operations and relationships. Our financial assessment assessed sustainability-related risks and opportunities associated with the business.

Based on the assessment of our material IROs, we have identified the material topical standards to be reported on. These are depicted in the figure to the right.

Assessing impacts, risks and opportunities

To comprehensively identify and evaluate sustainability-related IROs, we engaged a broad range of stakeholders and leveraged diverse sources of information. Our process included workshops and interviews with internal subject matter experts and business leaders, supported by analyses of environmental impact assessments, whistleblower reports, industry networks,

Environment
E1 Climate change
E2 Pollution
E3 Water
E4 Biodiversity
E5 Circularity

Social
S1 Own workforce
S2 Workers in the value chain
S3 Affected communities
S4 Consumers and end-users

Governance
G1 Business conduct

employee engagement surveys, and other internal and external documentation. The assessment originated from our strategy and business model and included evaluating specific activities, business relationships, geographies and dependencies that lead to a heightened risk of adverse impacts.

Upstream impacts were assessed in collaboration with procurement colleagues and supply chain and human rights specialists, while environmental impacts related to FLSmidth's operations were evaluated at all sites.

Downstream impacts were assessed through direct engagement with a major mining customer and through proxies, particularly where direct engagement with affected communities was not feasible. Proxies included input from internal specialists, industry standards and tools. Financial risks and opportunities were identified through consultations with 30 internal stakeholders from departments such as customer relations, finance, legal and HR. These risks are monitored and managed in line with our enterprise risk management (ERM) procedures.

We have considered the connections between impacts and dependencies with our risks and opportunities. For example, we identified a connection between the energy transition stimulating demand for key commodities and the potential increased negative environmental impact of the associated mining activities.

Governance structures underpinning our IRO assessments ensure a thorough evaluation of business conduct across all locations, transactions and customer engagements in the mining and cement sectors.

For more information on each area assessed, please see each topical section.

Double materiality assessment (continued)

Time horizon
Time horizons for IROs are specified according to the earliest occurrence. Where we have identified a short-term horizon, the IRO could potentially continue to a longer time horizon.

Impacts
As per the ESRS guidance, the average of the three parameters of 'scale', 'scope', and 'irremediable character' have been used in the scoring of the 'severity' of our impacts. The likelihood of the impact occurring is then evaluated to give the final impact score. In instances of a negative impact on human rights, a scoring of five in either scale, scope or irremdiable character results in a material impact scoring.

Risks and opportunities
When scoring risks and opportunities, we utilised our ERM methodology (see pages 51-52) to ensure consistency and relevance to the business[2]. We evaluated the magnitude of the risk or opportunity against seven drivers of value creation or costs: financial, legal/regulatory, reputation, human capital, customers, operational and strategic.

When quantification in monetary terms was not possible, largely due to the complexity of defining exact values for potential sustainability risk scenarios, we applied qualitative assessments.

Thresholds
Materiality thresholds were set at 'significant'. This means that IROs scored as 'significant', 'high' and 'severe', and their associated ESRS topics, are deemed material.

Scale: How grave is the impact?		**Scope: How widespread is the impact?**		**Irremediable character: How difficult would it be to (remedy or correct) the issue?**	
5	Absolute	5	Global/total	5	Non-remediable/irreversible
4	High	4	Widespread	4	Very difficult to remedy or long-term
3	Medium	3	Medium	3	Difficult to remedy or mid-term
2	Low	2	Concentrated	2	Remediable with effort (time & cost)
1	Minimal	1	Limited	1	Relatively easy to remedy short-term
0	None	0	None	0	Very easy to remedy

Likelihood		**Materiality**
5	Actual (occuring)	Severe
4	Very likely	High
3	Likely	Significant
2	Possible	Medium
1	Unlikely	Low
0	Very unlikely	

Resilience of our strategy

Upon concluding our DMA in August 2024, we evaluated the resilience of our strategy and the capacity of our business model to address our material impacts and risks and our ability to take advantage of our material opportunities. We see that our MissionZero programme empowers our customers to reduce their environmental impact and directly addresses material IROs. With the integration of ESG into our business processes, we aim to ensure the long-term resilience of our business and its ability to address our actual and potential IROs now and in the future.

We recognise that our IROs may change over time due to the dynamic nature of our operational landscape.

Several factors may influence our IROs, including entering new markets or other emerging sectors. We have not identified any current or future financial effects for which there is significant risk of material adjustment.

We are committed to continuously improving our methodology and processes for identifying and evaluating IROs by enhancing data quality and insights from our value chain. This will allow us to quantify our IROs more accurately. Similarly, we will continue to integrate our materiality assessment with our overall risk management processes to ensure a holistic approach to identifying and mitigating risks.

[2] Using the ERM methodology, sustainability risks are not prioritised relative to other business risks

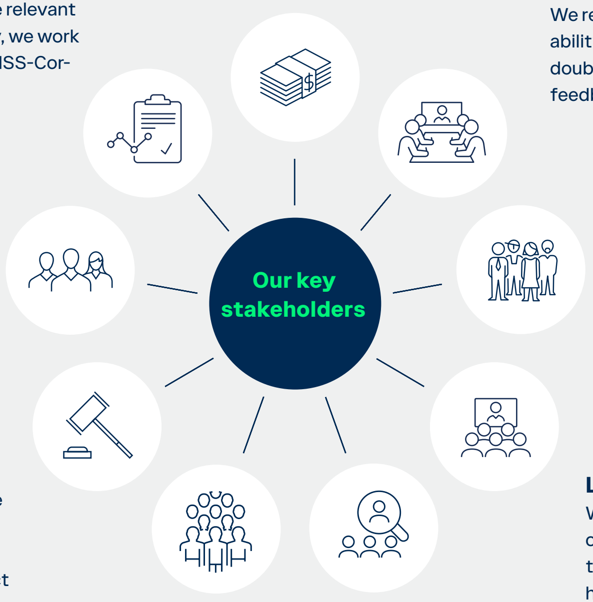
Stakeholder engagement

FLSmidth actively engages with key internal and external stakeholders, recognising their insights and perspectives as essential to advancing our MissionZero programme and ESG objectives. Stakeholder interests and views are integrated into our impact, risk and opportunity assessments, informing the strategic decisions of our management and Board of Directors.

Investors
Our Investor Relations team and Group Executive Management engage regularly with current and potential investors to discuss the performance and expectations of our sustainability ambitions and strategies.

Industry reporting standards/ ESG rating agencies
We benchmark our progress based on industry reporting standards and ESG rating agencies' reports in order to assess and confirm the relevant reporting areas for our industry. Currently, we work with SASB, GRI, Sustainalytics, MSCI and ISS-Corporate as benchmarks.

Audit, Risk and ESG Reporting Committee
We report to the committee on progress in key sustainability metrics and activities, including the results of our double materiality assessment. The committee provides feedback and guidance about plans and activities.



Supply chain workers/Suppliers
We engage with suppliers through our onsite assessments, enabling us to identify and mitigate potential issues in our supply chain.

Current employees
In addition to providing feedback and input through monthly surveys, employees are expected to attend quarterly townhall meetings with Group Executive Management and business line managers. Roundtable discussions between employees and management are held periodically to gather targeted feedback.

Policy makers and indirect decision-makers
We discuss ESG with governments and ministries in key countries and jurisdictions to gain knowledge and to push for higher regulatory standards within the mining and cement industries. We engage regularly with international organisations to provide expertise, share experience, exchange ideas, gain insights on their expectations and inform policymakers. We are members of, or engage with, industry associations and advocacy groups to promote policy frameworks and regulations that help accelerate the green transition and to gain knowledge about stakeholder groups that we might affect unknowingly or indirectly.

Local communities/media/NGOs
We listen to the needs and expectations of the local communities in which we operate. We regularly undertake environmental projects, education, training and humanitarian work, and we contribute regularly to local community causes aligned with our values and mission.

Customers
We partner with customers to support them in achieving their sustainability ambitions. Through these partnerships, we gain insights from continuous dialogue with customers about their expectations and needs as well as future-looking concerns and issues.

Future employees
Partnering with universities is vital to attract top talent and foster innovation. This also helps us to understand the expectations and perspectives of potential future employees.

Impacts, risks and opportunities across our value chain

	Upstream	Own Operations	Downstream
ESRS E1 Climate change	• CO_2e emissions → Page 83	• CO_2e emissions → Page 83 • Energy optimisation → Page 84	• CO_2e emissions → Page 83 • MissionZero portfolio → Page 84
ESRS E2 Pollution	• Air pollution from production → Page 96	• Air pollution from production → Page 96 • Use of substances of concern	• Tailings solution offerings → Page 96
ESRS E3 Water	• Water withdrawal → Page 100	• Water withdrawal → Page 100	• MissionZero portfolio → Page 100
ESRS E4 Biodiversity			• CO_2e emissions → Page 103 • Depletion of natural resources and land-use change • Regulatory/reputational pressure • Reducing mining footprint → Page 104
ESRS E5 Circularity	• Virgin raw materials → Page 105 • Sourcing of materials	• Generation of waste → Page 105	• Product design → Page 105 • Sales of services
ESRS S1 Own workforce		• Working conditions → Page 111 • Equal treatment and opportunities → Page 112	
ESRS S2 Workers in the value chain	• Adequate wages → Page 121 • Health and safety • Child labour and forced labour		• Child labour and forced labour → Page 121
ESRS S3 Affected communities			• Communities' economic, social and cultural rights → Page 127 • Rights of indigenous people
ESRS G1 Business conduct	• Relationships with suppliers → Page 131	• Corporate culture → Page 130 • Protection of whistleblowers → Page 130 • Corruption and bribery → Page 131	• Political engagement and lobbying activities → Page 130 • Public policy → Page 131

General disclosures

Governance and oversight of sustainability

The Board of Directors is deeply engaged in our sustainability initiatives, overseeing critical decisions, setting long-term targets and supporting our sustainability ambitions. Their activities include quarterly reviews of sustainability matters, conducting an annual sustainability review and approving relevant policies. All members of the board are independent.

Group Executive Management, acting as the Sustainability Board, holds overall accountability for the direction, progress and focus of our sustainability efforts and targets. The Chief People and Sustainability Officer is responsible for sustainability topics and reports progress to Group Executive Management. The Group CFO is significantly involved in the regulatory aspects and data quality of our sustainability reporting.

The People and Sustainability department comprises subject matter experts dedicated to various sustainability topics. The daily implementation of the sustainability strategy, ambitions, and supporting policies is delegated to relevant functions and subject matter experts. Management and the Board of Directors receive information and training on current and evolving regulatory matters and material sustainability IROs. We ensure relevant expertise by upskilling our own workforce areas or bringing in experts where needed.

The Sustainability and ESG Finance teams provide regular updates to the Audit, Risk and ESG Reporting Committee, the Board of Directors, and the Group CEO. Quarterly reports are presented to Group Executive Management and the Board of Directors on specific sustainability KPIs. In 2024, there was particular emphasis on updates related to new metrics and data points for reporting in relation to CSRD. The Group CFO and Chief People and Sustainability Officer were continuously informed about CSRD reporting processes throughout the year to ensure compliance, as well as general sustainability-related concerns and trends.

The results of the DMA were presented to Group Executive Management and the Audit, Risk and ESG Committee in August 2024. The Board of Directors received documentation, process descriptions and results of the DMA process for relevant decision-making.

For more information see Corporate Governance on pages 53-62.

Statement on due diligence

	Page
Embedding due diligence in governance, strategy and business model	69, 74, 111, 121, 127
Engaging with affected stakeholders in all key steps of the due diligence	70, 72, 96, 100, 103, 105, 111, 113, 123, 130
Identifying and assessing adverse impacts	70, 82-84, 96, 100, 103-105, 111-112, 121, 127, 130-131
Taking actions to address those adverse impacts	85, 98, 101, 104, 106-108, 114-120, 123-126, 131-134
Tracking the effectiveness of these efforts and communicating	86, 95, 98-99, 101-102, 109, 114-120, 124-126, 131-134

Integration of sustainability-related performance in incentive schemes

The long-term incentive programme aligns executive management's performance with sustainability goals. 20% of the achievement under the programme is linked to sustainability targets, which for the programme granted in 2024, are assessed through four KPIs: scope 1 & 2 emissions, economic intensity, total recordable injury rate, and women in the workforce. The sustainability KPIs are embedded in our remuneration policy, linking variable pay to long-term sustainability goals. The KPIs are based on a three-year average target improvement for the 2024-2026 period, each weighted at 5%. The Board of Directors reviews the schemes annually to ensure alignment with our sustainability strategy and best practices, incentivising leadership to balance sustainability with financial performance.

Risk management and internal controls over sustainability reporting

We have implemented internal control systems to identify and mitigate risks in financial and sustainability reporting, supported by defined policies, procedures and controls. Prioritised risks include reliance on manual processes and ensuring completeness of new data points. To address these, we are streamlining manual processes with standardised tools and enhancing data validation for accuracy. Risks are prioritised based on severity.

In 2024, we established an ESG internal control unit to strengthen controls and optimise processes where data points and controls are reviewed for quality and effectiveness. Oversight is provided by the Audit, Risk and ESG Committee through quarterly reviews of the risks and controls. The sustainability statement is subject to limited assurance by an independent auditor elected at the annual general meeting.

General disclosures

General basis for preparation of sustainability statement

FLSmidth's sustainability statement has been prepared on the same consolidated basis as the consolidated financial statements with the same reporting period running from 1 January to 31 December 2024.

In the preparation of the sustainability statement, we have identified IROs that extend to our upstream and downstream value chain. Based on our DMA, we have updated some of our policies during this year to align with the results.

The report primarily includes data and information related to our own operations. However, we also include information, metrics and targets for IROs connected to our value chain.

No information corresponding to intellectual property, know-how or the results of innovation has been omitted from the sustainability statement. Neither are we exempted from disclosing any impending developments or matters that are currently in the course of negotiation.

The report is prepared in compliance with sections 99a of the Danish Financial Statements Act and EU taxonomy regulation disclosure requirements.

The full sustainability statements have received limited assurance. Please see the auditor's limited assurance report on pages 207-208.

Incorporation by reference

Disclose requirement	Page where the information can be found
ESRS 2 GOV-1, GOV-2	Pages 53-62

Disclosures in relation to specific circumstances

Sources of estimation and outcome uncertainty

We use the internationally recognised standard, GHG Protocol, as the basis for our emissions calculation methodology. However, all greenhouse gas (GHG) emission metrics have some level of uncertainty due to the nature of the calculation and data availability. We expect the data accuracy to evolve over time and have continued to improve our scope 3 GHG reporting methodology in the previous reporting years.

Where we have not been able to collect actual data, we use assumptions and estimates for the reporting of the relevant data points. We reassess our methodology for using estimates and judgements on a regular basis as data access becomes better and with the ongoing development of ESG reporting. Please see our accounting policies including descriptions of assumptions, estimates and sources used for each metric.

In the event of restating non-financial data, we refer to our restatement policy.

Changes in preparation or presentation of sustainability information

We have published a standalone Sustainability Report as a supplement to the Annual Report, Corporate Governance Statement, Tax Report and Remuneration Report every year since 2010. As of 2024, we report our sustainability statement as an integrated report following the requirements of the EU's CSRD and ESRS.

With the new requirements, we have increased the scope of the reporting information and data points. For information on where to find each disclosure, see pages 76-80.

Disclosure requirement reference table and other information

ESRS 2	General disclosures	Section/ report	Page	Additional information
BP-1	General basis for preparation of the sustainability statement	SS	75	
BP-2	Disclosures in relation to specific circumstances	SS	75	
GOV-1 GOV-2	Governance and oversight of sustainability	CG/SS	53-62/74	Data point 21 (d) - *Board's gender diversity* is derived from SFDR and Benchmark Regulation Data point 21 (e) - *Percentage of board members who are independent is derived from Benchmark Regulation*
GOV-3	Integration of sustainability-related performance in incentive schemes	SS	74	
GOV-4	Statement on sustainability due diligence	SS	74	Data point 30 - *Statement on due diligence* is derived from SFDR
GOV-5	Risk management and internal controls over sustainability reporting	SS	74	
SBM-1	Sustainability at FLSmidth (products, markets, customers) Countries with over 10% of workforce (headcount by country) Sustainability at FLSmidth (breakdown of revenue)	SS SS SS	69 117 69	Data point 40 (d) i - *Involvement in activities related to fossil fuel activities* is derived from SFDR, Pillar 3 and Benchmark Regulation Data point 40 (d) ii - *Involvement in activities related to chemical production* is derived from SFDR and Benchmark Regulation Data point 40 (d) iii - *Involvement in activities related to controversial weapons* is derived from SFDR and Benchmark Regulation Data point 40 (d) iv - *Involvement in activities related to cultivation and production of tobacco* is derived from Benchmark Regulation
SBM-2	Stakeholder engagement	SS	72	
SBM-3	Impacts, risks and opportunities across our value chain	SS	73	
IRO-1	Assessing impacts, risks and opportunities	SS	70	
IRO-2	Disclosure requirement reference table and other information	SS	76-80	

ESRS E1	Climate change	Section/ report	Page	Additional information
E1-GOV-3	Integration of sustainability-related performance in incentive schemes	SS	74	
E1-IRO-1	Assessing impacts, risks and opportunities	SS	83	
E1-SBM-3	Resilience of our strategy	SS	71	
E1-1	Transition plan for climate change mitigation	SS	84	Data point 14 - *Transition plan to reach climate neutrality by 2050* is derived from EU Climate Law Data point 16 (g) - Undertakings excluded from Paris-aligned Benchmarks is derived from Pillar 3 and Benchmark Regulation
E1-2	Policies	SS	84	
E1-3	How we are taking action	SS	85	
E1-4	Targets	SS	86	Data point 34 - *GHG emission reduction targets* is derived from SFDR, Pillar 3 and Benchmark Regulation
E1-5	Energy consumption and mix	SS	87	Data point 38 - *Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)* is derived from SFDR Data Point 37 *Energy consumption and mix* is derived from SFDR Data point 40 to 43 -*Energy intensity associated with activities in high climate impact sectors* is derived from SFDR
E1-6	Scopes 1, 2 and 3 GHG emissions	SS	88	Data point 44 Gross Scope 1, 2, 3 and Total GHG emissions is derived from SFDR, Pillar 3 and Benchmark Regulation Data point 53-55 Gross GHG emissions intensity is derived from SFDR, Pillar 3 and Benchmark Regulation
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not applicable	-	Data point 56 GHG removals and carbon credits is derived from EU Climate Law reference
E1-8	Internal carbon pricing	Not applicable	-	

SS Sustainability statement CG Corporate Governance

ESRS E1	Climate change	Section/ report	Page	Additional information
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Omitted	-	Data point 66 *Exposure of the benchmark portfolio to climate-related physical risks* is derived from Benchmark Regulation Data point 66 (a) *Disaggregation of monetary amounts by acute and chronic physical risk* Is derived from Pillar 3 Data point 66 (c) *Location of significant assets at material physical risk* is derived from Pillar 3 Data point 67 (c) *Breakdown of the carrying value of its real estate assets by energy-efficiency classes* is derived from pillar 3 Data point 69 *Degree of exposure of the portfolio to climate-related opportunities* is derived from Benchmark Regulation

ESRS E2	Pollution	Section/ report	Page	Additional information
E2-IRO-1	Assessing impacts, risks and opportunities	SS	96	
E2-1	Policies	SS	97	
E2-2	How we are taking action	SS	98	
E2-3	Targets	SS	98	
E2-4	Pollution of air	SS	99	Data point 28 *Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil* is derived from SFDR
E2-5	Substances of concern and substances of very high concern	SS	99	
E2-6	Anticipated financial effects from material pollution-related risks and opportunities	Omitted	-	

ESRS E3	Water and marine resources	Section/ report	Page	Additional information
E3-IRO-1	Assessing impacts, risks and opportunities	SS	100	
E3-1	Policies	SS	100-101	Data point 9 *Water and marine resources* is derived from SFDR Data point 13 *Dedicated policy* is derived from SFDR Data point 14 *Sustainable oceans and seas* is derived from SFDR
E3-2	How we are taking action	SS	101	
E3-3	Targets	SS	101	
E3-4	Water use	SS	102	Data point 28 (c) *Total water recycled and reused* is derived from SFDR Data point 29 *Total water consumption in m^3 per net revenue on own operations* is derived from SFDR
E3-5	Anticipated financial effects from material water and marine resources-related risks and opportunities	Omitted	-	

ESRS E4	Biodiversity and ecosystems	Section/ report	Page	Additional information
E4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Not applicable	-	Data point 16 (a) i - *specifying the activities negatively affecting biodiversity sensitive areas* is derived from SFDR Data point 16 (b) - *whether it has identified material negative impacts with regards to land degradation, desertification or soil sealing* is derived from SFDR Data point 16 (c) - *whether it has operations that affect threatened species* is derived from SFDR
E4-IRO-1	Assessing impacts, risks and opportunities	SS	103	
E4-1	Transition plan	SS	104	

SS Sustainability statement CG Corporate Governance

ESRS E4	Biodiversity and ecosystems	Section/ report	Page	Additional information
E4-2	Policy	SS	104	Data point 24 (b) *Sustainable land / agriculture practices or policies* is derived from SFDR Data point 24 (c) *Sustainable oceans / seas practices or policies* is derived from SFDR Data point 24 (d) *Policies to address deforestation* is derived from SFDR
E4-3	Actions and resources related to biodiversity and ecosystems	Not applicable	-	
E4-4	Targets related to biodiversity and ecosystems	Not applicable	-	
E4-5	Impact metrics related to biodiversity and ecosystems change	Not applicable	-	Data point 37 (d) *Non-recycled waste* is derived from SFDR Data point 39 *Hazardous waste and radioactive waste* is derived from SFDR
E4-6	Anticipated financial effects from biodiversity and ecosystems-related risks and opportunities	Omitted	-	

ESRS E5	Resource use and circular economy	Section/ report	Page	Additional information
E5-IRO-1	Assessing impacts, risks and opportunities	SS	105	
E5-1	Policies	SS	106	
E5-2	How we are taking action	SS	106-107	
E5-3	Targets	SS	109	
E5-4	Resource inflows	SS	106	
E5-5	Resource outflows	SS	108	
E5-6	Waste	SS	107	

ESRS S1	Own workforce	Section/ report	Page	Additional information
S1-SBM-2 S1-SBM-3	Own workforce	SS	111	Data point 14 (f) - *Risk of incidents of forced labour* is derived from SFDR Data point 14 (g) - *Risk of incidents of child labour* is derived from SFDR
S1-1	Policies	SS	112-113	Data point 20 *Human rights policy commitments* is derived from SFDR Data point 21 *Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8* is derived from Benchmark Regulation Data point 22 *processes and measures for preventing trafficking in human beings* is derived from SFDR Data point 23 *workplace accident prevention policy or management system* is derived from SFDR
S1-2	Processes for engagement	SS	113	
S1-3	Processes for remediation	SS	114	Data point 32 (c) *grievance/complaints handling mechanisms* is derived from SFDR
S1-4	How we are taking action	SS	114-120	
S1-5	Targets	SS	120	
S1-6	Characteristics of our workforce	SS	117	
S1-7	Characteristics of non-employees in the undertaking's own workforce	Omitted	-	
S1-8	Collective bargaining coverage and social dialogue	Omitted	-	
S1-9	Diversity	SS	116, 118	
S1-10	Adequate wages	SS	115	
S1-11	Social protection	Omitted	-	
S1-12	Persons with disabilities	Omitted	-	
S1-13	Training and skills development	SS	119	

SS Sustainability statement CG Corporate Governance

ESRS S1	Own workforce	Section/ report	Page	Additional information
S1-14	Health and safety	SS	115-116	Data point 88 (b) (c) *Number of fatalities and number and rate of work-related accidents* is derived from SFDR and Benchmark Regulation Data point 88 (e) *Number of fatalities and number and rate of work-related accidents* is derived from SFDR
S1-15	Work-life balance metrics	Omitted	-	
S1-16	Payment	SS	118	Data point 97 (a) *Unadjusted gender pay gap* is derived from SFDR and Benchmark Regulation Data point 97 (b) *Excessive CEO pay ratio* is derived from SFDR
S1-17	Violence and harassment	SS	120	Data point 103 (a) *Incidents of discrimination* is derived from SFDR Data point 104 (a) *Non-respect of UNGPs on Business and Human Rights and OECD* is derived from SFDR and Benchmark Regulation

ESRS S2	Workers in the value chain	Section/ report	Page	Additional information
S2-SBM-2 S2-SBM-3	Workers in the value chain	SS	121	Data point 11 (b) *Significant risk of child labour or forced labour in the value chain* is derived from SFDR
S2-1	Policies	SS	121-122	Data point 17 *Human rights policy commitments* is derived from SFDR Data point 18 *Policies related to value chain workers* is derived from SFDR Data point 19 *Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines* is derived from SFDR and Benchmark Regulation Data point 19 *Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8*, is derived from Benchmark Regulation
S2-2	Processes for engagement	SS	123	
S2-3	Processes to remediate negative impacts	SS	123	
S2-4 S2-5	Actions and targets	SS	124-126	Data point 36 *Human rights issues and incidents connected to its upstream and downstream value chain* is derived from SFDR

SS Sustainability statement CG Corporate Governance

ESRS S3	Affected communities	Section/ report	Page	Additional information
S3-SBM-2 S3-SBM-3	Affected communities	SS	127	
S3-1	Future perspectives on these challenges (policy)	SS	127	Data point 16 - *Human rights policy commitments* is derived from SFDR Data point 17 *non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines* is derived from SFDR and Benchmark Regulation
S3-2	Processes for engaging with affected communities about impacts	Not applicable	-	
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Not applicable	-	
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Not applicable	-	Data point 36 - *Human rights issues and incidents* is derived from SFDR
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Not applicable	-	

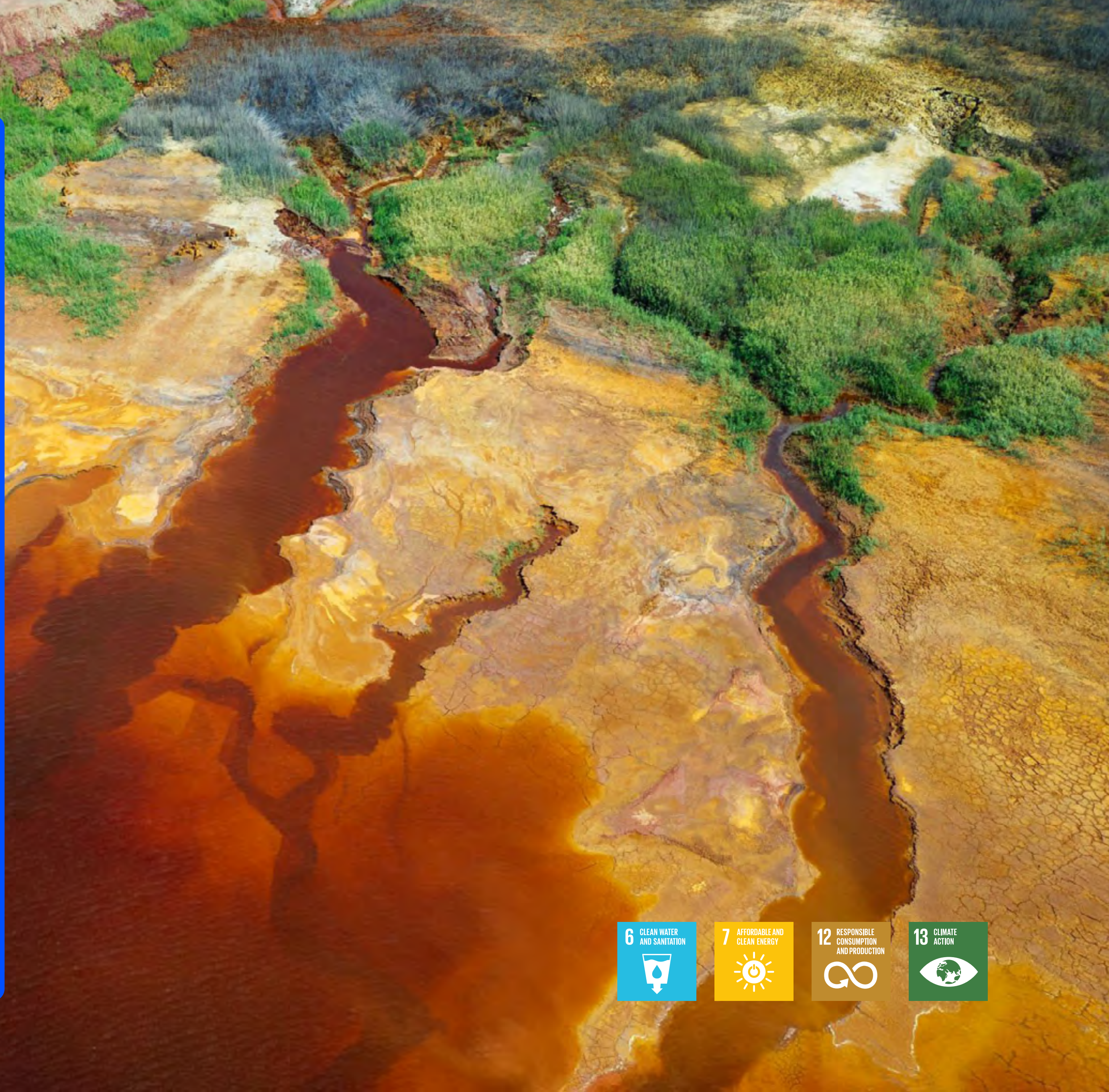
ESRS S4	Consumers and end-users	Section/ report	Page	Additional information
		Not material	-	ESRS S4 is not material. Data point 16 - *Policies related to consumers and end-users* is derived from SFDR Data point 17 - *Non-respect of UNGPs on Business and Human Rights and OECD guidelines* is derived from SFDR and Pillar 3 Data point 35 - *Human rights issues and incidents* is derived from SFDR

ESRS G1	Business conduct	Section/ report	Page	Additional information
G1-IRO-1	Assessing impacts, risks and opportunities	SS	130	
G1-GOV-1	The role of the administrative, management and supervisory bodies	CG/SS	58-62/74/ 131	
G1-1	Business conduct policies and corporate culture	SS	131-132	Data point 10 (b) *United Nations Convention against corruption* is derived from SFDR Data point 10 (d) *Protection of whistle-blowers* is derived from SFDR
G1-2	Managing our supply chain	SS	132	
G1-3	Prevention and detection of corruption and bribery	SS	133-134	
G1-4	Incidents of corruption or bribery	SS	133-134	Data point 24 (a) *Fines for violation of anti-corruption and anti-bribery laws* is derived from SFDR Data point 24 (b) *Standards of anti-corruption and anti-bribery* is derived from SFDR
G1-5	Political influence and lobbying activities	SS	134	
G1-6	Payment practices	SS	133	

SS Sustainability statement CG Corporate Governance

Environment

FLSmidth is part of industry sectors that are closely connected to environmental challenges. In addition to continuously improving our own operations, we are committed to working with value chain partners to address climate change, water, pollution, biodiversity and natural resources.



Task Force on Climate-related Financial Disclosures

Type	Drivers	Description	Risk exposure	Opportunity level	Time horizon	Governance	Current and planned actions
Transitional	**Carbon taxes and regulations**	Countries introducing or planning to introduce carbon pricing and/or trading schemes. Introduction of CBAM regulation.	Medium	High	Short-term	Monitoring on regular basis; quarterly briefing to Group Executive Management.	Provide solutions to reduce customer emissions and continuously develop new technologies enabling decarbonisation. Report on emissions embedded in imported CBAM products.
Transitional	**Disclosure and regulations**	Enhanced disclosure requirements from investors and customers. Implementation of CSRD and CSDDD regulation.	Low	Low	Short-term	Quarterly updates to Board of Directors and Group Executive Management.	Continue to map requirements and enhance ESG-related reporting and compliance. Analyse and implement new requirements from responsible sourcing schemes, standards and regulations.
Transitional	**Product-specific environmental regulations**	EU taxonomy classifying environmentally sustainable activities.	Low	Medium	Short-term	Monitoring on regular basis.	Continuous focus on increasing alignment and implementation of necessary actions.
Transitional	**Demand for green products**	Substitution of existing products and services with lower-emission options.	Low	High	Short-term	Periodic review by the Technical Committee (Board-level committee).	Develop and execute R&D roadmaps for key sustainability areas, including CO_2, NOx and water. Scout for technology partnerships. R&D spend on sustainability technologies in 2024 was 58.4%. Discontinue investment in coal-related R&D since 2022.
Transitional	**Scarcity of raw materials**	Increased production costs and output requirements due to scarcity of raw materials in specific locations or global constraints.	High	N/A	Medium-term	Regular assessment of risk exposure.	Maintain flexible and agile supplier base that allows for substitutions and/or diversification.
Transitional	**Reputational impact**	Company is negatively perceived as part of a polluting industry.	Medium	N/A	Short-term	Regular engagement with key stakeholders at Group or local level.	Technical adviser to the World Bank IFC Net Zero Roadmap for Mining Technical Working Group (TWG). Regular dialogue with relevant financial organisations about FLSmidth's transitional role.
Transitional	**Access to capital**	(Sectoral) risk of reduced access to capital due to high environmental impact.	Medium	Low	Medium-term	Regular assessment of risk exposure.	Alignment with key sustainable finance standards. Loan linked to sustainability performance. Discontinue investment in coal-related R&D since 2022.
Physical	**Storms and cyclones**	Storms and cyclones can impact supply chain and production capacity, as well as labour conditions and construction of new plants.	Medium	Low	Medium-term	No specific governance mechanism in place.	Mining and cement operations are relatively resilient to extreme weather events due to the robustness of equipment. Continuous improvement/monitoring of safety procedures for own employees in risk areas.
Physical	**Drought**	Drought leading to water scarcity, operational disruptions and increased operating costs.	Low	Medium	Short-term	Biennial water risk assessment.	Execute on R&D technology roadmaps in key sustainability areas including water. Identify suppliers and own locations with increased risk of flooding.
Physical	**Flooding**	Flooding can impact supply chain and production capacity, create operational disruptions and increase operational costs.	Medium	Low	Short-term	No specific governance mechanism in place.	Continuously improve supply chain resilience and monitor safety procedures for own employees in risk areas.

Climate change

Assessing impacts, risks and opportunities

Climate-related IROs were assessed by screening our current and planned activities in alignment with the TCFD. Scenario analyses considered both physical and transition risks using pathways aligned with the Paris Agreement (1.5°C) and higher-temperature scenarios informed by global models such as those from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). By using multiple scenarios, we are able to cover the most plausible risks and uncertainties. These help assess physical and transitional risks including water scarcity, extreme weather events, macroeconomic trends, energy usage and mix, technology assumptions and evolving regulatory pressures to evaluate impacts of delayed climate action[3]. Identified opportunities included advancing market leadership by supporting customers in achieving their decarbonisation targets. Insights from these assessments have been integrated into FLSmidth's strategy, aligning with the MissionZero goal of enabling zero-emission mining and cement by 2030.

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 1: CO_2e emissions

Negative impact

Upstream

Procurement of raw materials, such as steel which emits significant CO_2e in the production process.

Own operations

Transportation, manufacturing and building services requiring energy contributing to emissions of CO_2e.

Downstream

CO_2e emissions generated from the use of our products – downstream scope 3, category 11 GHG emissions – account for approximately 99% of our value chain emissions.

See how we work to reduce emissions across our value chain on page 85.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	⌂	↓	–	+	💡	▲	Time horizon
1 CO_2e emissions	■		■	■	■	■				Short-term
2 Energy optimisation	■			■				■		Short-term
3 MissionZero portfolio	■				■		■	■		Short-term

Location in the value chain: ↑ Upstream ⌂ Own operations ↓ Downstream
Impact, risk and opportunity: – Negative + Positive 💡 Opportunity ▲ Risk

[3] Time horizons used in the risk and opportunities assessment align with those defined by the CSRD.

Climate change

IRO 2: Energy optimisation

Own operations

Opportunity: We can reduce operating costs through onsite energy savings initiatives.

Installing renewable energy at own sites can reduce non-renewable energy consumption and the cost of energy to mitigate dependency on unreliable energy supply.

See how we optimise energy usage on page 85.

IRO 3: MissionZero portfolio

Downstream

Positive impact: Providing specialist technologies to the mining and cement industries reduces energy consumption and emissions in the production process.

Opportunity: Growing sales of specialist technologies will improve financial performance.

See how we support the energy transition with our technologies on page 85.

Transition plan for climate change mitigation

We have set ambitious climate change-related targets validated by the Science Based Targets initiative in 2021 aligning with the 1.5°C scenario in the 2015 Paris Agreement[4]. These targets address our value chain impacts on climate change through our scope 1, 2 and 3 GHG emissions. See more information on targets on page 86.

In 2019, we established MissionZero, which is a core pillar of our integrated sustainability business strategy. This addresses the roadmap for what we, as a technology provider, need to achieve to enable our customers to decarbonise their operations by 2030. This addresses the largest impact in our value chain as our scope 3 downstream emissions account for more than 99% of our total GHG emissions. See more information on sustainability at FLSmidth on page 69.

We implement emissions reduction initiatives at our sites on an ongoing basis and since 2020, we have actively engaged suppliers to set their own emissions reductions targets. In 2024 we initiated a comprehensive year-on-year transition plan formalising the steps needed to meet our targets and continue to decarbonise our value chain. See how we are taking action on page 85. Our transition plan is aligned with our overall business strategy and financial planning. We will continue to develop this in 2025 with final approval and accountability resting with Group Executive Management. In 2022 we signed our first green financing agreement with Nordic Investment Bank, which links our performance of our science-based targets to favourable interest rates. This enables us to allocate funds to achieving our transition plan. The budget for transition activities is approved by management as part of our financial planning for each coming year. We are working on integrating EU taxonomy-aligned activities into our CAPEX planning process and have identified future activities that support increased alignment across our revenue, CAPEX and OPEX, see more on page 90.

The plans and progress are continually reported to the Audit, Risk and ESG Reporting Committee.

We have assessed our product portfolio for locked-in GHG emissions and all products have the ability to run from renewable energy sources. We are working closely with customers to enable them to make this transition through modifications of existing installed products or new technologies.

We have not invested in coal, oil and gas-related economic activities in 2024.

Policies

Upstream

IRO 1: Our Sustainable Supply Chain Policy sets our commitment to sustainability in the supply chain. The policy applies to the entire company, its employees and its subsidiaries.

Own operations

IRO 1 & 2: Our Climate Change Mitigation Policy outlines our commitment to reducing our environmental impact and our ambition to achieving climate targets within our financial scope covering scope 1 and scope 2 emissions.

Our practices are aligned with national and EU regulations, including the reporting and disclosure of environmental data and strategies related to climate change and the EU Energy Efficiency Directive.

Downstream

IRO 1 & 3: Our Sustainability Policy outlines our commitment to enabling the green transition in the mining and cement industries through our MissionZero programme.

The Chief People and Sustainability Officer is accountable for implementation of our commitment to reduce our emissions across the value chain. In case of severe issues decision-making is escalated to the CEO.

[4] FLSmidth is included in the EU Paris-Aligned benchmark.

Climate change

How we are taking action

Upstream

IRO 1: To reduce our negative impact from upstream emissions, capacity building of our supply chain remained an important focus area in 2024. We actively worked with key suppliers to help them align with the SBTi by providing training, webinars and support in the process for setting targets. This engagement also helps us to report more accurately on our scope 3 upstream emissions. Throughout the year we engaged with the equivalent of 9% of our supplier spend.

We aim to continue our engagement with suppliers and offer them support and materials to set science-based targets to ensure continued progress in this area.

Own operations

IRO 1 & 2: We are committed to using energy responsibly and reducing our energy use and CO_2 emissions generated at our manufacturing facilities and service centres, particularly those with the highest energy consumption.

In 2024, we allocated DKK 60 million in CAPEX to implement environmental initiatives including emissions reduction initiatives.

To this end, we have developed energy reduction guidelines and best practice recommendations through our environmental blueprints for all sites and implementing energy management procedures at our most energy-intensive sites. We prioritise energy efficiency when buying new assets and we have initiated more training and awareness campaigns to encourage employees to consider responsible use of energy resources. We continue transitioning to more energy-efficient equipment, such as compressor systems, welding and assembly machinery.

We are continuing our transition from fossil fuels to renewable electricity and fuels by phasing out fossil fuels in internal transport and introducing electric-powered transport equipment where feasible.

Where possible, we seek to obtain renewable energy through onsite generation and certificates in regions. In 2024, we continued to generate more of our own renewable electricity. Following on from the successful solar panel project in Qingdao in 2022, we installed solar power panels in Tucson and Delmas and replaced conventional lighting with LED lighting.

We continue to purchase renewable energy and in 2024, 15% of our energy usage derived from renewable sources. Of our scope 2 energy usage, 27% was supplied through energy contracts using Renewable Energy Certificates (REC), Purchasing Power Agreements (PPA) and supplier agreements. REC accounting for 10% of scope 2 energy, with the remaining 17% coming from PPAs and supplier agreements. In 2025 we will continue to efforts to secure renewable energy across our sites. Further CAPEX investments will be evaluated throughout the year.

Downstream

IRO 1: We are continuing to improve emission data and performance studies of our products. In connection with our EU taxonomy reporting, we conduct life cycle assessments (LCAs) to assess the environmental performance of products across their entire life cycles. In 2024, we completed an LCA of the gMAX cyclone, which lead to an increase in our taxonomy alignment percentage. See more on page 90.

IRO 3: Through our MissionZero R&D, we continue to bring technologies to market that enable our customers to reduce emissions and their impact on the environment. In 2024, our R&D spend on activities related to solutions for water, energy and emissions improvements accounted for 56% of our total R&D budget.

In Mining, we successfully brought the Reflux Flotation Technology to market, which operates with reduced power consumption—up to 70% less energy compared to traditional flotation technologies. This technology also improves recovery rates of valuable minerals while achieving higher product grades, contributing to more efficient resource utilisation.

In Cement, we continued progress in our ECoClay™ project. This involves electrifying the calcination process for clay to replace traditional fossil or alternative fuel-driven methods. By using renewable energy for this process, FLSmidth Cement aims to enable customers to reduce emissions by up to 50% per tonne of cement produced. The ECoClay pilot plant, under construction in Denmark, is testing these processes to demonstrate their feasibility for large-scale use by 2026.

We will continue our R&D efforts and focus on providing low carbon technologies to our customers in order to support the transition to a more sustainable economy.

Climate change

Targets[5]

Upstream

IRO 1: To address our upstream impact in scope 3 (category 1, purchased goods and services), we have committed to achieving 30% of our spend on goods and services by 2025 will be with suppliers who have science-based targets. We have also set annual targets as part of our progression towards this target. Against a 2024 target of 15%, our actual spend was 23%, which is a 10 percentage-point increase from 2023.

Upstream decarbonisation	2024
Spend with suppliers with science-based targets (%)	23%
Targeted supplier engagement on sustainability (% of yearly supplier spend)	9%

§ Accounting policies

Spend with suppliers with science-based targets (%)
Amount of spend with suppliers who have validated targets or submitted targets for validation with the SBTi divided by the total amount of supplier spend within the year.

Targeted supplier engagement on sustainability (% of yearly supplier spend)
Percentage of yearly spend with suppliers who we have engaged with through dialogue specifically in relation to understanding and/or improving their sustainability performance as part of our targeted engagement efforts.

56%
MissionZero R&D spend

2,985
Economic intensity tCO_2e/DKKm (order intake)

Own operations

IRO 1: We have set science-based targets to reduce our absolute scope 1 and 2 (market-based) GHG emissions by 100% by 2030. In addition, we set an annual target of 10% year-on-year improvement. In 2024, our target was 39,445 tonnes CO_2e.

Our emissions in 2024 were 30,638 tonnes CO_2e, 22% below our 2024 target and a 38% reduction from our 2019 base year. This emissions reduction was supported by site consolidation after the Mining Technologies acquisition and our two new solar panel initiatives in Tucson and Delmas.

IRO 2: We have not set specific targets related to energy use reduction or increase in renewable energy generated at own sites, as these areas are variables that are included in our overall CO_2e emission reduction targets.

Downstream

IRO 1 & 3: We have set an economic intensity target to decouple the growth of our business from the growth in emissions. Economic intensity represents the emissions from the lifetime use of products sold (scope 3, category 11) in the year divided by order intake for the same period. Our 2030 target is to reduce economic intensity by 56% against a 2019 baseline.

This year, our economic intensity was 2,985 tCO_2e/DKKm. Whilst this represents a significant improvement in 2023 and a reduction of 68% compared with our 2019 base year, we acknowledge the volatility of this metric. In 2025, we will recalculate our baseline in line with SBTi guidelines. This year, progress was driven by a higher percentage of sales within our service offerings compared to products which have a higher GHG emissions intensity.

[5] All our climate-related targets are validated by the SBTi using the absolute contraction method.

Climate change

Energy consumption and mix

Total energy consumption in MWh related to own operations	2024
Total energy consumption from fossil sources	**90,922**
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	21,060
Fuel consumption from natural gas	29,605
Consumption from other fossil sources	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	40,257
Share of fossil sources in total energy consumption (%)	85.1%
Total energy consumption from renewable sources	**15,865**
Fuel consumption from renewable sources	17
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	14,097
Consumption of self-generated non-fuel renewable energy	1,751
Share of renewable sources in total energy consumption (%)	14.9%
Total energy consumption from nuclear sources	**0**
Total energy consumption in MWh related to own operations	**106,787**
Energy Intensity related to high energy sectors (mWh/mDKK revenue)[6]	5.29

§ Accounting policies

Energy consumption
Energy consumption for FLSmidth comprise all energy consumption, including energy consumption from fossil sources and from renewable sources.

Energy consumption from fossil sources include:

- From coal and coal products (MWh)
- From crude oil and petroleum products (MWh)
- From other fossil sources (MWh)
- From purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)

Energy consumption from renewable sources include:

- From renewable fuels (biomass, biogas, etc.) (MWh)
- From purchased or acquired renewable electricity, heat, steam and cooling from fossil sources (MWh)
- From self-generated non-fuel renewable energy (MWh)

Energy consumption is based on invoices, meter readings and supplier reports, and is collected monthly for all entities within our financial control. Approximately 15% of energy consumption data uses estimates, which also includes estimates entities with shared office spaces and where consumption data is not accessible, the electricity use is estimated as 144 kWh/m^2/year in temperate areas and 270 kWh/m^2/year in subtropical areas. DEFRA emission factors released in 2023 were used for the current reporting period to calculate activity data for CO_2e. We do not consume energy from nuclear sources.

Associates or joint ventures are included where FLSmidth has operational control. Offices with fewer than 10 people are not included since most of the employees work from home and emissions are insignificant. Customer sites during project-related activities are not included since we do not have financial control over those sites.

Energy consumption, share of renewables (%)
The share of renewables (%) is calculated as energy consumption from renewable sources divided by total energy consumption in the reporting year.

Energy intensity
Total energy consumption (MWh) in high intensity sectors divided by revenue from high intensity sectors for the same period. We assess that all revenue is attributed to high intensity sectors. See revenue on page 10.

Energy production
FLSmidth self-generated energy only from renewable sources such as solar panels. To calculate the total energy production, we measure the total renewable energy generated from a specific source owned by FLSmidth and deduct the total energy consumed for our own use from that source. If the energy produced from that specific source surpasses the energy consumed for our own use in the reporting year, we report the excess as energy production. For the year 2024, we measured energy production and concluded that energy production data is not material for this period.

[6] All energy consumption and revenue generated is from the high climate impact sector with NACE code C28.9 - Manufacture of other special-purpose machinery

Climate change

Scopes 1, 2 and 3 GHG emissions

(tCO_2e)	Baseline (2019)	2024	2023	2023-2024 delta	Target 2024	Target 2025	Target 2030	Annual % target/ baseline
Scope 1 GHG emissions	**18,775**	**11,464**	**13,533**	**-15.3%**	**12,690**		Zero emissions	9%
Share of scope 1 GHG emissions from regulated emissions trading schemes (%)	0%	0%	0%					
Scope 2 GHG emissions								
Location-based	34,425	22,431	26,015	-13.8%				
Market-based	30,267	19,174	24,489	-21.7%	26,755		Zero emissions	9%
Total scope 1 & 2 (location-based)	**53,200**	**33,895**	**39,548**	**-14.3%**				
Total scope 1 & 2 (market-based)	**49,042**	**30,638**	**38,022**	**-19.4%**	**39,445**	**32,871**	Zero emissions	9%
Significant scope 3 GHG emissions								
Cat.1) Purchased goods and services	1,600,000	1,300,000	1,200,000[7]	8.3%				
Cat.6) Business travel	42,066	29,852	30,438	-1.9%				
Cat.11) Use of sold products (excl. process emissions)	225,200,000	57,100,000	116,100,000	-50.8%				
...including process emissions	351,300,000	68,100,000	167,800,000	-59.4%				
...Use of sold products, Mining		36,000,000	34,600,000	4.0%				
...Use of sold products, Cement		21,100,000	81,500,000	-74.1%				
Total scope 3[8]	**226,842,066**	**58,429,852**	**117,330,438**	**-50.2%**				
Total GHG emission (location-based)[8]	**226,895,266**	**58,463,747**	**117,369,986**	**-50.2%**				
Total GHG emissions (market-based)[8]	**226,891,108**	**58,460,490**	**117,368,460**	**-50.2%**				

(tCO_2e/mDKK revenue)	Baseline (2019)	2024	2023	2023-2024 delta	Target 2024	Target 2025	Target 2030	Annual % target/ baseline
GHG Intensity - scope 1 & 2 (location-based)		1.7	1.6	2.3%				
GHG Intensity - scope 1 & 2 (market-based)		1.5	1.6	-3.8%				
GHG Intensity - scope 1, 2 & 3 (location-based)		2,896	4,869	-40.5%				
GHG Intensity - scope 1, 2 & 3 (market-based)		2,896	4,869	-40.5%				
Economic Intensity - scope 3 cat. 11 (tCO_2e/mDKK order intake)[9]	9,248	2,985	5,430	-45.0%			4,069	5.1%
Economic Intensity, Mining - scope 3 cat. 11(tCO_2e/mDKK order intake)[9]		2,350	2,096	12.1%				
Economic Intensity, Cement - scope 3 cat. 11 (tCO_2e/mDKK order intake)[9]		5,551	16,667	-66.7%				

[7] 2023 number has been restated from 1,700,000 due to correction in underlying spend data.
[8] Additonal breakdowns of Category 11, use of sold products, are excluded from totals. FLSmidth has assessed we have immaterial amounts of biogenic emissions and do not report seperately.
[9] Category 11 emissions, use of own products (excluding process emissions) divided by Group order intake for the period.

This table outlines our scope 1, 2 and 3 emissions and intensity. Scope 1 includes direct emissions from our operations; scope 2 covers indirect emissions from purchased energy; and scope 3 accounts for other relevant indirect emissions across our value chain. This overview provides insight into our total carbon footprint and the progression made on reducing emissions.

For information on the movements of key figures, see page 86.

§ Accounting policies

Scope 1 GHG emissions (in tonnes CO_2-equivalents)
Scope 1 emissions are direct emissions of greenhouse gases (GHG) and are measured as CO_2-equivalents. Scope 1 emissions for FLSmidth comprise fuel and gas use for various operational activities. Scope 1 involves three different categories: stationary combustion, mobile combustion and fugitive/process emissions. DEFRA emission factors released in 2023 were used for the current reporting period to calculate activity data for CO_2-equivalents. Approximately 30% of scope 1 emissions data uses estimates. Approximately 30% of scope 1 data uses estimates.

Associates or joint ventures are included where FLSmidth has operational control. Offices with fewer than 10 people are not included since most of the employees work from home and emissions are insignificant. Customer sites during project-related activities are not included since we do not have financial control over those sites.

Scope 2 GHG emissions (in tonnes C2-equivalents)
Scope 2 emissions include indirect emissions from electricity, heat, steam and cooling purchased and consumed by FLSmidth. We use location-based and market-based methods for calculations of scope 2 emissions. For location-based, emission factors are derived from the International Energy Agency (IEA), and for market-based, we use residual emission factors. If market-based residual emission factors for certain sites are not available, i.e. outside Europe and North America, we use location-based emission factors, cf. recommendations from the CDP web page. Emission factors released in 2023 were used for the current reporting period. Approximately 5% of scope 2 emissions data uses estimates.
Associates or joint ventures are included where FLSmidth has operational control. Offices with fewer than 10 people are not included since most of the employees work from home and emissions are insignificant.

Scope 1 and 2 GHG emssions (in tonnes CO_2-equivalents), location-based
Total of scope 1 and scope 2 location-based emissions in tonnes of CO_2-equivalents.

Scope 1 and 2 GHG emissions (in tonnes CO_2-equivalents), market-based
Total of scope 1 and scope 2 market-based emissions in tonnes of CO_2-equivalents.

GHG intensity
GHG emissions in tonnes of CO_2-equivalents divided by revenue for the same period.

Economic intensity
Scope 3, category 11 GHG emissions from lifetime use of products sold in the reporting year divided by order intake for the same period. Process emissions are excluded.
See order intake on page 10.

Significant scope 3 GHG emissions (in tonnes CO_2-equivalents)
Scope 3 GHG emissions include indirect value chain GHG emissions, in line with the standards of the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The total scope 3 GHG emissions reported here are the sum of the individually reported categories for scope 3. Scope 3 categories with emissions below 0.1% of total scope 3 GHG emissions are not included in the reporting. Combined, these categories make up less than 0.1% of the total scope 3 GHG emissions, according to our 2019 baseline mapping. Figures have been rounded to the nearest hundred thousand tonnes of CO_2-equivalents to reflect the inherent uncertainty of scope 3 calculations. Process emissions are excluded. Business travel is included due to the existence of historical data.

Associates or joint ventures are included where FLSmidth has operational control. Offices with fewer than 10 people are not included since most of the employees work from home and emissions are insignificant. Customer sites during project-related activities are not included since we do not have financial control over those sites. 15% of emissions data is using estimations.

Scope 3, category 1 (Purchased goods and services) GHG emissions (in tonnes CO_2-equivalents)
GHG emissions from purchased goods and services are estimated through amounts of purchased goods, based on spend data, material weightage of spend and raw material costs. Upstream cradle-to-gate GHG emissions from the purchased goods are derived through the use of life cycle cradle-to-gate emission factors from the life cycle databases in LCA for Experts, formerly known as GaBi. Figures have been rounded to the nearest hundred thousand tonnes of CO_2-equivalents to reflect the inherent uncertainty of scope 3 calculations. This methodology has now been applied for all reported years.

Scope 3, category 6 (Business travel) GHG emissions (in tonnes CO_2-equivalents)
Business travel emissions are provided from our travel management system and cover air and train travel; and excludes business travel by car or other means. FLSmidth estimates approximately 90% of emissions are captured and adjusts the figure captured in the booking system upwards to reflect this.

Scope 3, category 11 (Use of sold products) GHG emissions (in tonnes CO_2-equivalents)
This category includes the current and expected future direct use-phase GHG emissions from our products sold in the reporting year over their entire expected lifetime. As such, these emissions are not directly comparable to reported actual GHG emissions that have already occurred.

Lifetime power and fuel consumption from the use of our sold products are converted into GHG emissions using conversion factors for electricity and fuels. For electricity, global IEA factors for GHG emissions in CO_2-equivalents per kWh from electricity are used, including CO_2, CH_4 and N_2O emissions. In 2023, IEA electricity transmission and distribution losses have been included to improve accuracy. For fuels, DEFRA CO_2 equivalents conversion factors are used, including well-to-tank emissions. GHG emissions from fuel burning are allocated to the products consuming the fuel energy.

FLSmidth collects primary product data on the energy consumption for the "pyro" products – products which burn fossil fuels to create the heat required for cement production – while using an economic intensity approach for the remaining products, per product line, based on order intake. The economic intensity factor has been calculated using data from 2021-2023, by taking the previous emissions of sold products and dividing them by the order intake of those product lines. Numbers have been rounded to the nearest hundred thousand tonnes of CO_2-equivalents to reflect the inherent uncertainty of scope 3 calculations.

Scope 3, category 11 (Use of sold products) GHG emissions (in tonnes CO_2-equivalents) – including process emissions
This covers scope 3, category 11 (Use of sold products) GHG emissions, as described above, including process emissions. Process emissions occur due to a chemical reaction in raw materials when heated and are a consequence of raw materials use rather than equipment. Thus, this is included for transparency but is not included in the total sum of scope 3 GHG emissions.

Total scope 1-3 emissions, location-based (tCO_2e)
Total of scope 1, scope 2 (location-based), and scope 3 emissions in tonnes of CO_2-equivalents.

Total scope 1-3 emissions, market-based (tCO_2e)
Total of scope 1, scope 2 (market-based), and scope 3 emissions in tonnes of CO_2-equivalents.

EU taxonomy

Part of the European Green Deal, the EU taxonomy is a core enabler to deliver on the EU's ambitious environmental goals for 2030.

We continue to report according to the EU taxonomy framework, which demonstrates how we support customers in reducing their GHG footprints. Of the six environmental objectives defined by the EU taxonomy, only "climate change mitigation" is relevant to our 2024 reporting.

Progress in 2024

Alignment across revenue, OPEX and CAPEX increased during 2024. This was driven by more core product technologies fulfilling the in-depth technical screenings required to show our technologies contribute to climate change mitigation. We continue to implement improvements at our manufacturing facilities to ensure compliance with the Do No Significant Harm (DNSH) criteria. However, as we approach the full alignment potential of our current portfolio of technologies, we expect slower growth in progress in alignment numbers. Looking ahead, we will strengthen our implementation of Minimum Safeguards as we prepare for compliance with the upcoming Corporate Sustainability Due Diligence Directive (CSDDD).

Revenue

Total aligned revenue in 2024 increased to 9.9% of total revenue. This was driven by more mining technologies passing the technical screenings. All aligned revenue was under economic activity 3.6 'Manufacture of other low carbon technologies'. Eligible, non-aligned revenue totalled 20.0%, including aligned revenue, total eligible revenue was 29.9%, a slight decrease from 2023 of 0.4%. This was a result of our eligible and aligned product portfolio remaining largely stable across the year.

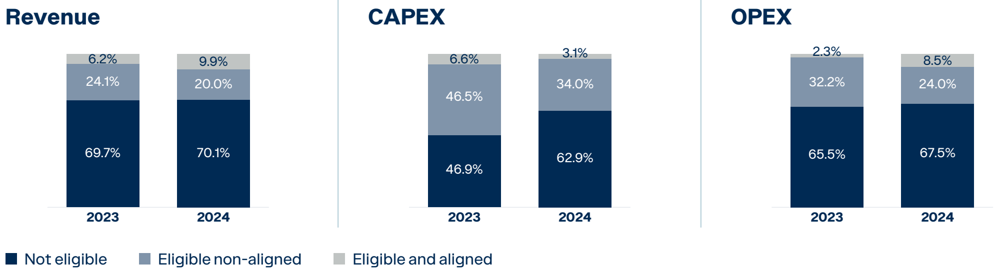
CAPEX

Aligned CAPEX reflects annual additions related to our investments in our aligned product porfolio, including R&D and production equipment, and additions to tangible assets such as land and buildings. Aligned CAPEX in 2024 decreased to 3.1%, representing DKK 25m of CAPEX additions, of which DKK 16 million is driven by R&D activities for developing products meeting alignment criteria, and DKK 9m to a solar panel project. Eligible, non-aligned CAPEX decreased to 34.0% in 2024. This was mostly driven by an increase in additions related to areas not connected to production activities relevant to taxonomy activities.

OPEX

Aligned OPEX increased to 8.5% in 2024 as more products passed screenings for alignment and more of our plant and equipment used for the manufacture of products became aligned. All aligned OPEX activities relate to economic activity 3.6 'Manufacture of other low carbon technologies'. Eligible, non-aligned OPEX decreased to 24.1% in 2024 as more costs have been allocated to aligned products.

Eligibility and alignment 2024



Measuring eligibility (in scope activities) is not a measure of sustainability performance, but the initial identification process of economic activities* that could support the EU's green transition. In 2024, we identified four eligible economic activities across revenue, CAPEX and OPEX: 3.6 'Manufacture of other low carbon technologies', 7.6 Installation, maintenance and repair of renewable energy technologies; 8.2 'Data-driven solutions for GHG emissions reductions', and 7.7 'Acquisition and ownership of buildings.

Measuring alignment defines environmentally sustainable activities under the EU Taxonomy framework and requires further assessment of the identified eligible activities. To be considered sustainable under the framework, the three KPIs need to pass screening criteria. The screenings for alignment included proving substantial contribution to one of the environmental objectives; doing no significant harm (DNSH) to the remaining five objectives; and meeting minimum safeguards.

To document significant contribution, products screened for alignment must demonstrate substantial contribution through a third-party-approved life cycle assessment. We assess relevant manufacturing sites against the DNSH criteria, using a risk-based approach, meaning that we have focused on identifying significant risk within climate adaptation, water, circular economy, pollution prevention and biodiversity. Furthermore, we have assessed our compliance at company level with the minimum safeguards as defined by the EU Taxonomy Regulation.

*** Economic activities**
The EU has defined a list of economic activities (purchase/sale of goods and/or services) as enablers for the green transition. These are economic activities that could contribute to the environmental objectives.

EU taxonomy

Revenue

				Substantial contribution criteria						DNSH (do no significant harm) criteria										
Economic activities	**Code(s)**	**Absolute revenue**	**Proportion of revenue**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy aligned proportion of revenue, year 2024**	**Taxonomy aligned proportion of revenue, year 2023**	**Category (Enabling activity or)**	**Category (Transitional activity)**
		DKKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1 Taxonomy-eligible and environmentally sustainable activities (taxonomy-aligned)[10]																				
Manufacture of other low carbon technologies	CCM 3.6	1,996	9.9%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	9.9%	6.2%	E	
Revenue of environmentally sustainable activities (taxonomy-aligned) (A1)		1,996	9.9%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	9.9%	6.2%		
...of which enabling		1,996	9.9%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	9.9%	6.2%		
...of which transitional		0	0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Manufacture of other low carbon technologies	CCM 3.6	3,825	18.9%	EL																
Data-driven solutions for GHG emissions reductions	CCM 8.2	220	1.1%	EL																
Revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A2)		4,045	20.0%	EL													N/A	N/A		
Total eligible revenue (A1 + A2)		**6,041**	**29.9%**	**EL**													**9.9%**	**6.2%**		

B. Taxonomy-non-eligible activities		
Revenue of taxonomy-non-eligible activities (B)	14,146	70.1%
Total revenue	20,187	**100%**

Y=Yes, eligible & aligned; EL=eligible; N/EL=not eligible; Y/N=Yes/No; CCM=climate change mitigation[1]

[10] FLSmidth has no aligned revenue that is coming from fossil fuel sectors.

EU taxonomy

Capex

				Substantial contribution criteria						DNSH (do no significant harm) criteria										
Economic activities	**Code(s)**	**Absolute Capex**	**Proportion of Capex**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy aligned proportion of Capex, year 2024**	**Taxonomy aligned proportion of Capex, year 2023**	**Category (Enabling activity or)**	**Category (Transitional activity)**
		DKKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1 Taxonomy-eligible and environmentally sustainable activities (taxonomy-aligned)																				
Manufacture of other low carbon technologies	CCM 3.6	16	2.0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	2.0%	6.6%	E	
Install, maint. and repair of renewable energy technologies	CCM 7.6	9	1.1%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	1.1%	0.0%	E	
Capex of environmentally sustainable activities (taxonomy-aligned) (A1)		25	3.1%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y				
...of which enabling		25	3.1%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	3.1%	6.6%		
...of which transitional		0	0%																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	CCM 3.6	176	21.1%	EL																
Acquisition and ownership of buildings	CCM 7.7	96	11.6%	EL																
Data-driven solutions for GHG emissions reductions	CCM 8.2	11	1.3%	EL																
Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A2)		283	34.0%	34.0%	0%	0%		0%	0%											
Total eligible Capex (A1 + A2)		**308**	**37.1%**	**37.1%**	**0%**	**0%**		**0%**	**0%**								**3.1%**	**6.6%**		
B. Taxonomy-non-eligible activities																				
Capex of taxonomy-non-eligible activities (B)		522	62.9%																	
Total Capex		**831**	**100%**																	

Y=Yes, eligible & aligned; EL=eligible; N/EL=not eligible; Y/N=Yes/No; CCM=climate change mitigation

EU taxonomy

Opex

				Substantial contribution criteria						DNSH (do no significant harm) criteria										
Economic activities	**Code(s)**	**Absolute Opex**	**Proportion of Opex**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy aligned proportion of Opex, year 2024**	**Taxonomy aligned proportion of Opex, year 2023**	**Category (Enabling activity or)**	**Category (Transitional activity)**
		DKKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1 Taxonomy-eligible and environmentally sustainable activities (taxonomy-aligned)																				
Manufacture of other low carbon technologies	CCM 3.6	20	8.5%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	8.5%	2.3%	E	
Opex of environmentally sustainable activities (taxonomy-aligned) (A1)		20	8.5%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	8.5%	2.3%		
...of which enabling		20	8.5%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	8.5%	2.3%		
...of which transitional		0	0%																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Manufacture of other low carbon technologies	CCM 3.6	56	23.5%	EL																
Data-driven solutions for GHG emissions reductions	CCM 8.2	1	0.5%	EL																
Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A2)		57	24.0%	24.0%													NA	NA		
Total eligible Opex (A1 + A2)		**77**	**32.5%**	**32.5%**													**8.5%**	**2.3%**		

B. Taxonomy-non-eligible activities		
Opex of taxonomy-non-eligible activities (B)	161	67.5%
Total Opex	**238**	**100%**

Y=Yes, eligible & aligned; EL=eligible; N/EL=not eligible; Y/N=Yes/No; CCM=climate change mitigation

EU taxonomy

§ Accounting policies

Taxonomy-eligible revenue
Eligible revenue includes external revenue generated from equipment and technologies that substantially reduce GHG emissions in the relevant process by improving or enabling energy efficiency or enabling the use of alternative fuels. Eligible revenue includes the sale of products, solutions, and spare and wear parts. These technologies and products must meet the Article 16 requirements, namely not lead to a lock-in of assets that undermines long-term environmental goals. They must also have a substantial positive environmental impact based on life cycle considerations.

Eligible products and activities are categorised either as "3.6 Manufacture of other low carbon technologies" or "8.2 Data-driven solutions for GHG emissions reductions", contributing substantially to climate change mitigation. The categorisation of each product removes the risk of double-counting revenue across economic activities. The denominator of the revenue KPI is "total revenue". See on page 10. No allocation keys were used in revenue.

Taxonomy-eligible CAPEX
Eligible CAPEX reflects a portion of our additions to intangible assets and property, plant and equipment (including capitalised leases), including those from business combinations. Eligible CAPEX includes any of the following types of spend:

a. Related to assets that are associated with taxonomy-eligible economic activities

b. Part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned ("CAPEX plan")

c. Related to the purchase of output from taxonomy-eligible economic activities

"3.6 Manufacture of other low carbon technologies" and "8.2 Data-driven solutions for GHG emissions reductions", which reflect our revenue-generating activities. This includes capitalised R&D related to eligible products and assets related to the production of eligible equipment. An allocation key was applied to CAPEX items Plant and machinery, and Operating equipment, fixtures and fittings to reflect CAPEX related to assets used in the production of eligible equipment. The allocation key was applied using the eligible revenue KPI. Capitalised R&D is identified at project level.

We assess our CAPEX related to land and buildings, including capitalised leases under the economic activity "7.7 Acquisition and ownership of buildings".

Information related to property, plant and equipment, including capitalised leases and acquisitions, is disclosed in note 2.4. Information related to capitalised R&D activities is disclosed in note 2.2 to the consolidated financial statements.

We assess CAPEX eligibility under the output of economic activities related mainly to the following categories: "7.3 Installation, maintenance and repair of energy efficiency equipment"; "7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)"; "7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings"; and "7.6 Installation, maintenance and repair of renewable energy technologies".

Activities must be specifically outlined as an individual measure listed under the substantial contribution criteria to be considered as eligible CAPEX.

To avoid double-counting of CAPEX additions, we ensure that identified spend or initiatives are categorised under only one economic activity, rather than apportioning them across multiple activities.

Taxonomy-eligible OPEX
Eligible OPEX includes any of the following types of direct OPEX spend:

a. Related to assets or processes that are associated with taxonomy-eligible economic activities ("3.6 Manufacture of other low carbon technologies" and "8.2 Data-driven solutions for GHG emissions reductions")

b. Part of a plan to expand taxonomy-aligned economic activities or to progress taxonomy-eligible economic activities to become taxonomy-aligned

c. Related to the purchase of output from taxonomy-eligible economic activities and individual measures enabling the target activities to become low carbon or to lead to GHG reductions

d. Related to non-capitalised R&D aligned with "Close to market research, development and innovation"

The denominator of the OPEX KPI is a subset of direct non-capitalised costs relating to research and development (R&D), building renovation measures, short-term leases, and maintenance and repair, and other direct expenditure for the day-to-day servicing of assets of property, plant and equipment by FLSmidth, or outsourced toa third party, that is necessary to ensure the continued and effective functioning of such assets.

An allocation key was applied to the OPEX denominator (excluding R&D) to reflect direct OPEX costs related to assets used in the production of EU taxonomy-eligible products and technologies. The allocation key was applied using the eligible revenue KPI. Expensed R&D is disclosed on page 46 and the remaining categories identified were a minor subset of "production costs", see notes 1.1 on page 143.

To avoid double-counting of direct eligible OPEX, we ensure that spend or initiatives are categorised under one economic activity, rather than apportioning them across multiple activities.

Taxonomy-aligned revenue
This refers to aligned, revenue-generating eligible equipment and technologies with substantial GHG emissions reductions. This is a subset of eligible revenue, where a product or technology meets the required screenings outlined in Annex I for Climate Change Mitigation, Regulation (EU) 2020/852. They include substantial contribution, DNSH and minimum safeguards screenings.

No allocation keys were used in revenue.

EU taxonomy

Taxonomy-aligned CAPEX
Aligned CAPEX reflects the portion of eligible CAPEX that fulfils the criteria for substantial contribution, DNSH and minimum safeguards screenings and includes any of the following:

a. Related to assets that are associated with taxonomy-aligned economic activities

b. Part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned ("CAPEX plan")

c. Related to the purchase of output from taxonomy-aligned economic activities

Aligned CAPEX from "3.6 Manufacture of other low Aligned CAPEX from "3.6 Manufacture of other low carbon technologies" and "8.2 Data-driven solutions for GHG emissions reductions" is driven by capitalised R&D related to taxonomy-aligned products and technologies, as well as assets related to the production of aligned products and technologies.

An allocation key was applied to CAPEX items Plant and machinery, and Operating equipment, fixtures and fittings to reflect CAPEX related to assets used in the production of EU taxonomy-aligned products and technologies. The allocation key was applied using the aligned revenue KPI.

CAPEX related to the output of economic activities related to 7.1 to 7.6, as outlined under eligible CAPEX, is considered aligned if the activity meets the relevant substantial contribution and DNSH screening criteria outlined under Annex I for Climate Change Mitigation or Annex II for Climate Change Adaptation.

Taxonomy-aligned OPEX
Aligned OPEX reflects the portion of eligible OPEX that fulfils the criteria for substantial contribution, DNSH and minimum safeguards screenings and includes any of the following:

a. Related to assets or processes that are associated with taxonomy-aligned economic activities under "3.6 Manufacture of other low carbon technologies" and "8.2 Data-driven solutions for GHG emissions reductions". This includes R&D activities specific to aligned products and technologies

b. Part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned

c. Related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low carbon or to lead to GHG reductions

d. Related to non-capitalised R&D aligned with "Close to market research, development and innovation"

Aligned OPEX from "3.6 Manufacture of other low carbon technologies" and "8.2 Data-driven solutions for GHG emissions reductions" is driven by expensed R&D related to taxonomy-aligned products and technologies.

An allocation key was applied to the OPEX denominator (excluding R&D) to reflect direct OPEX costs related to assets used in the production of EU taxonomy-aligned products and technologies. The allocation key was applied using the aligned revenue KPI.

Nuclear and fossil gas related activities

The undertaking carries out, funds or has exposures to:

Nuclear energy related activities	
1. Research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2. Construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3. Safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Fossil gas related activities	
1. Construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
2. Construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
3. Construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Pollution

Assessing impacts, risks and opportunities

Pollution is a new focus area. To identify potential IROs we examined processes and chemicals used at our sites, focusing on quantities, management and monitoring. For upstream and downstream assessments, we used scientific articles and internal specialists as proxies[11].

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 4: Air pollution from production

Negative impact

Upstream

Steel production involves the use of chemicals such as polychlorinated dioxins and furans (PCDD/F), leading to NOx and SOx emissions.

Own operations

Processes at our manufacturing sites emit non-methane volatile organic compounds, hazardous air pollutants, ammonia and fine particulate matter.

See how we work with reducing air pollution on page 98.

IRO 5: Tailings solution offerings

Positive impact

Downstream

Specialist tailing equipment can eliminate the need for tailings dams and therefore eliminate the risk of tailings dam breaches and pollution of local environment and water supplies.

See our tailings solutions offerings on page 98.

IRO 6: Use of substances of concern

Negative impact

Own operations

Manufacturing processes involve the use of substances of concern and very high concern, which can impact people's health and pollute the surrounding environment.

See our how we work with these substances on page 98.

Our material impacts, risks and opportunities

IRO	Actual	Potential	↑	Own operations	↓	−	+	Opportunity	Risk	Time horizon
4 Air pollution from production	■		■	■		■				Short-term
5 Tailings solution offerings	■				■		■			Short-term
6 Use of substances of concern	■			■		■				Short-term

Location in the value chain: ↑ Upstream Own operations ↓ Downstream
Impact, risk and opportunity: − Negative + Positive Opportunity Risk

[11] We have not consulted with potential affected communities in the assessment.

Pollution

Policies

Upstream

IRO 4 & 6: In our supplier code of conduct we expect our suppliers to work with pollution prevention by minimising or eliminating emissions and discharges of pollutants at the source or by adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. We expect our suppliers to implement a water management programme which, documents, characterises, monitors, controls and treats all wastewater as required prior to discharge or disposal. In addition, they shall conduct routine monitoring of the performance of wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.

Own operation

IRO 4 & 6: Our Pollution Prevention and Control Policy sets out the goals and objectives that enable us to minimise air pollution and reduce usage of hazardous chemicals at our own sites. We aim to reduce negative impacts by reducing, preventing and controlling the pollution generated by our operations. We are phasing out substances of concern and SVHCs and replacing them with more sustainable alternatives where possible, as well as by reducing pollution from our own operations.

The policy is upheld, executed, revised and amended by Group Environment, in cooperation with stakeholders from various departments, including Health and Safety, Procurement, Facility Management and Operations. We provide training in matters relating to this policy to all relevant colleagues and departments.

To ensure a transition towards sustainable chemical management, we are aligned with national and EU regulations and directives, such as the reporting and disclosure of pollution, the EU Industrial Emissions Directive (IED), the EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the EU Chemical Strategy for Sustainability, and the EU Zero Pollution Action Plan.

Downstream

IRO 5: See page 84 for disclosures on our Sustainability Policy.

Pollution

How we are taking action

Upstream

IRO 4 & 6: All suppliers are required to commit to our Supplier Code of Conduct, which describes our expectations for preventing and reducing pollution and discharge of pollutants to wastewater in the supplier's manufacturing processes. In addition, we conduct onsite assessments of suppliers in which employees visiting suppliers observe and report on concerns or inconsistencies related to environmental, social or governance issues.

See more about how we work with suppliers on pages 132-133.

Own operations

IRO 4 & 6: We have established a pollution action plan, which follows the zero-pollution hierarchy to prevent, control and eliminate pollution from all manufacturing and service centres within our own operations. Reflecting the EU action plan “Towards a Zero Pollution Air, Water and Soil” and the EU Chemicals Strategy for Sustainability, the plan lays out four main phases:

Phase 1: Assess relevant sites and create an overview of pollutants, risks and pathways of exposure, based on the LEAP approach.

Phase 2: Identify sites at risk of creating air pollution and install relevant measures devices; implement Global Chemical Management system.

Phase 3: Collect data on pollutants and hazardous chemicals; create environmental risk assessments at relevant sites.

Phase 4: Set targets for reducing pollution and for substituting and phasing out substances of very high concern.

A Global Chemical Management System implemented during 2024 provides a full overview of all chemicals used, and we continue to improve our data gathering process for pollutants. This will help us to better understand our emission profile and enable us to introduce more targeted actions to minimise our pollutant emissions. We also reported on and analysed environmental accidents and spills.

We will continue to install VOC detectors in the most material manufacturing sites that do not already measure pollutants. We will also establish procedures for purchasing chemicals and identify lists of restricted chemicals, as well as train all relevant personnel in handling and storing hazardous chemicals.

These are the first steps to better data quality and control for setting future targets and managing our pollution and substance use.

Phasing out substances of concern is equally connected with the health and safety of employees who work with these substances. Particularly for substances that cannot currently be phased out or substituted, we address the protection of employees through our health and safety practices. In cases of chemical spills, we apply our HSE incident procedure.

Our HSE organisation is responsible for implementing and executing actions on a local and global basis.

Downstream

IRO 5: We continue to invest in developing technologies related to tailings and water management with the aim of reducing pollution of local water sources that can potentially occur from tailings breaches and wastewater discharge. Through our MissionZero dry stack tailings technology, we eliminate the use of tailings dams and thereby reduce the impacts associated with tailings dam breaches.

Targets

Upstream

We have not yet set supplier targets related to pollution.

Own operation

Our overall objective is to reduce, prevent and control pollution generated in our production processes, reduce the use of substances of concern and phase out the use of substances of very high concern by substitution. We are currently establishing a baseline for our pollution and substance metrics in order to set targets in the future.

Pollution

Pollution of air

Pollution of air at our own operations was identified as material in our double materiality assessment. Accordingly, we collected emissions data from selected sites to estimate the air pollutants emitted from our manufacturing processes. These results were extrapolated to estimate total emissions from our own operations. We found that the total emissions remain significantly below the reporting threshold set by Regulation (EC) No 166/2006 of the European Parliament and the European Council. We have therefore chosen not to disclose this data.

§ Accounting policy

This accounting policy applies to manufacturing sites and service centres. Customer sites during project-related activities are not included since we do not have financial control over those sites. Total amount of substances of concern (SOCs) or substances of very high concern (SVHCs) are derived from procured quantities of SOCs and SVHCs identified from eight selected sites. For remaining manufacturing and service centres where primary data was not collected, we used the data from the eight selected sites to create estimates for both manufacturing sites and service centres separately. These are then applied to the remaining sites. We have assumed that all procured amounts are equal to used amounts.

Substances of concern and substances of very high concern

Substances of concern (tns)	**Dec 2024**
Amount of substances of concern:	634
...of which substances of very high concern:	518
Main hazard classes present:	
H302: Harmful if swallowed	present
H312: Harmful in contact with skin	present
H314: Causes severe skin burns and eye damage	present
H317: May cause an allergic skin reaction	present
H319: Causes serious eye irritation	present
H335: May cause respiratory irritation	present
H315: Causes skin irritation	present
H401: Toxic to aquatic life	present
H318: Causes serious eye damage	present
H336: May cause drowsiness or dizziness	present
H304: May be fatal if swallowed and enters airways	present
H400: Very toxic to aquatic life	present
H316: Causes mild skin irritation	present
...of which substances of very high concern:	
H371: Specific Target Organ Toxicity with Repeated Exposure 1	present
H361: Reproductive Toxicity 2	present
H351: Carcinogenicity 2	present
H340: Germ cell Mutagenicity 1B	present
H350: Carcinogenicity 1B	present
H360: Reproductive Toxicity 1A	present
H334: Respiratory Sensitization 1	present
H372: Specific Organ Toxicity Repeated Exposure 1	present
H373: Specific Target Organ Repeated Exposure 2	present
H360FD: May damage fertility and the unborn child	present
H410: Very toxic to aquatic life with long lasting effects	present
H410: Hazardous to the aquatic environment Chronic 1	present
H411: Hazardous to the aquatic environment Chronic 2	present
H412: Harmful to aquatic life with long lasting effects	present

Water

Assessing impacts, risks and opportunities

Water is a finite and essential resource for society and the environment and water management is a key issue in our value chain[12]. Our water-related risk assessment was guided by the EU Water Framework Directive and included evaluation of dependencies, water stress, scarcity and quality using tools such as the World Resources Institute's Aqueduct and the WWF water risk filter to consider geographic risks and river basins for all our own locations and for some of our key suppliers. We also assessed the primary locations of mines in relation to water-scarce areas.

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 7: Water withdrawal

Negative impact

Upstream
The production of key input materials such as steel is water-intensive, and some suppliers are located in water-scarce regions.

Own operations
Water withdrawal occurs at manufacturing sites and offices in water-scarce areas.

See our how we reduce our water use on page 101.

IRO 3: MissionZero portfolio

Downstream
Positive impact: Technologies enabling water recycling and lower water consumption in the mining process reduce the impact on the local environment and community, particularly in water-scarce areas.

Opportunity: Growing sales of technologies for improved water efficiency, such as dry stack tailings and tailing filters, will improve financial performance.

See our how we support our customers to reduce water use on page 101.

Policies

Upstream
IRO 7: Our Supplier Code of Conduct lays out expectations for suppliers to implement effective water management practices, including water conservation and wastewater treatment.

Own operations
IRO 7: Our Water Management Policy outlines our commitment to water management across all our own operations. It describes our objective to reduce water usage on site, wastewater treatment to mitigate pollution to water and to focus on alternative water sourcing instead of

[12] We have not consulted affected communities but used tools and specialists as proxies. See page 70 for more information.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	Own operations	↓	−	+	Opportunity	▲	Time horizon
7 Water withdrawal	■		■	■		■				Short-term
3 MissionZero portfolio	■				■		■	■		Short-term

Location in the value chain: ↑ Upstream ☗ Own operations ↓ Downstream
Impact, risk and opportunity: − Negative + Positive Opportunity ▲ Risk

Water

freshwater use. While the focus is on sites in high-water stress levels, our policy applies to all sites worldwide.

Our practices are aligned with national and EU regulations, such as the reporting and disclosure of environmental data, strategies related to water, the EU Water Framework Directive and Environmental Quality Standards Directive.

Downstream

IRO 3: Our Sustainability Policy outlines our commitment to supporting our customers to reduce their environmental impact through our MissionZero programme of which water reduction in the mining and cement processes is a core element.

Our Circular Economy Policy 'Products and in the Mining Process' outlines our approach to product and service design which address water usage and recycling, improving water efficiency in the mining industry.

These policies apply to the entire company, its employees and its subsidiaries. The Chief People and Sustainability Officer is accountable for implementation of the policies. In case of severe issues decision-making is escalated to the CEO.

How we are taking action

Upstream

IRO 7: All suppliers are required to commit to our Supplier Code of Conduct, which describes our expectations for implementing a water management programme concerning water sources, use, discharge and conservation.

Own operations

IRO 7: We continue to focus on reducing water withdrawal at our own sites through a range of targeted initiatives. We focus on reducing consumption at our most material sites, which could be either manufacturing sites where water is part of the process, or sites located in areas of water-stress.

We are increasing water reuse and recycling practices and some sites source water from secondary water sources, such as wastewater, storm water and rainwater. We are installing smart water meters at manufacturing sites, service centres and larger offices to enables us to detect leakages earlier. We have introduced new water metrics which give us insight into water consumption, water discharge and water intensity. By improving reporting processes and data quality, we are better able to tailor initiatives to meet our water reduction targets.

We conduct awareness campaigns to promote best practice on water conservation and provide training in matters relating to our policy to all Operations, Facilities and Health, Safety and Environment colleagues who are responsible for implementation. Our global and local HSE organisation and specialists are responsible for new initiatives and to ensure monitoring and progress within this area.

Downstream

IRO 3: The mining process relies heavily on water. Tailings management in the mining industry is a key focus area due to its direct correlation with water usage in mining operations. It impacts both the amount of water consumed and the volume of water withdrawn from natural sources. We address downstream water use impacts through our MissionZero innovation programme, focusing on developing technologies and services to help mining companies reduce water use and maximise water recovery. A key area of our research and development is dry stacked tailings, which use filtration and dewatering technologies to extract water from tailings, enabling up to 95% of process water recovery. These solutions have a positive impact on the surrounding environment and local communities, and we remain committed to providing solutions that help customers address these critical environmental challenges.

Targets

Upstream

No targets set for suppliers.

Own operations

To monitor our efforts to mitigate our impact on water withdrawal, we have set voluntary 2030 targets with the aim of a 50% reduction of freshwater withdrawal for use in operations and a 50% reduction of freshwater withdrawal in water-stressed areas; both with 2019 as a baseline.

Downstream

As part of our MissionZero ambition, we aim to enable our customers to achieve zero water consumption by 2030.

Water

Water use

Water consumption and withdrawal	2024	2023	Target 2024	Target 2030
Total water consumption (m^3)	**15,292**			
In water stressed area (m^3)	14,541			
In water stressed area (%)	95%			
Water Intensity (m^3/mDKK)	0.8			
Total water withdrawal (m^3)	**156,022**	**167,610**	192,738	**5% year on year**
In water stressed area (m^3)	129,295	125,708		
In water stressed area (%)	83%	75%		
Water Intensity (m^3/mDKK)	7.7	7.0		

Water recycled and in storage	2024	2023	delta
Water recycled and re-used (m^3)	0	0	0
Water in storage (m^3)	0	0	0

Progress on reducing water use throughout the year is primarily driven by site consolidations and water reduction initiatives. However, the percentage of water use in water-stressed areas has increased as site closures in non-stressed regions have shifted the overall distribution.

§ Accounting policies

Water consumption (m^3)
Our water consumption data is calculated as the total volume of water withdrawal used for gardening and process operations where we assume the water does not go back to the original water source.

Share of water consumption in high water-stressed areas
Analysis of water withdrawal and consumption in water-stressed areas: Identification of entities in low, medium, high or extremely high water-stressed areas, using the Aqueduct WaterRisk Atlas tool suggested in the GRI 303: Water and effluents standards 2018. The total water withdrawal and consumption amount from extremely high and high water-stressed areas were fractionated from the total water withdrawal from all entities globally and the percentage was calculated by region and globally.

Water withdrawal (m^3)
Water withdrawal includes all resources FLSmidth withdraws from groundwater or consumes from waterworks. The total volume of water withdrawal data is measured based on invoices from suppliers or meter readings and is collected monthly for all entities within our financial control.

Approximately 10% of water data uses estimates, which also includes estimates entities with shared office spaces and where consumption data is not accessible, the water use is estimated as follows: office/warehouse –20 litres/per person/day; manufacturing facility –35 litres/per person/day, facility with boilers in use –50 litres/per person/day.

Offices with fewer than 10 people are not included. Customer sites during project-related activities are not included since we do not have financial control over those sites.

Share of water withdrawal in high water-stressed areas
Analysis of water withdrawal in water-stressed areas: Identification of entities in low, medium, high or extremely high water-stressed areas, using the Aqueduct WaterRisk Atlas tool suggested in the GRI 303: Water and effluents standards 2018. The total water withdrawal amount from extremely high and high water-stressed areas was fractionated from the total water withdrawal from all entities globally and the percentage was calculated by region and globally.

Water intensity
Total water withdrawal divided by revenue for the same period.
See revenue on page 10.

Water storage
Water stored at site.

Water recycled or re-used
Wastewater that is recycled or re-used before discharge or consumption.

Biodiversity

Assessing impacts, risks and opportunities

To assess our IROs for biodiversity, we employed the WWF Water and Biodiversity Risk Filters, the ACT-D and LEAP approaches, and forthcoming Science-Based Targets for Nature guidance to evaluate proximity to Key Biodiversity Areas and systemic risks. Our assessments considered dependencies on biodiversity and ecosystems across our value chain, evaluated ecosystem services likely to be disrupted, and identified transition and physical risks and opportunities. The materiality assessment also considered impact drivers such as climate change, land-use change, freshwater-use, direct exploitation, invasive species and pollution, along with their effects on species, ecosystems and ecosystem services[13].

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 1: CO_2e emissions

Negative impact

Downstream

As the largest emission category, the CO_2e emissions generated through the use of our products (scope 3, category 11) contribute to climate change and, thus, biodiversity loss.

See how we support our customers to reduce their CO_2e emissions on page 85.

IRO 8: Depletion of natural resources and land-use change

Negative impact

Downstream

The construction of mining operations and cement plants, as well as the processes involved with mineral extraction, leads to negative impact on biodiversity.

See how we support our customers in reducing their impact on the land on page 104.

IRO 9: Regulatory/reputational pressure

Risk

Downstream

An increase in regulatory and reputational pressure on our customers in relation to biodiversity impacts can delay permits and slow the market for newer investments.

See how we support our customers through our service offerings on page 108.

[13] We have not consulted affected communities but used tools and specialists as proxies. See page 70 for more information.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	⌂	↓	–	+	Opportunity	▲	Time horizon
1 CO_2e emissions	■				■	■				Medium-term
8 Depletion of natural resources and land use change	■				■	■				Medium-term
9 Regulatory/ reputational pressure		■			■				■	Medium-term & long-term
10 Reducing mining footprint	■				■		■			Medium-term & long-term

Location in the value chain: ↑ Upstream ⌂ Own operations ↓ Downstream
Impact, risk and opportunity: – Negative + Positive Opportunity ▲ Risk

Biodiversity and ecosystems

IRO 10: Reducing mining footprint

Positive impact

Downstream

Our products enable customers to improve yields from existing mines, which reduces the negative impacts on biodiversity per unit of output.

See our how we support our customers to improve yields below.

Transition plan

The identified IROs stem from our business relationships therefore, our primary focus is on strategically supporting our customers to address these impacts. The future of the mining and cement industries in the medium-to-long term is complex due to competing challenges and considerations. While the increasing demand for minerals to fuel the energy transition should drive faster and more efficient production, we are also seeing increased expectations that these minerals are produced in more sustainable and ethical ways. This is then supported by regulation and increased transparency requirements. As biodiversity loss becomes more closely linked with climate change, we are addressing this challenge through our current business model and strategy, which focuses on enabling customers to reduce their emissions and therefore reduce the impact on biodiversity loss. Further, our product portfolio enables our customers to maximise their yields within a smaller land footprint. We are continuously evaluating the resilience of this strategy with a value chain perspective and adjusting our approach as we respond to market trends and gain knowledge and insight from our customers and affected stakeholders. We seek input from our customers and suppliers on an ad hoc basis to understand their needs. We do not currently engage with other stakeholders within this area. A key strategic direction this year has been a stronger focus on our service offerings, ensuring more effective operation and longer life of our products. Similarly, this allows us to be less reliant on revenue from sales of new products thus reducing our exposure to the financial risks related to biodiversity. These efforts can be tracked through our economic intensity KPI.

Policy

See page 84 for disclosures related to our Sustainability Policy.

Circularity

Assessing impacts, risks and opportunities

In circularity, we considered key resource inputs across our product groups and business lines and were informed by leading Life Cycle Assessments methodologies from internal experts[14]. For waste, we relied on internal monthly reporting aligned with the waste hierarchy framework.

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 11: Virgin raw materials

Negative impact

Upstream
The consumption of virgin raw materials and greater pressure on supply of critical raw materials has a negative impact on natural resources in the supply chain.

See how we are developing our circularity practices in procurement on page 106.

IRO 12: Sourcing of materials

Risk

Upstream
Scarcity of raw materials has the potential to increase procurement costs in the medium to long-term.

IRO 13: Generation of waste

Negative impact

Own operations
Non-recyclable waste generated at manufacturing and office facilities can cause emissions generated from waste handling, increased demand on land for landfills and pollution to air, water and soil.

See how we work to reduce waste on page 107.

IRO 14: Product design

Positive impact

Downstream
New product designs enable increased circularity opportunities for our customers.

See how we are optimising product design on page 108.

IRO 15: Sales of services

Opportunity

Downstream
Growing sales in circularity offerings, such as recycling, spare parts, maintenance services and digital solutions, provides financial opportunities.

See our service-centric business strategy on page 16-17.

[14] In the assessment we have not consulted with potential affected communities.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	⌂	↓	−	+	●	▲	Time horizon
11 Virgin raw materials		■	■			■				Medium-term
12 Sourcing of materials		■	■						■	Medium-term
13 Generation of waste	■			■		■				Short-term & Medium-term
14 Product design	■				■		■			Short-term
15 Sales of services (spare parts & maintenance)	■				■			■		Medium-term

Location in the value chain: ↑ Upstream ⌂ Own operations ↓ Downstream
Impact, risk and opportunity: − Negative + Positive ● Opportunity ▲ Risk

Circularity

Policies

Upstream
IRO 11 & 12: We do not yet have a policy addressing procurement of raw materials. However, this will be a focus area in 2025.

Own operations
IRO 13: Our policy on Resources and Circular Economy – Waste management states our commitment to reduce hazardous and landfill waste and pursue a sustainable waste management approach based on circular economy principles and covers all locations within our financial scope. We are aligned with national and EU regulations and directives, such as the reporting and disclosure of waste data, the EU Waste Framework Directive, the EU Circular Economy Action Plan, and the EU Zero Pollution Action Plan.

Our overall objective is to prevent, recover, reuse and recycle waste generated by our operations. We aim to improve waste management, stimulate recovery from operations and limit landfilling in accordance with the EU Waste Policy. Our policy follows the waste hierarchy with waste prevention being the top priority.

Downstream
IRO 14: Our Circular Economy Policy 'Products and in the Mining Process' outlines our approach to the circular economy in relation to our products and the effects of our products and technologies in improving circularity in the mining process.

The Chief People and Sustainability Officer is accountable for implementation of our policies and practices concerning circularity.

IRO 15: We have a strong strategic focus to increase sales of spare parts and maintenance services. Due to this being an opportunity this is not formalised in a policy.

How we are taking action

Upstream:
IRO 14: We recognise the importance of circularity in our value chain and are establishing a new approach to circularity and sustainable procurement. We have dedicated resources to establishing a circularity programme to integrate circularity principles into our purchasing decisions for both product materials and packaging.

We have identified opportunities in increasing our share of procured scrap steel, which will be a focus area going forward. See more about our ABON steel reuse programme on page 108.

Resource inflows

	Value
Total weight (tonnes)	1,074,305
% of biological materials which are sustainably sourced	0%
Recycled content (absolute, tonnes)	286,072
Recycled content (%)	27%

§ Accounting policies

Total weight
Purchased goods and services are estimated using amounts of procured costs in relevant spend categories. Spend categories are assigned estimates of the composition of raw materials which enables spend to be allocated to raw materials. Weightages are then calculated using traded commodity prices to determined the weights of raw materials. Packaging was estimated seperately using sample data from a packaging supplier.

The percentage of biological materials which are sustainably sourced
Conservative as FLSmidth does not have information on certification schemes used by suppliers.

Recycled content
Recycled content is based on global recycled content of materials. Percentage of recycled content is a percentage of total weight.

Circularity

Own operations:
IRO 13: As an ISO 14001-certified organisation, we aim for the highest standards for our environmental management system across our global organisation.

We have implemented various actions and annual initiatives as part of our waste reduction roadmaps and programmes. These include developing guidelines for waste segregation and disposal in accordance with the Waste Hierarchy and analysing global waste data based on various disposal types and ways.

Resource outflows

Waste generated	2024	2023
The total amount of waste generated	**15,189**	**15,701**
Hazardous	573	789
Non-hazardous	14,616	14,912
Total recycled	9,596	8,322
Total non- recycled	5,593	7,379
Share of waste recycled (%)	63%	53%
Share of waste non- recycled (%)	37%	47%
Recovery operation type	**9,596**	
Reuse	879	
Hazardous	7	
Non-hazardous	872	
Recycle	8,717	
Hazardous	376	
Non-hazardous	8,342	
Other recovery operations	0	
Hazardous	0	
Non-hazardous	0	
Waste treatment type	**5,593**	
Total incineration	377	
Hazardous	26	
Incineration (with energy recovery)	24	
Non-hazardous	351	
Incineration (with energy recovery)	272	
Landfill	5,216	
Hazardous	165	
Non-hazardous	5,052	
Other disposal operations	0	
Hazardous	0	
Non-hazardous	0	

Waste by material	2024
Metal	42%
Mix waste	20%
Water waste	13%
Dusty and powdery waste	9%
Wood	7%
Other	8%

§ Accounting policies

Waste by recovery and treatment type
Measuring the total amount of waste generated, as well as waste broken down by recovery and treatment type, is based on invoices, supplier reports or local logbook registrations, and is collected monthly for all entities within our financial control. When information is unavailable, entities estimate values based on calculations of waste density and volume. Approximately 20% of waste data uses estimates.

Waste recycled/reused (% of total amount)
Percentage of all waste that has been either reused or recycled. Incinerated waste is not included in this figure.

Waste by material:
Percentage of waste by main material groups.

Circularity

Downstream:
IRO 14 & 15: We work to integrate circular economy principles in the different phases of a product's life cycle. This includes designing products to be durable, repairable, modular, lightweight and recyclable, including considering disassembly and material selection. We aim to maximise product lifetime through digital monitoring, predictive maintenance, reconditioning, repairing, refurbishment and remanufacturing.

Working with circularity includes many stakeholders. We aim to engage and train employees on circularity principles and practices. Furthermore, we partner with suppliers and customers on projects related to the circular economy to develop circularity practices across the value chain.

When our products can no longer be used, we aim for the materials to be recycled. This includes using technology to separate different materials or the provision of logistics where products are not usually recycled through the local market.

As an example of this, in 2024 we accelerated work on the recyclability of our mill liner product. We also accelerated our work in the rebuild and exchange programme for pumps, cyclones and valves, which enables the reuse of metal parts that would otherwise go to waste.

In addition, we have also run a successful steel reuse and recycling programme for several years related to our ABON mining products. The programme includes recovering and recycling steel offcuts and machine turnings from the manufacturing process and recycling unserviceable, worn teeth and shafts from refurbishments.

The opportunity to reduce the environmental impact comes from both the manufacturing and the maintenance of the product lines. Our ability to recycle materials is dependent on a collaborative relationship with our customers, steel suppliers and foundries. A refurbishment usually produces unserviceable parts that need to be disposed of. Instead of these parts ending up as waste, they are reused by one of our steel suppliers.

We also support our customers with machine and shaft refurbishments, enabling them to prolong asset lifetime. Providing this service ensures we stay in touch with our customers' needs.

In addition to the circularity aspects, the programme helps us gain deeper understanding of how our customers use our products. This means we can maximise performance or redesign to suit customers' specific needs in the refurbishing process.

Resource outflows

By product groups	Durability of Products	Repairability of Products
Comminution	100%	B
Separation and classification	100%	B
Pumps, cyclones, and valves (PCV)	120%	A
Dewatering and filtration	100%	B
Other products	100%	B
Recylability		
Recyclable content in products and packaging	93%	

§ Accounting policies

Durability: Durability is measured as an estimate by comparing FLSmidth products to industry averages - represented as 100%. Conservative estimates have been applied which puts most FLSmidth products as equal compared to the industry average. Due to our public case studies on the pumps, which show the longer life of the wear parts, we have put the PCV category as being 20% more durable than the industry average as an indicative value of increased durability.

Repairability: A rating scheme was adapted from the EU Joint Research Committee (JRC), originally for smartphones and tablets (https://susproc.jrc.ec.europa.eu/product-bureau/product-groups/447/home). This scheme takes the scores from six product parameters and aggregates them into a final rating of A–E, with 'A' being the highest score. FLSmidth's adaptation of the model relates to the 'software update (duration)' parameter which is not relevant for FLSmidth products.

Recyclable content in products and packaging: Recycled rates are an estimate based on the possibility of recycling and not on the actual amount recycled. Procured raw material data was taken from Inflows 'total weight' KPI (please refer to p106). Estimates on the recyclability of raw materials were applied to each raw material category to estimate the recyclability of outflows. A sample of packaging material data was taken from a supplier and scaled up to cover all FLSmidth packaging.

Circularity

Targets

Upstream
IRO 11 & 12: We are assessing our circular procurement practices and have therefore not set relevant targets. We do not have a reduction target for our scope 3 category 1 emissions. In the coming years we will monitor the effectiveness of our actions and improve data quality.

Own operations
IRO 13: We have set voluntary targets for reducing landfill waste related to reducing our use of resources[15].

We aim to reduce landfill waste by 50% which represents 3,450 mt by 2030 from a baseline year of 2022 through more waste segregation as well as material efficiency, reuse, recovery and recyclability of waste generated. The targets have been set by our environmental team and approved by management.

Downstream
IRO 14 & 15: We have not set targets related to our downstream positive impact through product design and to the opportunity to increase services and sales. In the coming years we will monitor the effectiveness of our actions and improve data quality.

[15] This is related to disposal in the waste hierarchy.

Social

Being a global business means addressing global social issues through initiatives that promote diversity, equity and inclusion and ensure fair labour practices across our own operations and our supply chain.

Own workforce

Our people are essential to supporting our business ambitions and remaining competitive in the global marketplace. The interests, views and rights of people in our own workforce inform our strategy and business model through worker representation in our Board of Directors. As our business needs evolve, there can be material negative impacts for some areas of our own workforce while creating opportunities and accelerating growth in new areas.

Our workforce is categorised in three key groups: direct labour workers involved in manufacturing our products, indirect labour workers primarily in white-collar roles, and field engineers who work with our products directly at customer sites. Across these groups, we also have non-employees who may be sub-contractors or contingent workers who support us on projects.

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 16: Working conditions

Secure employment

Negative impact : Ongoing organisational restructuring and M&A activities may create short-term job insecurity. This primarily affects our indirect workers.

Read about our approach to restructuring the workforce on page 114.

Working time

Negative impact: As we right-size our business there is a potential for some employees to experience greater workload resulting in increased working hours.

See how we protect our employees and reduce working hours responsibly on page 115.

Adequate wages

Positive impact: We can ensure that our employees receive a fair and liveable wage. This means that our workers and their families remain out of poverty. This is particularly significant in regions with lower safeguards for employee rights where some of our direct labour workforce are located.

See how we work with living wages on page 115.

Work-life balance

Positive impact: Flexible working arrangements and inclusive family leave opportunities positively impact work-life balance for our direct labour, indirect labour employees and field engineers.

See how we are contributing to employees' work-life balance on page 115.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	☗	↓	–	+	💡	▲	Time horizon
16 Working conditions										
Secure employment	■			■		■			■	Short-term
Working time		■		■		■			■	Short-term
Adequate wages		■		■			■			Short-term
Work-life balance		■		■			■		■	Short-term
Health and safety	■	■		■		■	■		■	Short-term
17 Equal treatment and opportunities										
Gender equality		■		■			■	■		Short-term
Training and development	■	■		■			■	■	■	Short- & medium-term
Violence and harassment		■		■			■			Short-term
Diversity		■		■			■	■		Short-term

Type of employee: ↑ Direct labour ☗ Indirect labour ↓ Field engineers
Impact, risk and opportunity: – Negative + Positive 💡 Opportunity ▲ Risk

Own workforce

Health and safety

Negative impact: Our direct labour and field engineers have a higher exposure to safety risks, which can cause incidents affecting the health and wellbeing of our workers.

The safety of our workforce is our top priority. See how we work with this on pages 115-116.

Risk: All of the above identified negative impacts together generate a risk related to attracting and retaining talent, retaining business knowledge and operational efficiency.

Business transformation activities impacting working conditions increase the risk of attrition, which can result in loss of business knowledge and operational efficiency.

See how we invest in our workforce on pages 114-120.

IRO 17: Equal treatment and opportunities for all

Gender equality

Positive impact: We have the potential to improve the social standing and quality of life of our female employees by consistently working to close the gender pay gap and ensuring a fair and comparable wage across our workforce.

Opportunity: Offering equal pay and gender equality for all employee types can improve talent recruitment and retention while improving company performance and reputation as an equal opportunities employer.

Read about our DE&I activities on page 116.

Training and development

Positive impact: Employee training and development can lead to more satisfied and engaged direct and indirect labour workers and support social mobility in unskilled workers.

Opportunity: Offering training and development for all employee types can support improved talent recruitment and retention.

Achieving higher skill levels through training and development also enables expansion into new areas of technical expertise.

Risk: A lack of proper training and development of employees can result in loss of business knowledge and the ability to execute on strategy through operational efficiency.

See how we work with training and development on page 119.

Violence and harassment

Negative impact: Failing to implement measures against violence and harassment can foster an unsafe space for direct labour workers, indirect labour workers and field engineers.

See our mitigating actions on page 120.

Diversity

Positive impact: We have the potential to improve employment opportunities for underrepresented groups.

A large global footprint and diverse workforce inspires cultural diversity and awareness, leading to more satisfied and engaged workers.

Opportunity: Diverse leadership has the potential to enhance the ability to evaluate business strategy and risk management, which could strengthen future outlook and resilience.

See our how we work with diversity on page 116.

Policies

We have various policies covering the entire workforce which, together, establish a global framework for managing our material IROs related to our own workforce.

Our People Policy guides our approach to supporting our people agenda. Our Diversity, Equity and Inclusion Policy establishes our commitment to promoting this agenda. Our Health, Safety and Environment Policy outlines our commitment to zero harm by empowering employees to protect the health and safety of themselves and others, building a strong safe culture and embedding safety behaviours through visible leadership, employee engagement and open dialogue. Our Human Rights Policy outlines our commitment to respecting our own workforce and value chain workers' rights. Our Working Hours Policy guides us in creating fair and safe employment conditions, and our Harassment and Discrimination Prevention Policy sets out our approach to creating a safe, healthy and productive working environment.

As members of the UN Global Compact, we have committed to the Diversity Pledge with the Confederation of Danish Industry. We respect all rights enshrined in the UN Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, including freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of

Own workforce

child labour and trafficking of humans, the elimination of discrimination in respect to employment and occupation[16]; and a safe and healthy working environment.

We commit to aligning our policies and due diligence processes with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises.

The Chief People and Sustainability Officer is accountable for implementation of these policies, except the Harassment and Discrimination Prevention policy where Compliance is responsible for implementation. In the event of severe issues, decision-making is escalated to the Group CEO. The policies are upheld, executed and revised by the People and Sustainability team, in cooperation with stakeholders from various departments. We provide information or training in matters relating to these policies to all relevant colleagues.

The Group Executive Management has ultimate responsibility for the company upholding human rights. The Chief People and Sustainability Officer is accountable for implementing our human rights commitments and decision-making. In case of severe incidents, decision-making is escalated to the CEO.

Processes for engagement

The views of employees concerning impacts are solicited on an ongoing basis through various activities, including monthly engagement surveys, quarterly townhalls with question-and-answer sessions and roundtable discussions with senior management. Leaders within the organisation are also expected to engage regularly one-on-one with their direct reports to foster strong, supportive collaborations, cascade communications and be a first point of contact should issues arise. Our employee representatives also serve as liaisons effectively addressing and elevating concerns within the broader workforce.

The monthly employee engagement surveys gather employees' views with the objective to inform and shape the development and implementation of policies and initiatives through specific action plans. The platform includes a focus on gaining insights into the perspectives of vulnerable and marginalised groups within our workforce, specifically addresses diversity, equity and inclusion (DE&I) by measuring employees' perceptions of inclusiveness, diversity and non-discrimination. The results of the surveys are monitored and discussed by senior leaders to ensure that employee feedback is effectively addressed.

All white-collar workers are included in the surveys, and we continue to add blue-collar worker groups.

Responsibility for employee engagement resides with the individual managers, with oversight from the Chief People and Sustainability Officer.

[16] Our Diversity, Equity and Inclusion Policy specifies "discrimination irrespective of personality, gender, gender identity, age, ethnic, or national origin and religious beliefs, disability, political or sexual orientation, family or social status or other diversity characteristic".

Own workforce

Processes for remediation

Our policies include guidance and specific procedures to prevent discrimination. We also encourage employees to speak up about any concerns they may have, including through our grievance channels. Through these channels, we offer remedy to those directly impacted by our company's business activities where these might have constituted or contributed to a negative impact on employees. We seek to remediate or participate in remediation of any direct or indirect adverse impacts on employees, including collaborating with judicial or non-judicial mechanisms for remedy access. In 2025, we plan to establish more in-depth guidance on various forms of remediation and their applicability to ensure a standardised approach and continued improvement[17].

Employees and third parties can raise concerns directly related to our business through our whistleblower hotline and human rights grievance mechanism. To ensure effectiveness of these channels, we communicate about them through our company website and internal communications and regularly assess and promote awareness of the channels. All workers can access these channels, via our website, email and mail which are managed by a third-party provider which tracks and registers all admissible cases. From this information, we are able to continuously assess and update appropriate procedures in order to ensure effective mitigation actions.

Read more about these channels on pages 123 and 131-132.

How we are taking action

The actions taken to mitigate negative impacts and risks and pursue opportunities within our own workforce is embedded in the responsibility of management at every level and across all functions. We dedicate resources from Legal, People and Sustainability, Communication and others to support these efforts and ensure the wellbeing of our people is at the core of everything we do.

IRO 16: Working conditions

Secure employment

We continue to implement the pure-play business transformation (see page 16) as we adapt to the evolving landscape of our business sectors and enhance our ability to meet customers' needs. As part of this transformation, we have made adjustments to our workforce to align. We recognise the importance of employee wellbeing and have made efforts to address the impact on those directly and indirectly affected. Throughout this process, we have prioritised clear and transparent communication with our employees, engaging with them through various channels. To ensure the effectiveness of our communication, we have held dedicated roundtable discussions with employees and we track engagement and satisfaction through monthly surveys.

These adjustments have created a shifting environment, leading to some challenges in retaining talent and maintaining operational efficiency. We are supporting our people through this time and are growing our workforce in key geographies that are critical to being closer to our customers and the heart of our business.

Despite the short-term situation, we strive to be an employer that fosters secure employment. We do not adopt zero-hour contracts; we have a structured governance around dismissal processes to enable a fair process; and we support colleagues with internal moves where available.

In 2025, we will finalise this stage of our transformation. We continue to invest in our people through competitive pay and benefits as well as growth and development opportunities.

[17] Currently we are not able to assess the effectiveness of potential remedy provided.

Own workforce

Working time
Our Working Hours Policy sets our commitment to higher labour standards and consistent practices across the organisation. First steps in 2024 included evaluating the impact on various worker groups and the effectiveness of mitigation activities to date. In 2025, we will begin to improve time registration processes for blue-collar workers to ensure working time is captured accurately. For indirect labour workers, we aim to increase automation of manual tasks to reduce working time where possible.

Adequate wages
We analyse living wages across all geographies on an annual basis, ensuring all our workers are paid an adequate and fair wage. Our standardised job catalogue supports an objective, market-based approach to setting salary ranges, ensuring adequate and competitive wages. Terms negotiated in collective bargaining agreements are respected and integrated into our compensation framework. A specialist team focuses on implementing benefits and employment packages that mitigate against inequity. We will continue these efforts in the future.

Work-life balance
Family-related leave is available to employees in alignment with local standards. We offer flexible work options, including remote work arrangements and adjusted hours. Managers engage with their teams and individuals to inform them of our various offerings. Effectiveness of our initiatives is monitored through engagement surveys. In 2025, we will start monitoring how many of our employees are taking their entitled family-related leave.

Health and safety
In 2024, we restructured our safety organisation to address critical needs to improve our safety performance. This includes greater focus on hazard risk assessment, on-the-job training for field engineers and direct labour workers and incident investigations. We initiated an Incident

§ Accounting policies

Percentage of people in own workforce covered by health and safety management system (%)
FLSmidth's Health and Safety reporting management system covers all people in its own workforce.

Number of fatalities
A fatality is defined as the death resulting from a work-related incident or exposure. This includes fatalities occurring in the workplace or fatalities resulting from injuries or illnesses contracted at the workplace. The incident must be directly connected to work activities, and the death can occur at the time of the incident or subsequently due to complications from the incident. In 2024, there were zero fatalities at FLSmidth.

Number and rate of recordable work-related accidents, including contractors
Number of recordable work-related accidents include fatalities, lost time injuries (LTIs), medically treated injuries (MTI) and restricted work cases (RWC). Number of recordable work-related accidents is calculated as the number of accidents per one million hours worked. Includes non-employees and sub-contractors.

Rate of recordable work-related accidents is calculated as the number of recordable work-related accidents per one million hours worked. Includes non-employees and sub-contractors.
Subcontractors' working hours are calculated based on actual hours reported by suppliers, hours written in tenders or actual/estimated hours for suppliers. Working hours for FLSmidth employees are calculated based on headcount and normal working week hours.

Rate of days lost to work-related accidents, including contractors
Rate of days lost to work-related accidents as the number of lost-time injuries (LTI) and fatalities per one million hours worked. An LTI accident results in absence for more than one scheduled workday following the day of the accident. Includes non-employees and subcontractors.

Subcontractors' working hours are calculated based on actual hours reported by suppliers, hours written in tenders or actual/estimated hours for suppliers. Working hours for FLSmidth employees are calculated based on headcount and normal working week hours.

Safety	2024	2023	Delta	Target 2024	Target 2025	Target 2030
Rate of recordable work-related accidents, including contractors	2.3	2.7	-14.8%	1.1	10% year-on-year improvement	Zero harm
Number of recordable work-related accidents, including contractors	50					Zero harm
Rate of days lost to work-related accidents, including contractors	1.0	0.9	11.1%	0.5	10% year-on-year improvement	Zero harm
Percentage of people in own workforce covered by health and safety management system	100					Zero harm

Own workforce

Review Board, which reviews major injuries monthly to monitor effectiveness of our accident mitigation activities.

We introduced the Safety Cardinal Rules and ran a campaign to educate and promote awareness of our safety culture. We have also continued the safety observation programme, Go Look See, which was launched in 2023, and have again in 2024 seen an increase in awareness of day-to-day safety issues and reduced safety incidents at our warehouses and manufacturing sites. We will continue to encourage a culture of open dialogue about safety practices with our Manager's Safety Walk Programme.

Our HSE management system covers all employees and provides a platform for continuous improvement and compliance with international standards. We retained ISO 45001 certification for Occupational Health and Safety.

IRO 17: Equal treatment and opportunities

Diversity and gender equality

Our global standard process for talent acquisition promotes equal opportunities, treating all candidates fairly and minimising bias in hiring decisions. We will continue to monitor our recruiting practices and make improvements to further DE&I. Talent acquisition for all employment types includes various dimensions of diversity, such as gender, age, nationality, location and personality profile, to achieve a balanced workforce. To reduce potential bias and enable equal opportunities in the hiring process we encourage the removal of personal data from CVs. Additionally, we encourage internal candidates to pursue job opportunities as part of their growth within the company.

16.4%
Women managers

21.1%
Women total

Our global DE&I Council had its first full year of operation in 2024. The council facilitates additional DE&I initiatives and conversations across the organisation to accelerate change. We continue to participate in industry communities such as "Women in Mining" and "Women in Tech".

We launched a network focusing on promoting the wellbeing of women in our manufacturing facilities. This involves 16 representatives from various manufacturing locations meeting bimonthly to learn from each other and provide ideas and inspiration to enable the professional growth of women in manufacturing roles.

Our rewards team continues to bridge the gender pay gap and evaluate progress through a yearly analysis at each management level. We recognise that unconscious bias can create structural challenges in achieving pay equity. Therefore, we emphasise the importance of accurate data to identify effective actions that ensure balanced pay between men and women. Over the coming years, we plan to refine our methodologies and actions to strengthen our performance in this critical area.

We track the effectiveness of our DE&I initiatives through quarterly reporting of quantitative metrics and qualitive responses in our engagement surveys.

Own workforce

Characteristics of our workforce

	2024				
Worker type	**Female**	**Male**	**Other**	**Non-disclosed**	**total**
Number of employees by headcount	1,630	6,107	0	2	7,739
Number of permanent employees by headcount	1,539	5,927	0	1	7,467
Number of temporary employees by headcount	88	121	0	1	210
Number of non-guaranteed employees by headcount	3	59	0	0	62

Countries with over 10% of workforce	**Number of employees by headcount**
USA	1,443
India	1,520

Total number of own employee terminations	**2024**
Total terminated employees	2,575
Turnover rate	30.1%

§ Accounting policies

Total number of employees
Total employees are all employees who are hired by FLSmidth, are paid through the company's payroll and are active as of the date of the report, including those on leave. Employees include permanent employees, temporary employees and non-guaranteed hours employees. Total number of employees is collected through FLSmidth's HR management system.

Permanent employees are employees on long-term contracts. Temporary employees on temporary contracts include interns and apprentices and those on fixed-term contracts. Non-guaranteed hour employees include casual workers.

Total employees are calculated using a headcount, rather than FTE method. Gender is defined as the legal gender and employees may also choose not to declare this.

Total terminated employees
Measured as the total number of employees who have left the organisation during the reporting period, either voluntarily or non-voluntarily. This excludes employees currently on gardening leave and non-employees.

Turnover rate
Measured as the total number of terminations divided by the total average employee headcount at the start and end of the reporting period.

Own workforce

Diversity

Age distribution	2024 Absolute/%
Under 30 years old	861/11.1%
30-50 years	4,642/ 60.0%
Over 50 years old	2,092/ 27.0%
Not disclosed	144/ 1.9%

Payment	2024
Gender pay gap ratio	12%
Pay equality ratio	39

Gender distribution in management	2024 Absolute/%
Top management	11/100%
Female	2/18%
Male	9/82%
Top management including extended mangement	65/100%
Female	14/22%
Male	51/78%

Head count by job category	2024
White-collar	6,023
Blue-collar	1,716
Employees	**7,739**

Female employees	2024	2023	Delta	Target 2024	Target 2030
White collar (%)	26.7%	26.9%	0.2%	31.6%	30.0%
Blue collar (%)	7.7%	4.7%	3.0%	7.0%	
Managers (%)	16.4%	16.3%	0.1%	18.4%	25.0%
Women total (%)	21.1%	20.4%	0.7%	22.7%	25.0%

§ Accounting policies

Age distribution (%)
Information on age distribution is generally collected during the onboarding processes in FLSmidth's HR management system on a voluntary basis and is based on date of birth.

Gender pay gap ratio
The difference of average hourly pay levels between female and male employees, expressed as percentage of the average hourly pay level of male employees. Excludes non-employees.

Pay equality ratio
The difference between the annual total remuneration ratio of the highest paid employee and the median annual total remuneration for all employees (excluding the highest-paid employee), excluding non-employees.

Gender distribution in management (head count)
FLSmidth defines Top Management as the first two level in the organisational hierarchy with manager responsibilities, with the first level being the the CEO. Extended Management include the third level in the organisational hierarchy with manager responsibilities. Excludes non-employees.

Gender distribution in management (%)
The share of management levels broken down by each gender as percentage.

Women white-collar workers (%)
Share of white-collar women at period-end divided by all white-collar employees, excluding managers and non-employees.

Women blue-collar workers (%)
Share of blue-collar women at period-end divided by all blue-collar employees, excluding managers and non-employees.

Women managers (%)
Share of women managers at period-end divided by all managers at period-end, excluding non-employees. Employees must have a direct report to be included.

Women total (%)
Share of women at period-end divided by all employees at the end of reporting period, excluding non-employees.

Own workforce

Training and development

We apply a structured approach to performance and development reviews to ensure clarity of objectives, alignment with our strategy and a proactive stance on development planning. This process applies to all employees and contingent workers. Development dialogues include identifying individual skill gaps and creating tailored plans to address gaps through various development and training opportunities. These are supported by a global learning management system, enabling us to build a learning organisation where every individual dedicates time to training, with progress actively tracked.

In 2024, we conducted more "Leading in FLS" leadership development programmes focusing on operational managers.

Diversity, equity and inclusion topics are included in leadership training programmes. We are developing a pipeline of women leaders and promoting opportunities through our ongoing sponsor and mentor programmes, as well as encouraging women talents to join leadership training programmes.

More generally, we offer training courses both via e-learning and through live and in-person sessions. These cover a wide array of topics to upskill and empower our workforce in their career development. We will continue to strengthen these efforts and monitor the effectiveness of our policies and actions.

Employee reviews	**2024**	**2023**	**Delta**
Employees participating in performance/career development reviews	7,554		
Other gender employees	0		
Female employees	1,492		
Male employees	6,062		
Not disclosed	0		
Employees participating in performance/career development reviews (%)	86.1%		
Other gender employees (%)	0.0%		
Female employees (%)	83.7%		
Male employees (%)	86.8%		
Not disclosed	0.0%		
FLSmidth adjusted participation	**95.8%**	**97.0%**	**-1.2%**

Training	**2024**	**2023**
Training hours per employee and gender	21,641	28,399
Female employees	5,289	
Male employees	15,862	
Training hours per employee and gender (rate)	2.53	
Female employees	2.99	
Male employees	2.34	

§ Accounting policies

Percentage of employees participating in performance development reviews (%)
Measured as the percentage of employees who have participated in an end-of-year review divided by total employee headcount who are eligible for performance development reviews.

FLSmidth provides an adjusted measure of employee performance development as only permanent employees and temporary employees categorised as "apprentice/trainee" are eligible for end-of-year reviews. Headcount is adjusted to reflect these sub-groups and is further adjusted to exclude employees where an end-of-year review is not relevant. These include those on gardening leave, those soon to retire and employees with less than three months of employment within the assessment period.

The total number of employees taken at the end of March in the reporting period.

Number of training hours per employee
Measured as number of hours spent on learning programmes as an average across employees. This includes both digital and blended (face-to-face) courses. The figure includes hours accumulated throughout the year and any unreported hours from physical training sessions conducted in the previous year and not logged prior to the reporting cut-off date.

Hours from terminated employees during the reporting period are included in the total number.

The total number of hours is divided by the average employee headcount during the period. Average employee headcount is the average between the headcount at the start and end of the reporting period.

Own workforce

Violence and harassment

We enforce zero-tolerance towards any form of violence, harassment or discrimination, ensuring that any such incidents are dealt with seriously through our internal investigation procedures. We conduct regular training on compliance and human rights topics, such as violence and harassment, to ensure employees are informed and guided to identify and act when potential violence or harassment is experienced either for oneself or a colleague. We will continue to closely monitor and assess the effectiveness of our policies and actions.

No severe human rights issues and incidents have been reported during the year[18].

Incidents	2024
Total number of incidents of discrimination, including harassment	40

§ Accounting policies

Total number of incidents of discrimination, including harassment
Includes reports on discrimination and harassment submitted to FLSmidth's Compliance department through the formal whistleblower hotline or by other means, such as email, letter or in person.

Targets

Targets have been set by HR and HSE to track the effectiveness of our actions. These targets are based on our own performance as well as that of industry peers and reflect management's ambitions to mitigate negative impacts and risks and realise positive impacts and opportunities.

Workforce representatives are not directly involved in the setting or tracking of performance against our targets but are presented with the results quarterly as a minimum through our publicly available quarterly reports.

[18] No complaints have been filed to National Contact Points for OECD Multinational Enterprises and no fines or penalties have been incurred in the current year.

Workers in the value chain

FLSmidth operates in high-impact industries, and the workers in our value chain are commonly located in regions where labour rights are less protected. Through our strategy to integrate ESG into our business operations, we are working to protect the rights and ensure the safety of the workers in our value chain.

The identified IROs are pre-mitigation activities. Follow the link under each IRO to see how we work with it.

IRO 18: Adequate wages

Negative impact

Upstream
Pricing demands and payment practices can affect wages in our supply chain.

See our payment practices on page 133.

IRO 19: Health and safety

Negative impact

Upstream
Operating in high-risk manufacturing industries exposes supply chain workers to health and safety issues.

See our supplier onsite assessments on page 125.

IRO 20: Child labour and forced labour

Upstream and downstream
Negative impact: There is a risk of forced labour and child labour in our value chain leading to ongoing social disadvantages for the worker.

Downstream
Risk: The occurrence of forced labour at customer sites can damage reputation and impact financial performance.

See our human rights salience assessment on page 126.

Policies

Our Supplier Code of Conduct and policies for due diligence, conflict minerals and human rights provide a framework for managing our impacts on value chain workers and the related reputational risks.

Supplier Code of Conduct
While our policies cover all value chain workers, there are special provisions in our Supplier Code of Conduct regarding child labour, young workers and forced labour, wages and benefits, as well as health and safety.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	☗	↓	–	+	💡	▲	Time horizon
18 Adequate wages		■	■			■				Short-term
19 Health and safety		■	■			■				Short-term
20 Child labour & forced labour		■	■		■	■			■	Short-term

Location in the value chain: ↑ Upstream ☗ Own operations ↓ Downstream
Impact, risk and opportunity: – Negative + Positive 💡 Opportunity ▲ Risk

Workers in the value chain

Our Supplier Code of Conduct requires that suppliers respect the human rights of all people, including workers and the communities in which they operate. This applies to all workers including temporary, migrant, student, contract, direct employees and any other type of worker or person affected by the suppliers' operations. We expect all suppliers to adhere to the minimum standards outlined in the code of conduct, which aligns with the principles outlined in the Responsible Business Alliance (RBA) Code of Conduct.

In alignment with the UN Guiding Principles on Business and Human Rights, the provisions in our Supplier Code of Conduct are derived from and respect internationally recognised standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. We are guided by international standards in our commitment to working towards ensuring appropriate and adequate remedy for stakeholders adversely affected by our business operations and relationships.

Conflict minerals

FLSmidth's Conflict Minerals Sub-Policy concerns the supply chain and suppliers' possible use of conflict minerals. We aim to implement this policy in all commercial contracts.

The policy outlines the basics of the global standards regarding conflict minerals, including mapping conflict minerals in our supply chain and addressing identified issues. These regulations confirm the need for conflict minerals due diligence to ensure that our procurement activities do not contribute to conflict through mineral purchasing decisions and practices.

We align our practices with the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas', 'Regulation (EU) 2017/821' on supply chain due diligence obligations for EU importers of tin, tantalum, tungsten and gold (3TG) and 'Section 1502 of U.S. Dodd-Frank Act' in U.S. law requiring responsible minerals sourcing.

Human rights

Our Human Rights Policy outlines our commitment and practical approach to respecting human rights through our business operations and value chain. This includes adhering to all universal human rights, the core conventions of the ILO and customary international law. We prohibit the use of any form of forced labour, child labour and trafficking of persons. We neither tolerate nor contribute to threats or attacks against human rights defenders in relation to our operations and value chain.

As a global company operating in the mining and cement industries, we acknowledge that respecting human rights is a central tenet of responsible business. We are committed to upholding all internationally recognised human rights of our employees, customers, suppliers, other business partners and the communities in which we operate.

We pay special attention to respecting the rights of vulnerable groups, including indigenous people, women and children. Workers under the age of 18 shall not perform work that is likely to jeopardise their health or safety.

FLSmidth is a signatory to the United Nations Global Compact and is guided by the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Due diligence

Our Due Diligence Policy describes our commitment to avoiding, causing or contributing to adverse impacts on workers in the value chain and to preventing adverse impacts directly linked to operations, products or services through business relationships[19].

[19] No cases have been reported of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve workers in our upstream and downstream value chain.

Workers in the value chain

Processes for engaging with value chain workers

We do not have direct engagement with value chain workers and therefore use proxies to take their perspectives into account. However, our whistleblower hotline and human rights grievance mechanism are open to third parties.

We are a member of the RBA, which is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. We use RBA guidelines in various ways, including as proxies for industry-specific human rights risks and impacts. Through our membership in the RBA and the Responsible Minerals Initiative, we seek to strengthen our efforts in building a responsible supply chain, including the responsible sourcing of minerals.

We are a member of Business for Social Responsibility (BSR). As part of our membership of a BSR human rights working group, we discuss human rights issues and best practices on mitigation of potential or actual impacts. The working group meets in person two times per year, discussing critical human rights topics.

Participation within the RBA and BSR, and our customer due diligence process, provides some insights into the perspectives of vulnerable or marginalised workers. In addition, we enter into dialogue with NGOs and media regarding potential human rights issues.

Processes to remediate negative impacts

Our whistleblower hotline and human rights grievance mechanism are channels for workers to raise concerns, either directly related to our business or indirectly within our value chain[20]. The whistleblower process is intended to provide protection against retaliation as stated in our policy.

We communicate about our whistleblower hotline both internally and externally through our Supplier Code of Conduct, company website and internal communications and through dialogue with suppliers and customers.

While we have not yet assessed value chain workers' awareness of the whistleblower hotline, we encourage our suppliers to actively inform their employees about it. We monitor the types and number of reports in our whistleblower and grievance mechanisms to assess the effectiveness of our actions and channels.

The whistleblower system allows us to track the status of cases. Currently, we have not received any cases related to the identified potential negative impacts on value chain workers. In case of a whistleblower report, we follow a specific process to manage and investigate cases.

A third-party provider ensures the availability of the grievance mechanisms and whistleblower channel and handles concerns raised. Admissible cases are investigated internally.

The human rights grievance and remedy procedure outlines the human rights grievance filing, verification and remedy processes. This ensures we follow standard steps for identifying appropriate remedy for each individual case. Our grievance mechanism includes applying the effectiveness criteria stated in the UN Guiding Principles on Business and Human Rights.

The process is as follows:

- Complaints are filed through the third-party Whistleblower Hotline system. The complaints are then categorised and handled according to a set of principles specifically for human rights grievances.
- The grievances are reviewed by FLSmidth Compliance and will be further processed if it contains both a potential violation of internationally recognised human or labour rights and relates to impacts cause by or contributed to through FLSmidth's activities, or is directly linked to our operations, products or services by our business relationships.
- The grievance is then investigated through a combination of document review, internal interviews and external interviews as specified in our internal investigation procedure to determine what has occurred and whether any rights may have been violated.

Rights-holders are included in the process where possible.

FLSmidth is committed to collaborating with judicial and non-judicial mechanisms to provide access to remedy in the event that we cause or contribute to an adverse impact. In instances where FLSmidth is directly linked to an impact, we will seek leverage to promote adequate remedy. Ways to remedy include: apology, restitution, rehabilitation, compensation, sanction or non-repetition.

[20] We have not assessed whether value chain workers are aware of and trust the structure or process as a way to raise their concerns or needs and have them addressed.

Workers in the value chain

We will develop a more thorough remediation process plan. This process will be an ongoing assessment based on learnings from remediation cases. However, to date, we have not been subject to a remediation case.

Actions and targets

Human rights

Human rights and labour rights at FLSmidth are part of our wider company strategy and implemented through various policies and procedures. The oversight of human rights impacts and risks in FLSmidth falls under the Audit, Risk and ESG Committee who receive quarterly updates on all compliance and sustainability matters, including human rights. The Chief People and Sustainability Officer is accountable for implementation of our human rights commitments and decision-making. In case of severe incidents, decision-making is escalated to the CEO. The responsibility for facilitating the operational work with human rights across departments and measuring the effectiveness rests with the ESG Program Advisor. Following the launch of our human rights working group in 2023, the group was put on hold in 2024 due to organisational restructuring. We plan on reinitiating this work in 2025. We have set targets for workforce training as we believe developing knowledge and skills within this area will help us mitigate any potential impacts or risks related to workers in the value chain. The targets were set by our Compliance organisation and approved by management[21].

In the coming year we will evaluate and update our procedures based on our performance to ensure effectiveness and improvements to mitigate impacts and risks within this area.

74%
White-collar employees trained in human rights

Human rights	2024	2023	Delta	Target 2024	Target 2030
Human rights assessment (onsite audits)	1	3	-67%	6	
White-collar employees who have received in-person training in human rights	141	211	-33%	200	
White-collar employees who have completed e-learning courses in human rights	4,469	4,338	3%		
White-collar employees who have completed e-learning courses in human rights (%)	74%	60%	14%	85%	98%

§ Accounting policies

Human rights review (offsite)
Impact assessments are always conducted onsite. Both human rights compliance reviews and impact assessments can, in some cases, be part of compliance due diligence reports.

FLSmidth conducts human rights compliance reviews and impact assessments of offices, production sites and customer sites where FLSmidth has employees stationed.

Compliance reviews and impact assessments concerning offices are mostly policy-focused, while operations are more process-focused.

White-collar employees who have received in-person training in human rights
Total number of white-collar employees in certain functions (e.g. procurement and sales) who have attended in-depth training in human rights, either live or through Teams.

White-collar employees who have completed e-learning courses in human rights (%)
Percentage of active employees who have completed the human rights e-learning course; completion may have occurred in previous years. Terminated employees and non-employees are excluded from the calculation.

[21] We have not engaged with value chain workers in the process of setting targets.

Workers in the value chain

Supply chain

Suppliers are required to establish processes for ongoing two-way communication with workers, their representatives and other stakeholders where relevant or necessary. We also expect our suppliers to have appropriate grievance mechanisms in place that are proportionate to their size, complexity and risks associated with their business. We expect our suppliers to implement the necessary procedures and processes to respect the rights of their employees and we communicate regularly with our largest suppliers and inform them of important developments to our policies or expectations.

To help prevent or mitigate negative impacts on value chain workers, we also conduct high-level onsite assessments of suppliers. This involves a trained FLSmidth employee from the procurement or quality departments noting observations and completing an assessment questionnaire. We track identified issues and the suppliers' improvements through mitigated actions.

Supply chain	2024
The completion rate of onsite supplier assessments (%)	92%
Supplier spend categorised by high risk of forced labour based on country (%)	32%
Employees trained in responsible conduct in the supply chain (number)	119

§ Accounting policies

Completion rate of onsite supplier assessment
Suppliers are selected to be in scope for supplier onsite assessments annually based on specific criteria, including spend, preferred status, ESG score and country. The percentage represents the suppliers that are in scope, where assessment has been completed.

Percentage of supplier spend categorised by high risk of forced labour based on country
Country risk is based on the Global Slavery Index – Proportion in Slavery (Walk Free Foundation) and the ILAB Child and Forced Labor Indicator (US Department of Labor) and categorised as high, medium or low risk. Suppliers spend by country is based on the procurement database on country of supplier where spend is allocated.

Total number of relevant employees trained in responsible business conduct in the supply chain
Total number of employees in operations, procurement and sales who have attended training in responsible business conduct in relation to the supply chain, either live or through Teams.

Customer due diligence

Our customer due diligence procedures, conducted by our Compliance organisation, enable us to identify potential human rights and compliance issues. These procedures currently only include desktop research and not direct communication.

Our approach to due diligence is risk-based, which involves assessing risks and impacts across our business operations and value chain. This guides us in establishing and implementing the necessary processes for identifying, preventing, mitigating and accounting for both actual and potential adverse impacts. Based on the identified impacts, we define appropriate preventative actions and mitigate risks related to our activities. In doing so, we focus on ensuring respect for human rights and compliance with international standards. Our due diligence screenings cover human and labour rights violations and health and safety.

Our due diligence is guided by the OECD Due Diligence Guidance for Responsible Business Conduct and the United Nations Guiding Principles on Business and Human Rights, as well as the rules stated in the FCPA and the UK Bribery Act.

In the coming year, we will re-evaluate our risk assessment to improve our understanding of our actual and potential salient impacts and to ensure we comply with current and future legislation in this area.

Workers in the value chain

Human rights salience assessment

In 2023, we conducted a human rights salience assessment. Based on the findings, we have implemented initial actions and will continue to develop an action plan in order to address salient issues.

In addition, we have implemented methodologies as part of our sustainability blueprints to ensure that we have relevant effective actions and initiatives in place to mitigate impacts and risks related to value chain workers.

After identifying the potential and actual negative impacts on workers in the value chain, ESG policy owners and relevant subject matter experts are responsible for updating policies and identifying appropriate mitigating actions. This is included in the sustainability blueprints and is also included in continuous assessments based on additional information and resources related to that impact.

There is a reputational risk involved with our customers and suppliers potentially using forced labour. This has been monitored through our customer due diligence, and we aim to implement actions and milestones, such as human rights clauses in customer contracts, to discourage the use of forced labour.

To help ensure our practices do not cause or contribute to negative impacts, we conduct due diligence on customers and sales agents, which includes a human rights assessment. This can form the basis of a more in-depth due diligence report.

We train procurement employees in how to identify potential negative impacts on supply chain employees.

No severe human rights issues or incidents were reported in 2024.

Resources dedicated to managing impacts include a human rights specialist and representatives from Procurement who conduct the onsite assessments. Compliance has been responsible for customer due diligence. This has been discontinued until further notice.

Our memberships of BSR, RBA and The Danish Industry provide us with opportunities to engage with and learn from other companies with similar impacts.

Our programmes related to workers in the value chain are intended to ensure we are informed about potential negative impacts and risks in order for us to make informed decisions about appropriate mitigating actions.

Our initiatives are aligned with SDG 8.7 regarding immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and securing the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 ending child labour in all its forms.

Affected communities

With the MissionZero initiative integrated into our business model, we address the need to align with sustainable and ethical practices increasingly demanded by the market. It helps manage financial risks from potential delays or permit issues due to legal disputes with affected communities in the surrounding areas of mining and cement plants, providing more stability in revenue streams. Our commitment to zero emissions by 2030 and respect for community rights is essential for maintaining trust with stakeholders and complying with regulations. This approach also helps us avoid legal risks and supports strategic partnerships, which are crucial for long-term viability.

IRO 21: Communities' economic, social and cultural rights
Risk

Downstream
Potential legal disputes with affected communities over land impacts pose financial risks as customer permit delays may slow order intake.

IRO 22: Rights of indigenous peoples
Negative impact

Downstream
Mining projects can infringe upon the land rights of indigenous peoples.

Future perspectives on these challenges

The mining and cement industries have a significant impact on the communities in which they operate with respect to economic, social, cultural, civil and political rights as well as the rights of indigenous peoples.

It is becoming increasingly important for mining and cement companies to address these impacts, particularly land-related impacts and securing free, prior and informed consent. Failure to do so could lead to the loss of a license to operate, presenting a financial risk to our operations, as our customers may not be able to pursue projects in which we are engaged. We expect this issue to increase in materiality in the medium to long term.

Since the topic of affected communities is not material to our own operations, we have not yet developed a specific policy or set targets and processes for engagement and remediation.

However, we assess our customers' impacts and actions through our due diligence processes. See page 125 for more information on our due diligence processes. A core element of our business is helping our customers reduce their impact on the land and the environment through the services and technologies we offer.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	Own operations	↓	–	+	Opportunity	▲	Time horizon
21 Communities' economic, social and cultural rights		■			■				■	Short-term
22 Rights of indigenous peoples		■			■	■			■	Short-term & Medium-term

Location in the value chain: ↑ Upstream; Own operations; ↓ Downstream
Impact, risk and opportunity: – Negative; + Positive; Opportunity; ▲ Risk

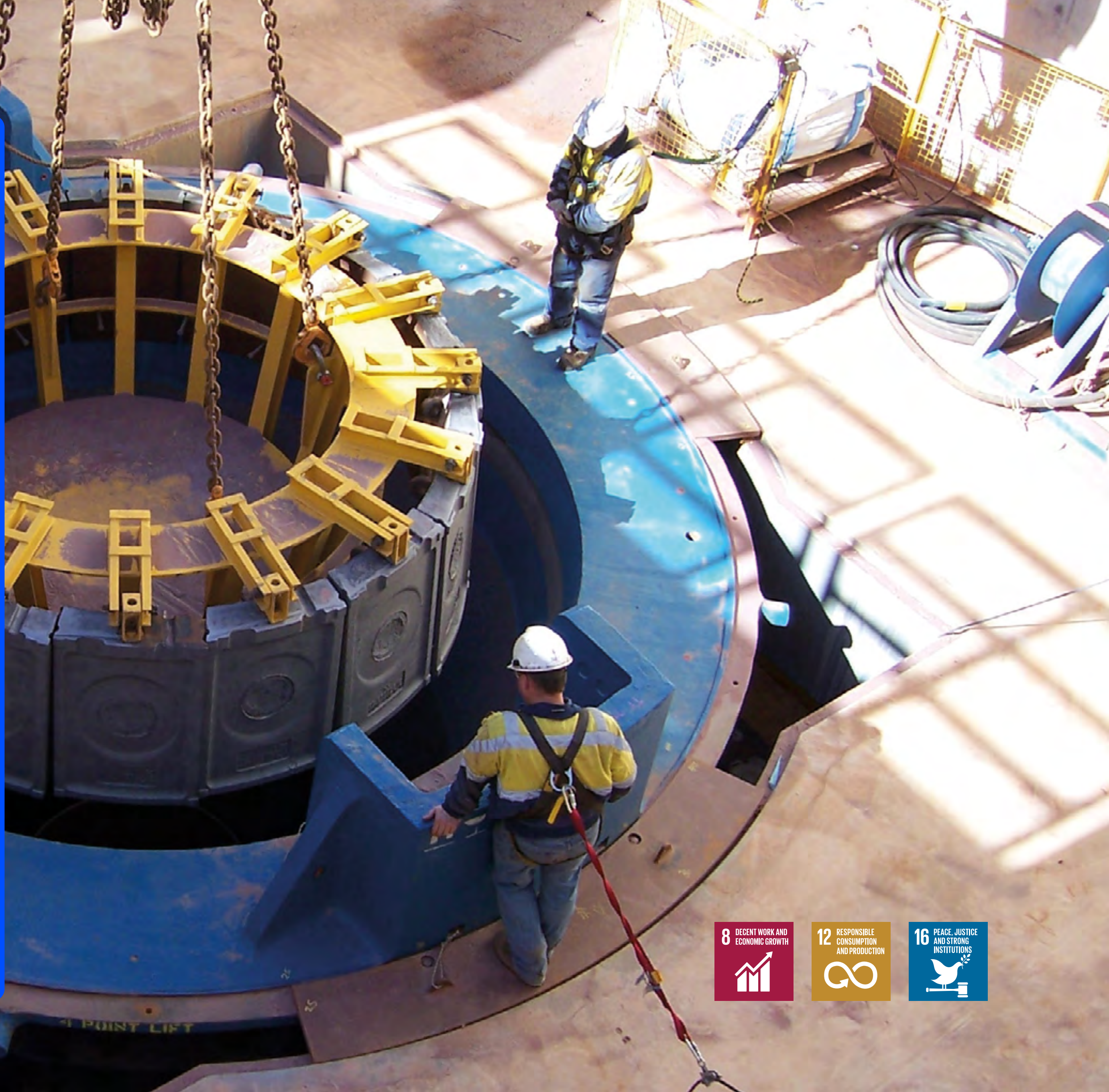
Affected communities

Our Human Rights Policy applies to our own operations and the entire value chain (see page 122), and therefore addresses the rights of vulnerable groups, including indigenous peoples. In the event of a human rights breach, anyone can access the whistleblower hotline and human rights grievance mechanism.

We do not have policies related to the potential risks related to our customers' impact on local communities.

Governance

As a responsible business, our operations and strategic decisions are guided by the key principles of integrity and accountability. We adhere to all applicable laws and regulations and maintain transparency with stakeholders across the value chain.



Business conduct

Assessing impacts, risks and opportunities

Our governance is focused on honesty, responsibility and transparency. We are committed to meeting high ethical standards and building trust with our stakeholders.

We operate in geographies and industries where bribery and corruption can be more prevalent and therefore mechanisms such as the whistleblower hotline are essential. Effective engagement with suppliers and other business partner and ensuring a safe and constructive working environment in the value chain through our Code of Conduct are a foundation of our approach to responsible business conduct.

IRO 23: Corporate culture

Opportunity

Own operations
Fostering a strong, positive corporate culture to improve employee satisfaction and engagement influences our appeal to potential hires and improves retention rates among current employees.

See our company values on pages 18 and 131.

IRO 24: Protection of whistleblowers

Own operations
Negative impact: Lack of structured processes to prevent retaliation can lead to a negative impact on whistleblowers.

Risk: Failure to provide appropriate protection for whistleblowers can incur fines or litigation.

See how we protect whistleblowers on pages 131-132.

IRO 25: Political engagement and lobbying activities

Opportunity

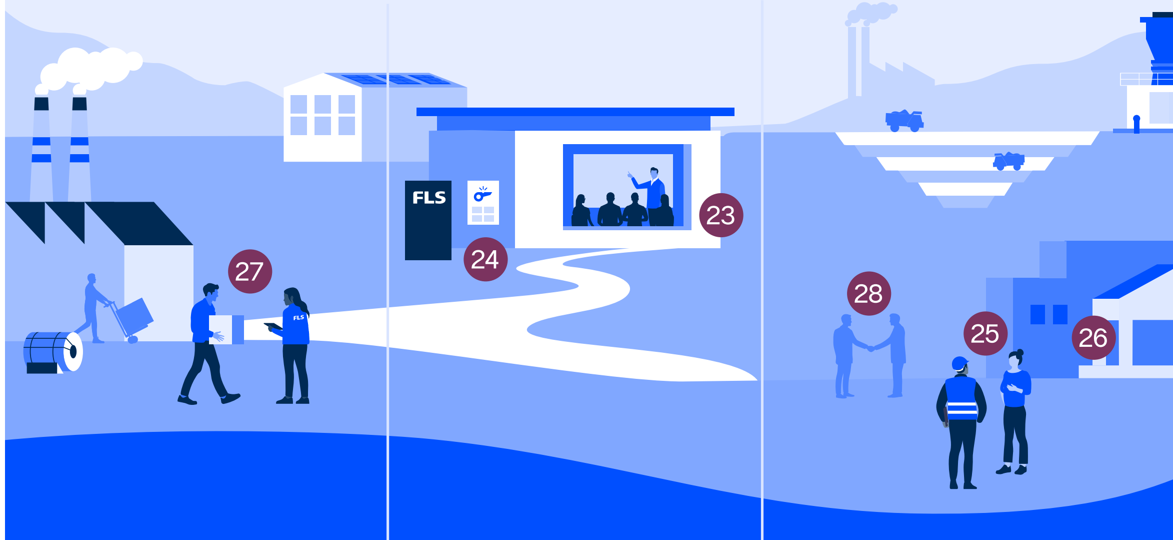
Downstream
Partnerships with industry groups to support the future of mining.

See how we engage in partnerships on page 72.

Impacts, risks and opportunities

IRO	Actual	Potential	↑	☗	↓	–	+	💡	▲	Time horizon
23 Corporate culture	■			■				■		Short-term
24 Protection of whistleblowers		■		■		■			■	Short-term
25 Political engagement and lobbying activities	■				■			■		Short-term
26 Public policy	■				■			■	■	Short-term & Medium-term
27 Relationships with suppliers		■	■			■	■			Short-term
28 Corruption and bribery		■		■		■			■	Short-term

Location in the value chain: ↑ Upstream ☗ Own operations ↓ Downstream
Impact, risk and opportunity: – Negative + Positive 💡 Opportunity ▲ Risk



Business conduct

IRO 26: Public policy

Downstream
Risk: Permitting delays can lead to reduced revenue and force more competitive pricing.

Opportunity: Regulations such as the EU taxonomy, which drive support and capital for low carbon activities and products, provide growth opportunities.

See our EU taxonomy disclosures on pages 90-95.

IRO 27: Relationships with suppliers

Upstream
Negative impact: Supplier payment practices leading to delayed payments may negatively impact some suppliers.

Positive impact: Promoting positive ESG practices through active dialogue with suppliers can have a positive impact on supplier operations.

See how we work with suppliers on page 132.

IRO 28: Corruption and bribery

Own operations
Negative impact: Inadequate prevention and detection processes can lead to employees unintentionally or intentionally performing criminal activity. Operating in regions more exposed to corruption can lead to more corruption incidents, which can negatively impact people and society.

Risk: Incidents of bribery and corruption can negatively impact the company's reputation. Operating in regions more exposed to corruption and bribery can lead to more incidents resulting in fines or litigation.

See how we work to prevent this on pages 133-134.

Role of administrative, management and supervisory bodies

Our Board of Directors and Group Executive Management are deeply involved in our compliance programme. Compliance provides regular updates to the Audit, Risk and ESG Reporting Committee, Board of Directors and the CEO.

Members of the Board and Group Executive Management are profiled on pages 58-62.

Business conduct policies and corporate culture

IRO 23 and 24: Our corporate culture is embodied in the company values of trust, empowerment, accountability, collaboration and honesty (TEACH). These values guide the culture of our organisation and how our strategic ambitions are to be achieved. Matters relating to culture are discussed in Group Executive Management meetings under the guidance of the Chief People and Sustainability Officer. To the extent possible, these values are reflected in internal communications, particularly in the context of strategic and organisational issues. Team and department managers are encouraged to incorporate these values into their communications and interactions with their respective teams.

Adherence to the law, our Code of Conduct and relevant policies form the foundation of our business operations. Employees receive training in compliance, which covers sanctions, bribery and anti-corruption, human rights and the whistleblower hotline. Our confidential whistleblower hotline strengthens our internal investigative capabilities, ensuring a secure platform for employees and external stakeholders to voice their concerns. We have implemented relevant procedures to ensure compliance with the European Whistleblower Directive. In 2024, we ran company-wide campaigns to increase awareness about the whistleblower programme to make it more accessible for employees. This included improving the information on our intranet and through posters at sites and offices. In a survey conducted in December 2024, 87% of respondents stated that they would feel comfortable reporting through our whistleblower hotline.

Our confidential whistleblower hotline provides a secure platform for employees to voice their concerns.

Employees in sales and procurement can be more exposed to or witness potential breaches of trade compliance, human rights and other compliance issues. These employees receive specialised training to enable them to identify issues and apply mitigative actions.

A core tenet of our culture is fostering an environment in which employees are free from any form of harassment or discrimination. We take a zero-tolerance approach to all instances of harassment and discrimination directed at co-workers or other business partners, as set out in our Harassment and Discrimination Prevention Sub-Policy.

Employees are encouraged to report cases of suspected harassment or discrimination, either to the Compliance or People and Sustainability departments directly or through the whistle-

Business conduct

blower hotline, and we do not tolerate retaliation based on such reporting[22].

We commit to handling investigation procedures in a transparent, confidential, professional and unbiased manner where reports of alleged harassment are submitted. We investigate all reported cases promptly, objectively and in compliance with local legislation. Where necessary, external counsel are used to investigate independently from the chain of management.

146 investigations were opened in 2024. 94 of these were substantiated and 40 were harassment cases. To increase awareness of matters related to harassment, we will continue offering harassment prevention workshops for both existing and new employees.

Compliance	2024	2023
Whistleblower reports submitted	146	147
of which: compliance	31	27
of which: finance	25	28
of which: Human Resources	82	80
of which: other	8	12
of which: admissible	94	133
Operations assessed for corruption	1	3

§ Accounting policies

Operations assessed for risks related to corruption
Number of assessments conducted by Compliance, which involves reviewing internal controls, interviewing relevant stakeholders and examining documentation to ensure adherence to anti-corruption policies and regulations and assess operations for risks related to corruption.

Number of whistleblower cases
Includes reports submitted through FLSmidth's formal whistleblower hotline or by other means, such as e-mail, letter or in person. The figures include total number of reports received, as well as the number of admissible cases, i.e. cases that fall within the scope of topics allowed by whistleblower hotline reporting in accordance with the data privacy laws of the country in question.

Managing our supply chain

IRO 27: Due to the complexity of our supply chain and sourcing from regions with environmental and human rights concerns, our business faces various risks. To address these, we actively collaborate with suppliers, ensuring adherence to international standards that promote ethical and sustainable practices.

Our efforts focus on three key activities: engaging with suppliers to uphold high standards, promoting sustainable consumption and encouraging responsible procurement practices. We work with suppliers to help them manage their environmental and social impacts, including aligning with the SBTi. See page 86 for our upstream decarbonisation target.

As we evolve our processes, we expect to conduct due diligence on suppliers in coming years in line with global standards such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Our risk-based approach helps us identify and address supplier site risks, and our Procurement and Quality employees receive training to identify these risks during supplier visits.

[22] Measures taken to protect whistleblowers against retaliation are in accordance with Directive(EU) 2019/1937.

Business conduct

In 2024, we introduced a methodology for rating our suppliers' ESG performance, which is designed to be prepared for the upcoming Corporate Sustainability Due Diligence Directive (CSDDD). Examples of the criteria used to rate suppliers are current science-based targets status, risk level and status of responsible sourcing.

Supplier assessments are a critical part of our due diligence, allowing us to evaluate their sustainability performance and identify areas for capacity building. These assessments support our efforts to mitigate adverse impacts in the supply chain. In 2024, we assessed 92% of our suppliers deemed to be in scope for assessment. We also monitor our spend in countries in which the risk of forced labour is high. In 2024, our spend in these countries was 32% of our total supplier spend. See page 125 for additional information on our supplier assessments.

To build capacity in our supply chain, we have developed resources for both employees and suppliers in line with SBTi guidelines. In 2024, 119 employees completed training in responsible business conduct in the supply chain, and we engaged with the equivalent of 9% of our supplier spend to support their understanding of climate targets.

With 23% of our current supplier spend directed towards those with climate-related targets, we are on track towards meeting our 2025 goals. We have also established supply chain performance indicators to guide supplier engagement and ensure alignment with responsible business practices. See page 85 for additional information upstream decarbonisation.

Payment practices

IRO 27: FLSmidth's standard contract payment terms are a minimum of 90 days for all supplier categories. However, alternative payment terms dependent on the nature of the service and region of location can occur.

We do not have a policy to prevent late payments. However, as part of our strategic transformation, we improved and simplified the processes of financial transactions, including accounts payable, in 2024. Outsourced to a specialist third-party and overseen by our global business centre, this aims to improve the efficiency of our payment processes and ensure suppliers are paid on time. In addition, we offer a supplier financing programme that supports suppliers to receive faster payment.

Payment practices	2024
Average days payment	59
Number of legal proceedings outstanding	0

§ Accounting policies

Average days payment
Days payment is defined as difference between Invoice Payment date and Invoice issue date. To calculate the average, we take the difference between the upper and lower quartile of supplier invoicing data. This is to remove any outliers that related to disputes that would not be related to payment practices.

Number of legal proceeding outstanding
Total number of legal proceedings related to payment practices. Incidents may relate to incidents that occur in previous periods.

Prevention and detection of corruption and bribery & incidents of corruption and bribery

IRO 28: Our Bribery and Facilitation Payments Sub-Policy outlines the specific rules prohibiting bribery and facilitation payments. Employees must adhere to our Code of Conduct and all relevant laws, including the UK Bribery Act and the Foreign Corrupt Practices Act, and applicable international and local regulations. Offering, receiving or demanding bribes or kickbacks is

Business conduct

strictly prohibited, and any potential or actual incidents must be reported to Compliance or through the whistleblower hotline.

Facilitation payments are only permitted in exceptional circumstances, such as to mitigate unsafe situations, and must follow a clear process as described in the sub-policy.

All white-collar employees, including top management, are required to complete e-learning and in-person training on anti-corruption as we define these roles as at-risk functions. The e-learning courses are short courses focusing on specific topics such as gifts, bribery, trade compliance and human rights. Our in-person training concept puts the emphasis on engaging participants, while increasing the breadth of content. The aim of the training and e-learning concepts is to increase awareness of emerging topics such as fraud and harassment. By the end of 2024, 76% of our workforce had attended in-person sessions, with 79% of our white-collar workers completing e-learning. We will continue our strong focus on training our employees and providing awareness campaigns related to corruption and bribery to mitigate any potential negative impacts or risks in this area.

Findings are reported to Group Executive Management and human resource representatives and the Board of Directors. Members of the Board of Directors and Group Executive Management also receive training in preventing corruption and bribery. No incidents of corruption or bribery and related fines have occurred throughout the year.

Our policies, including this sub-policy, are available to all employees on the company intranet.

Anti-corruption training	2024	2023	Delta	Target 2024	Target 2030
White-collar employees who have completed e-learning courses on anti-corruption	4,749	5,371	-12%		
In-person training sessions for employees who have received live training on anti-corruption	4,584	5,962	-23%		
White-collar employees who have completed e-learning courses on anti-corruption (%)	79%	75%	4%	85%	95%
In-person training sessions for employees who have received live training on anti-corruption (%)	76%	83%	-7%	85%	90%

§ Accounting policies

In-person training sessions for employees who have received live training on anti-corruption (number and %)
The number of active white-collar employees completing the mandatory compliance live courses; completion may have occurred in previous years. Terminated employees and non-employees are excluded from the calculation Live training indicates both in-person and live video streams.

White-collar employees who have completed e-learning courses on anti-corruption (number and %)
Number and percentage of active white-collar employees who have completed the mandatory compliance e-learning courses; completion may have occurred in previous years. Terminated employees and non-employees are excluded from the calculation.

Political influence and lobbying activities

IRO 25 and 26: Stimulating demand for green minerals, metals and cement requires a supportive policy environment. We engage with international organisations to provide expertise, share experience, exchange ideas and inform policymakers. We are members of, or engage with, various industry associations and advocacy groups to promote policy frameworks and regulations that help accelerate the green transition. We are a founding member of the Compliance in Mining Network and part of the Women in Mining initiative. We do not provide support, financial or otherwise, to political or lobbying organisations.

09

Financial statements

Consolidated financial statements

Primary statements

Notes

Income statement

Notes	DKKm	2024	2023*
1.4	Revenue	20,187	24,106
1.5	Production costs	(13,722)	(18,146)
	Gross profit	**6,465**	**5,960**
1.5	Sales costs	(1,696)	(1,679)
1.5	Administrative costs	(2,543)	(2,646)
	Other operating net income	31	126
	EBITDA	**2,257**	**1,761**
2.4, 2.5	Depreciation and impairment of property, plant and equipment and lease assets	(288)	(323)
	EBITA	**1,969**	**1,438**
2.2	Amortisation and impairment of intangible assets	(231)	(238)
	EBIT	**1,738**	**1,200**
5.4	Financial income	950	1,371
5.4	Financial costs	(1,130)	(1,517)
	EBT	**1,558**	**1,054**
4.1	Tax for the year	(528)	(382)
	Profit for the year, continuing activities	**1,030**	**672**
1.2, 2.12	Profit/(loss) for the year, discontinued activities	0	(181)
	Profit for the year	**1,030**	**491**
	Attributable to:		
	Shareholders in FLSmidth & Co. A/S	1,018	497
	Minority interests	12	(6)
		1,030	**491**
5.2	Earnings per share (EPS):		
	Continuing and discontinued activities per share (DKK)	17.9	8.8
	Continuing and discontinued activities per share, diluted (DKK)	17.8	8.7
	Continuing activities per share (DKK)	17.9	12.0
	Continuing activities per share, diluted (DKK)	17.8	11.9
5.1	Proposed dividends per share (DKK)	8.0	4.0

* The comparative information has been restated to reflect a reclassification of costs from Administrative costs to Production costs. More information can be found in note 7.1

Statement of comprehensive income

Notes	DKKm	2024	2023
	Profit for the year	**1,030**	**491**
	Items that will not be reclassified to profit or loss:		
2.8	Actuarial gains and losses on defined benefit plans	23	17
4.3, 4.4	Tax of actuarial gains and losses on defined benefit plans	(5)	(5)
	Items that are or may be reclassified subsequently to profit or loss:		
5.3	Currency adjustments regarding translation of entities	113	(359)
2.11	Reclassification of currency adjustments on disposal	(18)	0
5.5	Cash flow hedging:		
	Value adjustments for the year	(11)	34
	Value adjustments transferred to work in progress	15	4
4.3, 4.4	Tax hereof	(1)	(10)
	Other comprehensive income for the year after tax	**116**	**(319)**
	Comprehensive income for the year	**1,146**	**172**
	Attributable to:		
	Shareholders in FLSmidth & Co. A/S	1,135	175
	Minority interests	11	(3)
		1,146	**172**

Cash flow statement

Notes	DKKm	2024	2023
1.2	EBITDA	2,257	1,761
1.2	EBITDA, discontinued activities	0	(171)
	Adjustment for gain on sale of activities and property, plant and equipment and other non-cash items	51	(85)
2.7	Change in provisions, pension and employee benefits	111	(236)
3.1	Change in net working capital	(774)	298
	Cash flow from operating activities before financial items and tax	**1,645**	**1,567**
5.4	Financial items received and paid	(129)	(94)
4.2	Taxes paid	(876)	(850)
	Cash flow from operating activities	**640**	**623**
2.10	Acquisition of enterprises and activities	(107)	(118)
2.2	Acquisition of intangible assets	(314)	(323)
2.4	Acquisition of property, plant and equipment	(384)	(176)
	Acquisition of financial assets	(4)	(3)
2.11	Disposal of enterprises and activities	232	283
	Disposal intangible assets	2	0
	Disposal of property, plant and equipment	67	71
2.6	Dividend from associates	0	9
	Cash flow from investing activities	**(508)**	**(257)**
	Dividend paid	(230)	(170)
	Buyout of minority interests	0	(13)
	Acquisition of treasury shares	(20)	(1)
5.7	Repayment of lease liabilities	(93)	(133)
5.7	Change in interest-bearing debt	(70)	(749)
	Cash flow from financing activities	**(413)**	**(1,066)**
	Change in cash and cash equivalents	**(281)**	**(700)**
	Cash and cash equivalents at beginning of period	1,352	2,130
	Foreign exchange adjustment, cash and cash equivalents	(1)	(78)
5.3	**Cash and cash equivalents at 31 December**	**1,070**	**1,352**

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

§ Accounting policy

The cash flow statement is presented using the indirect method and shows the composition of cash flow divided into operating, investing and financing activities for both continued and discontinued activity and the changes in cash and cash equivalents during the year.

Cash flow from operating activities consists of earnings before depreciation, amortisation and impairment (EBITDA) adjusted for changes in provisions and net working capital, other non-cash operating items, financial items received and paid and taxes paid.

Cash flow from investing activities comprises payments made and cash received in connection with the acquisition and disposal of businesses and non-current assets including dividend from associates.

Cash flow from financing activities comprises changes in the size or composition of equity and loans, repayment of interest-bearing debt including lease liabilities, acquisitions and disposal of non-controlling interests, movements in treasury shares and payment of dividend to shareholders.

Cash and cash equivalents mainly consist of bank deposits.

Free cash flow

DKKm	2024	2023
Free cash flow	132	366
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	7	201

Balance sheet

Notes	DKKm	31/12 2024	31/12 2023
	Assets		
	Goodwill	6,559	6,448
	Patents and rights	623	688
	Customer relations	287	331
	Other intangible assets	90	143
	Completed development projects	241	174
	Intangible assets under development	826	653
2.2	**Intangible assets**	**8,626**	**8,437**
	Land and buildings	1,654	1,777
	Plant and machinery	357	391
	Operating equipment, fixtures and fittings	108	117
	Tangible assets in course of construction	352	104
2.4, 2.5	**Property, plant and equipment**	**2,471**	**2,389**
4.3	Deferred tax assets	2,358	2,314
2.6	Investments in associates	36	81
	Other securities and investments	56	56
	Other non-current assets	**2,450**	**2,451**
	Non-current assets	**13,547**	**13,277**
3.2	Inventories	3,572	3,450
3.3	Trade receivables	4,073	4,516
3.4	Work in progress	3,009	2,769
	Prepayments	351	423
	Income tax receivables	423	229
3.5	Other receivables	890	995
5.3	Cash and cash equivalents	1,070	1,352
	Current assets	**13,388**	**13,734**
	Total assets	**26,935**	**27,011**

Notes	DKKm	31/12 2024	31/12 2023
	Equity and liabilities		
5.1	Share capital	1,153	1,153
	Foreign exchange adjustments	(783)	(879)
	Cash flow hedging	(28)	(32)
5.1	Retained earnings	11,459	10,615
	Shareholders in FLSmidth & Co. A/S	**11,801**	**10,857**
	Minority interests	(20)	(29)
	Equity	**11,781**	**10,828**
4.3	Deferred tax liabilities	220	207
2.8	Pension obligations	322	363
2.7	Provisions	705	660
5.7	Lease liabilities	133	132
5.7	Bank loans and mortgage debt	1,508	1,633
3.4	Prepayments from customers	303	338
	Income tax liabilities	120	110
3.7	Other liabilities	48	53
	Non-current liabilities	**3,359**	**3,496**
2.8	Pension obligations	3	2
2.7	Provisions	1,670	1,635
5.7	Lease liabilities	85	101
5.7	Bank loans and mortgage debt	47	54
3.4	Prepayments from customers	1,480	1,595
3.4	Work in progress	2,791	3,025
3.6	Trade payables	3,538	4,024
	Income tax liabilities	193	277
3.7	Other liabilities	1,988	1,974
	Current liabilities	**11,795**	**12,687**
	Total liabilities	**15,154**	**16,183**
	Total equity and liabilities	**26,935**	**27,011**

Equity statement

DKKm	2024 Share capital	2024 Foreign exchange adjust-ments	2024 Cash flow hedging	2024 Retained earnings	2024 Share-holders in FLSmidth & Co A/S	2024 Minority interests	2024 Total	2023 Share capital	2023 Foreign exchange adjust-ments	2023 Cash flow hedging	2023 Retained earnings	2023 Share-holders in FLSmidth & Co A/S	2023 Minority interests	2023 Total
Equity at 1 January	**1,153**	**(879)**	**(32)**	**10,615**	**10,857**	**(29)**	**10,828**	**1,153**	**(517)**	**(70)**	**10,247**	**10,813**	**(26)**	**10,787**
Comprehensive income for the year														
Profit/loss for the year				1,018	1,018	12	1,030				497	497	(6)	491
Other comprehensive income														
Actuarial gain/loss on defined benefit plans				23	23		23				17	17		17
Currency adjustments regarding translation of entities		114			114	(1)	113		(362)			(362)	3	(359)
Reclassification of currency adjustments on disposal		(18)			(18)		(18)					0		0
Cash flow hedging:														
Value adjustments for the year			(11)		(11)		(11)			34		34		34
Value adjustments transferred to work in progress			15		15		15			4		4		4
Tax on other comprehensive income				(6)	(6)		(6)				(15)	(15)		(15)
Other comprehensive income for the year	**0**	**96**	**4**	**17**	**117**	**(1)**	**116**	**0**	**(362)**	**38**	**2**	**(322)**	**3**	**(319)**
Comprehensive income for the year	**0**	**96**	**4**	**1,035**	**1,135**	**11**	**1,146**	**0**	**(362)**	**38**	**499**	**175**	**(3)**	**172**
Transactions with owners:														
Dividend paid				(228)	(228)	(2)	(230)				(170)	(170)		(170)
Share-based payment				57	57		57				53	53		53
Buyout of minority interests					0		0				(13)	(13)		(13)
Acquisition of treasury shares				(20)	(20)		(20)				(1)	(1)		(1)
Equity at 31 December	**1,153**	**(783)**	**(28)**	**11,459**	**11,801**	**(20)**	**11,781**	**1,153**	**(879)**	**(32)**	**10,615**	**10,857**	**(29)**	**10,828**

Key accounting estimates and judgements

When preparing the consolidated financial statements, we are required to make several estimates and judgements. These affect the carrying amounts of balance sheet items and income and expenses for the financial year. This note includes the areas that involve a higher degree of judgement or complexity and where changes in assumptions and estimates will likely have a significant impact on the consolidated financial statements. These areas are categorised as key accounting estimates and judgements. The significance of the impact on the consolidated financial statements of those estimates and judgements is categorised into three levels: low, medium and high, where only the two last levels result in classification as key accounting estimates/judgements.

The key areas are unchanged from 2023, except that there has been no significant business acquisitions in 2024 and the impact from the estimate of expected credit losses from trade receivables is assessed to be low by the end of 2024.

Key accounting estimate
The determination of the carrying amount of some assets and liabilities requires the estimation of the effect of uncertain future events on those assets and liabilities and actual results may differ from the estimates made. Making the estimates involve developing expectations of the future based on assumptions, that we to the extent possible support by historical trends or reasonable expectations. We believe that our estimates are the most likely outcome of future events.

Impact significance

Key accounting estimates and judgements	Low	■ □ □
	Medium	■ ■ □
	High	■ ■ ■

Key accounting judgements
Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made, that can have a significant impact on the amounts recognised in the consolidated financial statements.

The areas that are categorised as key accounting estimates and judgements are unchanged compared to last year.

The description of the key accounting estimates and judgements are included in the individual notes as shown below.

As a global business, FLSmidth is exposed to risks associated with climate change comprising both transitional and physical risks.

In general, climate-related changes have not imposed significant uncertainty on the consolidated financial statement but poses potential opportunities to FLSmidth for delivering solutions to our current and future customers to succeed on the green transition. This is in line with our double materiality assessment to the ESRS 1 in relation to sustainability matters. Where the double materiality assessment covers risks pre-mitigation activities, it is management's assessment that the processes and policies that we have in place ensures that no material financial risks remain. Providing specialist technologies to enable our customers to decarbonise their operations and reduce water consumption will have a positive impact on our business. Investments in developing such solutions have been factored into the future expected cash flows in e.g. the impairment test of intangible assets.

Further, in preparing the consolidated financial statements 2024, management has considered the impact of climate change, particularly in the context of our sustainability performance, to the extent possible. This includes that our 2030 SBTi targets to reduce emissions across the value chain are considered in our financial forecasts. The potential consequences on the value and useful life of property, plant and equipment were assessed as having no material financial impact.

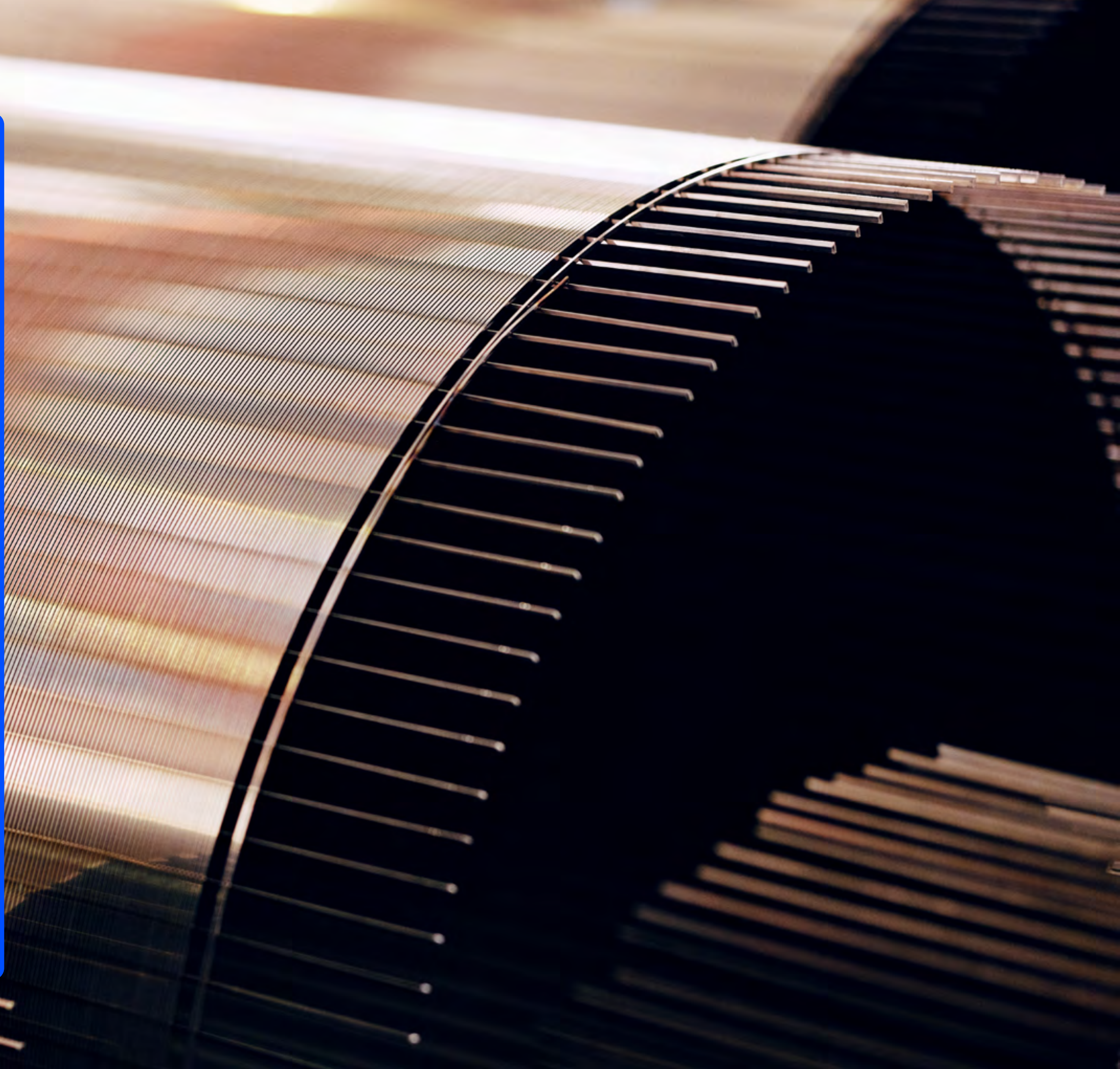
The geopolitical situation from various ongoing conflicts and increasing unrest in many regions along with anti-globalisation sentiments are impacting global structures and relationships. Potential risk-scenarios are continuously reviewed, and supply chain initiatives are ongoing.

Key accounting estimates and judgements

Note		Key accounting estimates and judgements	Nature of accounting impact	Impact of estimates and judgements
1.4	Revenue	Determine recognition method	Judgement	■ ■ ■
2.7	Provisions	Estimate warranty provision	Estimate	■ ■ ■
3.2	Inventories	Estimate valuation of inventories	Estimate	■ ■ □
3.4	Work in progress	Estimate total cost to complete	Estimate	■ ■ ■
4.3	Deferred tax	Estimate the value of deferred tax assets	Estimate	■ ■ □

SECTION 1

Operating Profit and Segments



1.1 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 depreciation, amortisation and impairment. Depreciation, amortisation, and impairment are therefore separated from the individual functions and presented in separate lines.

The income statement prepared on the basis of cost by function is shown below:

Income statement by function

DKKm	2024	2023*
Revenue	20,187	24,106
Production costs, including depreciation and amortisation	(14,003)	(18,475)
Gross profit	**6,184**	**5,631**
Sales costs, including depreciation and amortisation	(1,721)	(1,703)
Administrative costs, including depreciation and amortisation	(2,756)	(2,854)
Other operating net income	31	126
EBIT	**1,738**	**1,200**
Depreciation, amortisation and impairment consist of:		
Depreciation and impairment of property, plant and equipment and lease assets	(288)	(323)
Amortisation and impairment of intangible assets	(231)	(238)
	(519)	**(561)**
Depreciation, amortisation and impairment are divided into:		
Production costs	(281)	(329)
Sales costs	(25)	(24)
Administrative costs	(213)	(208)
	(519)	**(561)**

* The comparative information has been restated to reflect a reclassification of costs from Administrative costs to Production costs. More information can be found in note 7.1.

1.2 Segment information

FLSmidth has three operating and reporting segments – Mining, Cement and Non-Core Activities.

The Mining and Cement segments are dedicated to provide customers full flowsheet technologies and service solutions to enhance their productivity and support the sustainability agenda. This includes offering single services or products as well as product bundles with related performance guarantees in accordance with the Group Risk Management approach.

The Non-Core Activities, were separated effective from 1 October 2022 and include Mining activities and product types that either 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 to FLSmidth's sustainability agenda. A designated organisational structure oversees the segment.

The segments have technology ownership and develop and drive the life cycle offering and product portfolio. Four regions support sales and service within Mining and Non-Core Activities while activities in Cement are supported by seven clusters.

The structure helps create a productivity-driven organisation with a strong, unified digital approach and fewer touchpoints strengthening our local presence, customer focus, and life cycle offering in order to capture growth.

The segmentation reflects the internal reporting and management structure by the end of 2024.

§ Accounting policy

Segment income and costs include transactions between the three segments, if any. Such transactions are carried out on market terms.

Some administrative functions such as finance, HR, IT and legal are shared by the segments. Such shared costs are paid by the business segments based on assessment of consumption.

Discontinued activities are not a separate reportable segment but presented as discontinued operations under IFRS5.

Geographical information in note 1.3 is based on four regions. Revenue is presented in the region in which delivery takes place. Non-current assets and employees are presented in the region in which they belong.

1.2 Segment information – continued

DKKm	2024 Mining	2024 Cement	2024 Non-Core activities	2024 FLSmidth Group	2023 Mining[1]	2023 Cement[1]	2023 Non-Core activities	2023 FLSmidth Group Continuing activities[1]	2023 FLSmidth Group Discontinued activities
Income statement									
Revenue	**15,548**	**4,447**	**192**	**20,187**	**17,107**	**6,048**	**951**	**24,106**	**0**
Production costs	(10,492)	(2,988)	(242)	(13,722)	(12,545)	(4,546)	(1,055)	(18,146)	(14)
Gross profit	**5,056**	**1,459**	**(50)**	**6,465**	**4,562**	**1,502**	**(104)**	**5,960**	**(14)**
SG&A costs	(3,016)	(1,076)	(147)	(4,239)	(2,977)	(1,123)	(225)	(4,325)	(157)
Other operating net income	50	(16)	(3)	31	13	113	0	126	0
EBITDA	**2,090**	**367**	**(200)**	**2,257**	**1,598**	**492**	**(329)**	**1,761**	**(171)**
Depreciation and impairment of property, plant and equipment	(251)	(34)	(3)	(288)	(223)	(84)	(16)	(323)	0
EBITA	**1,839**	**333**	**(203)**	**1,969**	**1,375**	**408**	**(345)**	**1,438**	**(171)**
Amortisation of intangible assets	(202)	(29)	0	(231)	(204)	(34)	0	(238)	0
EBIT	**1,637**	**304**	**(203)**	**1,738**	**1,171**	**374**	**(345)**	**1,200**	**(171)**
Order intake	15,275	3,800	58	19,133	16,280	4,888	208	21,376	0
Order backlog	11,147	3,856	211	15,214	12,267	4,795	531	17,593	0
Gross margin	*32.5%*	*32.8%*	*-26.0%*	*32.0%*	*26.7%*	*24.8%*	*-10.9%*	*24.7%*	
EBITDA margin	*13.4%*	*8.3%*	*-104.2%*	*11.2%*	*9.3%*	*8.1%*	*-34.6%*	*7.3%*	
EBITA margin	*11.8%*	*7.5%*	*-105.7%*	*9.8%*	*8.0%*	*6.7%*	*-36.3%*	*6.0%*	
EBIT margin	*10.5%*	*6.8%*	*-105.7%*	*8.6%*	*6.8%*	*6.2%*	*-36.3%*	*5.0%*	
Number of employees at 31 December	**5,737**	**1,994**	**8**	**7,739**	**6,581**	**2,669**	**127**	**9,377**	
Reconciliation of profit/(loss) for the year									
EBIT				1,738				1,200	(171)
Financial income				950				1,371	4
Financial costs				(1,130)				(1,517)	(17)
EBT				**1,558**				**1,054**	**(184)**
Tax for the year				(528)				(382)	3
Profit/(loss) for the year				**1,030**				**672**	**(181)**

[1] The comparative information has been restated to reflect a reclassification of DKK 127m (DKK 110m for Mining and 17m for Cement) from SG&A costs to Production costs. More information can be found in note 7.1.

1.3 Geographical information

Revenue, non-current assets (intangible assets and Property, plant and equipment) and number of employees in continued activities are disclosed for all Regions.

Revenue, non-current assets (intangible assets and Property, plant and equipment) are disclosed for home country of our Headquarter and countries that account for more than 5% of Group revenue.

North America
NAMER

DKK 5,301m
Revenue (DKK 5,536m)

DKK 4,168m
Non-current assets (DKK 3,816m)

1,761
Employees (1,759)

USA

DKK 2,990m
Revenue (DKK 3,300m)

DKK 3,177m
Non-current assets (DKK 2,889m)

Canada

DKK 1,477m
Revenue (DKK 1,295m)

DKK 975m
Non-current assets (DKK 908m)

South America
SAMER

DKK 5,278m
Revenue (DKK 6,094m)

DKK 869m
Non-current assets (DKK 813m)

1,335
Employees (1,852)

Chile

DKK 2,421m
Revenue (DKK 2,347m)

DKK 583m
Non-current assets (DKK 516m)

Brazil

DKK 1,131m
Revenue (DKK 1,670m)

DKK 66m
Non-current assets (DKK 87m)

Peru

DKK 1,415m
Revenue (DKK 1,502m)

DKK 220m
Non-current assets (DKK 210m)

Europe, Middle East & Africa
EMEA

DKK 4,011m
Revenue (DKK 4,702m)

DKK 4,342m
Non-current assets (DKK4,491 m)

1,990
Employees (2,853)

Denmark

DKK 47m
Revenue (DKK 59m)

DKK 892m
Non-current assets (DKK 744m)

Asia & Australia
APAC

DKK 5,597m
Revenue (DKK 7,774m)

DKK 1,718m
Non-current assets (DKK 1,706m)

2,653
Employees (2,913)

Australia

DKK 2,051m
Revenue (DKK 2,156m)

DKK 1,326m
Non-current assets (DKK 1,434m)

Note: Numbers in brackets are comparative 2023 figures.

1.4 Revenue

Revenue arises from sale of life cycle offerings to our customers.

Products

Products range from standardised and customised equipment to plants, plant extensions, process systems and process system extensions. The latter has usually significant contract price, a long lead time affecting the consolidated financial statements in more than one financial year, a high degree of project management and involve more than one FLSmidth entity in the delivery to the customer.

Revenue from products that are standardised or customised to a low degree are recognised at the point in time when control of the products transfers to the customers, usually upon delivery.

Revenue from the sale of products that are customised to a larger extend is usually recognised over time, applying the percentage of completion cost-to-cost method.

Highly customised product sales will often entitle us to receive a down payment from the customer, followed by several progress payments linked to our performance progress. Upon completion or delivery, we will usually be entitled to the final payment. To the extent possible we obtain payment guarantees to minimise the credit risk during execution. Most of the products are sold as fixed price contracts.

Services

Services comprise various service elements to support the life cycle offerings portfolio. The sale can consist of spare parts, wear parts, service hours, long-term maintenance contracts and sale of upgrades and rebuilds. The sale of service hours includes amongst others sale of supervision, electronic or mechanical service of equipment or plants.

The performance obligation for service sales and maintenance contracts is either each service hour or the full contract, depending on the contract wording. Most service contracts are fixed price contracts, if not for the full service, then for the hourly rate. Service sales are recognised over time as the services are provided to the customer based on the cost-to-cost method. We are normally entitled to payment once the service has been provided or on a monthly basis.

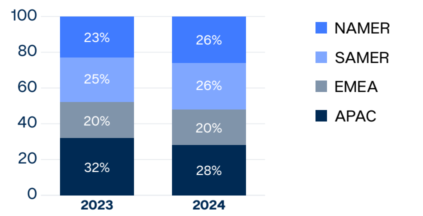
Revenue split on industry and category

	2024				2023			
DKKm	**Mining**	**Cement**	**Non-Core activities**	**Group**	**Mining**	**Cement**	**Non-Core activities**	**Group**
Products business	5,263	1,762	165	7,190	6,426	2,802	642	9,870
Service business	10,285	2,685	27	12,997	10,681	3,246	309	14,236
Total revenue	**15,548**	**4,447**	**192**	**20,187**	**17,107**	**6,048**	**951**	**24,106**

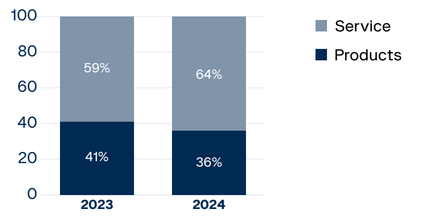
Revenue split on timing of revenue recognition principle

	2024				2023			
DKKm	**Mining**	**Cement**	**Non-Core activities**	**Group**	**Mining**	**Cement**	**Non-Core activities**	**Group**
Point in time	9,225	2,175	27	11,427	9,442	2,610	55	12,107
Percentage of completion:								
Service, single machines and product bundles	5,324	2,088	0	7,412	6,050	3,102	0	9,152
Product bundles with engineering under enhanced risk governance	999	184	165	1,348	1,615	336	896	2,847
Total revenue	**15,548**	**4,447**	**192**	**20,187**	**17,107**	**6,048**	**951**	**24,106**

Revenue split
by Regions



Revenue
by Revenue stream



1.4 Revenue – continued

Upgrades and rebuilds are defined as one performance obligation. Revenue is typically recognised over time using the cost-to-cost method. The payment pattern for upgrades and rebuilds are very similar to the pattern for products.

Revenue recognition principles
The table on prior page disaggregates revenue by segments into revenue recognition principles, i.e. either at the point in time or over time to reflect the percentage of completion of the performance obligations in the contracts.

Percentage of completion covers a wide range of different types of contracts, from contracts where the customer consumes the services over time, such as fixed price service contracts, to more complex product bundles with engineering subject to the enhanced risk governance structure under the Risk Management Board and to risk quotas. To reflect the wide range of contracts that are accounted for using percentage of completion, the category is disaggregated into two subcategories.

Backlog
The order backlog on 31 December 2024 amounted to DKK 15,214m (2023: DKK 17,593m) and represents the value of outstanding performance obligations on effective contracts, where we will transfer control at a future point in time and the remaining performance obligations on contracts where we transfer control over time. A contract is effective when it becomes binding for both parties depending on the specific conditions of the contract. This usually means that the contract has been signed and the prepayment (if any) has been received.

Information on the split of the order backlog between the segments can be found in note 1.2.

Based on the order backlog maturity profile, the majority, 59% (2023: 67%) of the order backlog is expected to be converted into revenue in 2025, while 41% (2023: 33%) is expected to be converted to revenue in subsequent years.

Besides the key accounting judgments described in the box, revenue is impacted by key accounting estimate related to the estimate of the percentage of completion (estimate of total cost to complete). The key accounting estimates are further explained in note 3.4.

If we do not have an enforceable right to payment for work completed throughout the contract term, revenue is recognised at the point in time when the control transfers to the customer, usually upon customer acceptance. In the case of significant uncertainties with the collectability of contract consideration, revenue is recognised upon cash receipt.

In determining the transaction price revenue is reduced by probable penalties, payment of liquidated damages and any other claims that are payments to our customers. The transaction price is also adjusted for any variable elements, where we estimate the amount of the variable transaction price.

The variable amount is estimated at contract inception and re-estimated periodically throughout the contract term. The variable amount is recognised as revenue when it is highly probable that reversal will not occur.

Warranties are granted in connection with the sale of equipment and systems and are classified as assurance-type warranties that are not accounted for as separate performance obligations. Refer to note 2.7 Provisions, for accounting policy on warranties provisions.

Revenue is recognised less rebates, cash discounts and value added tax and duties.

§ Accounting policy
Revenue from contracts with customers is recognised when control of the goods or services are transferred to our customers at an amount that reflects the transaction price to which we expect to be entitled in exchange for these goods or services. Judgement is made to determine if a contract for sale of products or services, or a combination hereof, involves one or more performance obligations. If a contract contains more than one performance obligation, the contract price is allocated to each performance obligation based on the relative standalone selling price for each performance obligation.

Revenue from products and services is recognised over time, using the cost-to-cost method, when 1) we have no alternative use for the goods or services to be delivered and 2) we have an enforceable right to payment for work completed.

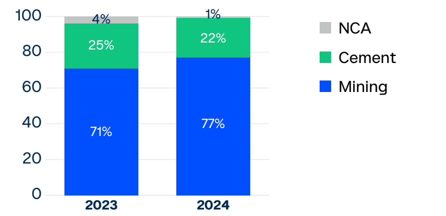
If we do have an alternative use for the goods or services to be delivered, e.g. products with a low degree of customisation, revenue is recognised at the point in time when control transfers to the customer, usually upon delivery.

! Key accounting judgements
Judgement regarding recognition method
Judgements are made when determining if revenue on product or service is recognised over time or at a point in time. The judgements relate to if we have an alternative use of the assets being produced and if we have an enforceable right to payment throughout the contractual term.

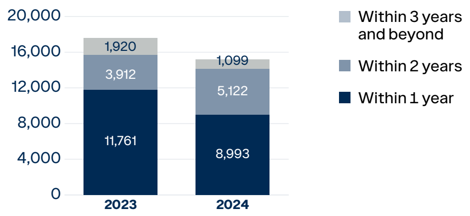
When assessing if an asset being produced has no alternative use to FLSmidth, we estimate the alternative use cost amount. We have limited historical data as we rarely redirect our assets. The estimate is based on the specifics of each contract.

When assessing if we are entitled to payment throughout the contract term, a judgement is made based on the contract wording, legal entitlement and profit estimates.

Revenue split
%



Backlog maturity
DKKm



1.5 Staff costs

Staff costs consist of direct wages and salaries, remuneration, pension costs, share-based payments, training etc. related to the continuing activities.

There is a negative effect from foreign currency rates of DKK 89m (2023: positive impact of DKK 145m).

Composition of staff costs

DKKm	2024	2023
Wages, salaries and other remuneration	3,473	4,469
Contribution plans and other social security costs, etc.	486	631
Defined benefit plans	25	30
Share-based payment	59	54
Other staff costs	532	546
Total	**4,575**	**5,730**
The amounts are included in the items:		
Production costs	2,343	3,437
Sales costs	1,226	1,120
Administrative costs	1,006	1,173
Total	**4,575**	**5,730**
Average number of employees in continuing activities	8,235	10,197
Year-end number of employees	7,739	9,377

The remuneration of the Board of Directors and Group Executive Management of FLSmidth Group is shown in the tables below:

Remuneration Board of Directors

DKKm	2024	2023
Board of Directors fees	7.0	6.8
Total	**7.0**	**6.8**

Remuneration Group Executive Management

DKKm	2024	2023
Wages and salaries	37	32
Bonus	24	18
Benefits	3	2
Severance package	24	6
Share-based payment	23	15
Other incentives	6	4
Total	**117**	**77**

Two members of the Group Executive Management are registered with The Danish Business Authority. During 2024, the registered members of the Group Executive Management earned remuneration as follows:

Remuneration registered executives

DKKm	2024	2023
Wages and salaries	14	14
Bonus	10	8
Benefits	1	1
Share-based payment	11	8
Other incentives	2	1
Total	**38**	**32**

Each member of the Group Executive Management is, other than the base salary, entitled to customary benefits. Additionally, the members of Group Executive Management participate in short-term and long-term incentive programmes. The short-term and the long-term incentive programmes are capped at 75% and 100%, respectively, of the annual base salary. In addition to this each executive may, at the Board of Directors' discretion, receive an additional incentive of up to 150% of the annual base salary, which can be cash and/or share-based. The individual maximum and target levels are fixed as part of the ongoing remuneration adjustment cycle.

To realise FLSmidth's transformation journey over the next three years, selected key employees including the registered executives were granted a long-term share-based programme ('restricted share units'). Further information can be found in note 6.1. The CEO was granted a cash-based long-term bonus vesting over three years based on different key milestones related to the transformation of the Group.

The members of the Group Executive Management have up to 18 months' notice in the event of termination of employment and severance payment may correspond to a maximum of 6 months' base salary.

For details related to the remuneration of the Board of Directors and Group Executive Management, refer to the Remuneration Report 2024: https://fls.com/en/company/governance/remuneration.

§ Accounting policy

Staff costs include wages and salaries, cash bonuses, share-based payments, pension costs, benefits and social security costs. In general, staff costs are expensed when the services are rendered by the employees. When long-term incentive programmes are provided, the costs are accrued over the period that makes the employees entitled to the payment. Termination benefits are expensed when an agreement has been reached between the Group and the employee and no future service is rendered by the employee in exchange for the termination payment.

The Group's pension plans consist of both defined contribution plans and defined benefit plans (pension plans). The accounting policy for pension plans can be found in note 2.8.

The accounting policy for share-based payments can be found in note 6.1.

SECTION 2

Capital employed and other Balance sheet items

2.1 Return on capital employed

Capital employed is determined as the sum of fixed assets and net working capital. Capital employed is used for determining the key performance indicator Return on capital employed (ROCE). The table below shows the decomposition of capital employed.

Capital employed

DKKm	2024	2023
Intangible assets at cost value, note 2.2	13,899	13,485
Property, plant and equipment at carrying amount, note 2.4	2,471	2,389
Net working capital, note 3.1	2,107	1,382
Capital employed, total	**18,477**	**17,256**

ROCE

DKKm	2024	2023
EBITA, continued activities	1,969	1,438
Capital employed, average	17,867	17,552
ROCE, average	**11.0%**	**8.2%**

ROCE is calculated based on average capital employed to reflect the annual development. ROCE increased during the year, driven by an increased EBITA that was partly offset by an increase in average capital employed.

2.2 Intangible assets

Goodwill arising from business acquisitions is recognised in the consolidated financial statements. The carrying amount of goodwill per segment is shown in note 2.3.

Patents and rights acquired are recognised in the consolidated financial statements. The patents and rights include patents, trademarks, technology, and other rights.

Our intangible assets under development consist of research and development (R&D) projects and software. Much of the R&D are conducted in connection with customer activities. incurred costs are expensed or capitalised depending on the nature of the activity. In 2024, R&D costs expensed totalled DKK 148m (2023: DKK 155m). The expense is included in production costs. The addition of intangible assets under development amounts to DKK 314m (2023: DKK 322m) where capitalised R&D cost amounts to DKK 212m (2023: DKK 193m) and the remaining capitalised relates to IT related projects. Of those capitalised costs, DKK 92m (2023: DKK138m) are internally generated.

In the table on the next page, intangible assets are shown by type. Other intangible assets consist of software and completed software implementation projects, whereas completed development projects primarily consist of R&D costs (developments in relation to production techniques, processes, and similar). Until completed, internally developed assets are presented in a separate column.

§ Accounting policy

Goodwill

Goodwill arises from business combinations and is determined as the excess of the purchase price over the fair value of the net assets acquired, including contingent liabilities. Goodwill is expressed in the functional currency of the entity acquired. Internally generated goodwill is not capitalised. Goodwill is allocated to the cash generating units as defined by Management and being the segments Mining and Cement as no goodwill is related to the Non-Core Activities.

Subsequently, goodwill is not amortised but is tested for impairment at least once a year or sooner if impairment indication arises. Further information on the impairment test and the recognition of a potential impairment loss on goodwill can be found in note 2.3.

Intangible assets other than goodwill

Patents and rights, including trademarks, customer relations, software applications and other intangible assets are measured at cost less accumulated amortisation and impairment losses. Customer relations are acquired in business combinations, only, while patents and rights, including trademarks, software applications and other intangible assets can be acquired as part of business combinations, in separate acquisitions or be internally developed.

The Group uses significant resources on innovation in relation to production techniques/processes, software solutions and the like. For accounting purposes, the innovation activities are classified into a research phase and a development phase. Projects within the development phase are capitalised if it can be demonstrated that FLSmidth has the technical feasibility, intention, and sufficient resources to complete the development and provided that the cost to develop can be determined reliably and it is probable that the future earnings or the net selling price will cover production, sales, and administrative costs plus development costs. Other development costs and costs in the research phase are recognised in the income statement when incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

Development projects in progress are not amortised but are tested for impairment at least once a year.

Once a development project has been completed it is amortised on a straight-line basis over the estimated useful life. Similarly, other intangible assets are amortised on a straight-line basis over the estimated useful life of the assets which is as follows:

- Patents and rights, including trademarks, up to 30 years
- Customer relations usually up to 15 years
- Other intangible assets (primarily software applications with useful life up to 5 years)
- Completed development projects (R&D projects) up to 8 years

Intangible assets are written down to recoverable amount if lower than cost minus accumulated amortisations. Further information can be found in note 2.3.

2.2 Intangible assets – continued

DKKm	Goodwill	Patents and rights	Customer relations	Other intangible assets	Completed development projects	Intangible assets under development	Total
2024							
Cost at 1 January	6,449	2,182	1,932	934	1,335	653	13,485
Foreign exchange adjustments	71	10	42	7	3	0	133
Acquisition of enterprises	111	0	0	0	0	0	111
Disposals of enterprises	(72)	(17)	(10)	(33)	0	0	(132)
Additions	0	0	0	0	0	314	314
Disposals	0	0	0	0	(12)	0	(12)
Transferred between categories	0	0	0	4	137	(141)	0
Cost at 31 December	**6,559**	**2,175**	**1,964**	**912**	**1,463**	**826**	**13,899**
Amortisation and impairment at 1 January	(1)	(1,494)	(1,601)	(791)	(1,161)	0	(5,048)
Foreign exchange adjustment	1	(7)	(37)	(7)	(3)	0	(53)
Disposals of enterprises	0	9	10	33	0	0	52
Disposals	0	0	0	0	7	0	7
Amortisation and impairment	0	(60)	(49)	(57)	(65)	0	(231)
Amortisation and impairment at 31 December	**0**	**(1,552)**	**(1,677)**	**(822)**	**(1,222)**	**0**	**(5,273)**
Carrying amount at 31 December	**6,559**	**623**	**287**	**90**	**241**	**826**	**8,626**
2023							
Cost at 1 January	6,434	2,204	2,015	929	1,304	422	13,308
Foreign exchange adjustments	(84)	(7)	(64)	(5)	0	0	(160)
Acquisition of enterprises	108	0	0	0	0	0	108
Disposals of enterprises	(9)	(15)	0	(1)	0	0	(25)
Additions	0	0	0	1	0	322	323
Disposals	0	0	(19)	(46)	0	(4)	(69)
Transferred between categories	0	0	0	56	31	(87)	0
Cost at 31 December	**6,449**	**2,182**	**1,932**	**934**	**1,335**	**653**	**13,485**
Amortisation and impairment at 1 January	(1)	(1,438)	(1,623)	(781)	(1,100)	0	(4,943)
Foreign exchange adjustment	0	6	54	5	1	0	66
Disposals of enterprises	0	1	0	1	0	0	2
Disposals	0	0	19	46	0	0	65
Amortisation and impairment	0	(63)	(51)	(62)	(62)	0	(238)
Amortisation and impairment at 31 December	**(1)**	**(1,494)**	**(1,601)**	**(791)**	**(1,161)**	**0**	**(5,048)**
Carrying amount at 31 December	**6,448**	**688**	**331**	**143**	**174**	**653**	**8,437**

2.3 Impairment of assets

Result of annual impairment test
We perform an annual impairment test of goodwill and intangible assets under development. Neither in 2024 nor in 2023 did the test reveal an impairment need. Intangible assets relate primarily to business combinations, software and development projects. The annual impairment test is an assessment of whether a cash generating unit will be able to generate sufficient positive net cash flow in the future to support the carrying amount of the assets related to the unit.

Management believes that no reasonable changes in the key assumptions are likely to reduce the excess value in any of the cash generating units to zero or less.

Carrying amounts of intangible assets included in the impairment test are specified in the table below.

Cash generating units
The cash generating units equal our operating and reportable segments Mining, Cement and Non-Core Activities, these being the smallest group of assets which together generate incoming cash flow from continued use of the assets and which are independent of cash flow from other assets or groups of assets. The cash generating units are unchanged compared to last year.

As no non-current assets (including goodwill and other intangible assets) relate to Non-Core Activities, the impairment test only covers Mining and Cement.

Key assumptions
The recoverable amount determined in the impairment test is based on a value-in-use calculation. To determine the value-in-use, management is required to estimate the present value of the future free net cash flow based on budgets and strategy for the coming five years as well as projections for the terminal period. Significant parameters in the estimate of the present value are discount rate, revenue growth, EBITA margin, expected investments and growth expectations for the terminal period.

The discount rate is determined separately for Mining and Cement to reflect the risks specific to each CGU. The discount rate applied is the weighted average cost of capital (WACC) and reflects the latest market assumptions for the cost of equity and the cost of debt.

The cost of equity is determined assuming that investors are holding a global equity exposure, with the risk-free rate determined as a 10-year US treasury rate and the equity premium determined on the US market. The weighting of the cost of debt and cost of equity is based on the capital structure for relevant peer groups for the two industries.

The expected annual growth rate and the expected margins in the budget period are based on historical experience and the assumptions about expected market developments. The long-term growth rate for the terminal period is based on the expected growth in the world economy, specifically for the industries. The long-term growth rate in the terminal period is set to 3.0% for Mining and 2.0% for Cement and is unchanged from 2023.

Investments reflect both maintenance and expectations of organic growth.

Mining
Throughout 2024, the mining service market has remained stable and active, underpinned by steady production volumes and metal prices comfortably above cost of production for most mines. Customers are continuously looking to service providers for ways of extending equipment life through upgrades & retrofits and show interest in services to lower cost of operation and enhancing efficiency. There has been softness in the products market with hesitation by some customers to allocate capital expenditures for larger brownfield and greenfield projects. However, customers show strong interest in smaller product solutions.

Looking into 2025, we expect a continued stable and active service market and persistent hesitation in the mining products market, except for a brighter outlook for smaller gold projects which could materialise in 2025. Optimism on longer-term demand outlook persists, with metals prices, such as copper and gold, remaining relatively high and indications from engineering, procurement and construction managers that larger projects may progress over the next couple of years, albeit with uncertain timing.

Over the next five years, the EBITA margin is expected to increase due to a combination of our de-risking strategy where service orders represent an increased part of the activities, growth in the service business, simplification of our operating model and focus on SG&A costs.

Carrying amounts of intangible assets

	2024			2023		
DKKm	**Mining**	**Cement**	**Group**	**Mining**	**Cement**	**Group**
Goodwill	6,527	32	6,559	6,323	125	6,448
Patents and rights	614	9	623	672	16	688
Customer relations	287	0	287	331	0	331
Other intangible assets	85	5	90	133	10	143
Completed development projects	94	147	241	115	59	174
Intangible assets under development	724	102	826	475	178	653
Total	**8,331**	**295**	**8,626**	**8,049**	**388**	**8,437**

2.3 Impairment of assets – continued

Cement
In 2024, demand indicators deteriorated in key Western European markets as high interest rates and national debt ratios squeezed construction and infrastructure investment. In contrast, India remained a bright spot, driven by residential and commercial construction and government infrastructure spending. Poland, Turkey, Mexico, and Nigeria also showed positive developments.

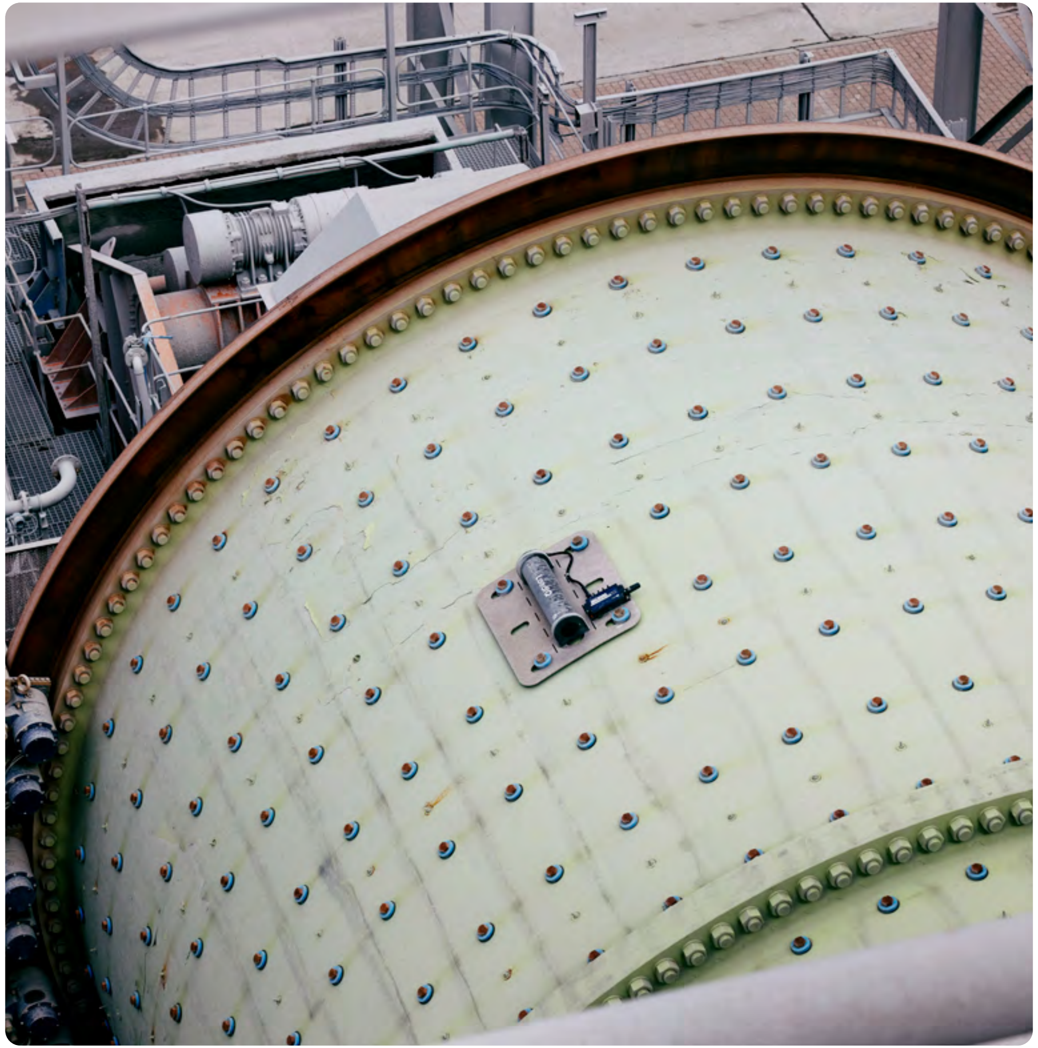
Looking ahead, emerging markets will most likely drive clinker capacity expansion to 2030, most notably India, alongside solid growth in parts of Africa, and Central Asia, and moderate growth in Southeast Asia and Latin America. In contrasts, carbon regulations constrain capacity expansion in mature markets where the CAPEX focus will be on import terminals, grinding stations, and an increased use of supplementary cementitious materials (SCMs). Tight competition and high input prices is expected to spur investment in optimisation, efficiency, and costs reduction efforts. In the longer term, we expect increased investment in decarbonisation solutions and services, and we are already seeing signs of this trend.

Over the next five years, the EBITA margin in the cement activities is expected to increase as result of the improved mix of service orders compared to products orders and from reductions on SG&A costs.

Sensitivity analysis
Based on current assumptions we see no impairment indications, and our key assumptions are not sensitive to reasonable changes to an extent that will result in an impairment loss neither individually or in combination. For example, a lowering of perpetual growth to zero and increasing the discount rate by two percentages points will not lead to impairment. Similarly, a decrease in EBITA by 20% in combination with an increase in investments as a percentage of revenue by 1 percentage points will not lead to impairment.

Key assumptions

	2024		2023	
	Mining	Cement	Mining	Cement
Investments % of revenue	3.8%	1.3%	2.5%	1.0%
Growth rate in the terminal period	3.0%	2.0%	3.0%	2.0%
Discount rate after tax (WACC)	10.0%	10.5%	10.0%	10.5%
Discount rate before tax	13.0%	13.6%	13.5%	14.2%
EBITA margin	13-15%	7-10%	11-14%	3-8%



2.4 Property, plant and equipment

Land and buildings with a cost price net of depreciation of DKK 48m (2023: DKK 48m) are pledged against mortgage debt of DKK 204m (2023: DKK 215m). The fair value of land and buildings pledged exceeds the value of the mortgage debt.

§ Accounting policy

The Group measures property, plant and equipment at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials and direct labour. Property, plant and equipment include lease assets, see further in note 2.5.

Depreciation is charged on a straight-line basis over the estimated useful life of the assets until they reach the estimated residual value.

Estimated useful life is as follows:
- Buildings, 20-40 years
- Plant and machinery, 3-15 years
- Operating equipment and fixtures and fittings, 3-15 years
- Leasehold improvements, mainly related to land and buildings, up to 5 years or following the corresponding lease agreement
- Land is not depreciated.

Carrying amount of property, plant and equipment

	2024					2023				
DKKm	**Land and buildings**	**Plant and machinery**	**Operating equipment, fixtures and fittings**	**Property, plant and equipment under construction**	**Total**	**Land and buildings**	**Plant and machinery**	**Operating equipment, fixtures and fittings**	**Property, plant and equipment under construction**	**Total**
Cost at 1 January	2,469	1,623	717	104	4,913	2,595	1,787	786	40	5,208
Foreign exchange adjustments	35	40	0	(2)	73	(73)	(48)	(9)	(5)	(135)
Acquisitions of enterprises	(17)	18	0	0	1	31	(40)	0	0	(9)
Disposals of enterprises	(34)	(254)	(50)	(1)	(339)	(31)	(38)	(18)	0	(87)
Additions	15	52	21	296	384	5	26	24	121	176
Disposals	(68)	(26)	(28)	0	(122)	(77)	(91)	(72)	0	(240)
Transferred between categories	15	30	0	(45)	0	19	27	6	(52)	0
Cost at 31 December	**2,415**	**1,483**	**660**	**352**	**4,910**	**2,469**	**1,623**	**717**	**104**	**4,913**
Depreciation and impairment at 1 January	(872)	(1,249)	(627)	0	(2,748)	(872)	(1,305)	(681)	0	(2,858)
Foreign exchange adjustment	(10)	(35)	(3)	0	(48)	22	35	8	0	65
Disposals of enterprises	19	216	41	0	276	1	23	14	0	38
Disposals	16	24	23	0	63	51	86	70	0	207
Depreciation	(75)	(95)	(24)	0	(194)	(74)	(87)	(39)	0	(200)
Transferred between categories	0	0	0	0	0	0	(1)	1	0	0
Depreciation and impairment at 31 December	**(922)**	**(1,139)**	**(590)**	**0**	**(2,651)**	**(872)**	**(1,249)**	**(627)**	**0**	**(2,748)**
Carrying amount at 31 December, owned assets	**1,493**	**344**	**70**	**352**	**2,259**	**1,597**	**374**	**90**	**104**	**2,165**
Carrying amount at 31 December, leased assets, note 2.5	**161**	**13**	**38**	**0**	**212**	**180**	**17**	**27**	**0**	**224**
Carrying amount at 31 December, property, plant and equipment	**1,654**	**357**	**108**	**352**	**2,471**	**1,777**	**391**	**117**	**104**	**2,389**

2.5 Leases

We are party to several lease contracts as lessee, by which we lease offices, warehouses, manufacturing facilities and vehicles. We enter into lease contracts due to the flexibility it provides as it may ease the scalability to always adapt the asset base to the operational activity.

The majority of the lease assets relate to land and buildings and the lease contracts are typically made for fixed periods of 1 to 10 years, with a weighted average lease term of 2 years. The average discount rate applied for land and buildings is 5.29% at the end of 2024 (2023: 3.59%).

The amounts included in the income statement related to expensed leases are presented in the table.

During 2024 cash outflows for capitalised leases were DKK 102m (2023: DKK 145m). Interest related to leases was DKK 9m (2023: DKK 12m) and impacted CFFO negatively, and the remaining DKK 93m (2023: DKK 133m) was repayment of lease debt included in CFFF. Refer to note 5.8 Financial assets and liabilities for maturity analysis of lease liabilities.

Further to the above cash outflow, DKK 14m (2023: DKK 13m) was included in CFFO for costs relating to short term, low-value and variable lease payments not recorded on the balance sheet.

In September 2022, FLSmidth signed a lease of a new headquarter at Havneholmen in Copenhagen, Denmark. The new headquarter is still in the construction phase. It is expected that the lease will be effective in 2026. During 2024, the size of the lease has been renegotiated reducing the minimum lease payments over the term of the lease from DKK 0.2bn to DKK 0.1bn.

We are not party to any significant lease contracts as lessor.

Expensed leases

DKKm	2024	2023
Cost relating to short-term leases	9	7
Cost relating to leases of low-value assets that are not shown above as short-term leases	3	4
Cost relating to variable lease payments not included in lease liabilities	2	2
Expensed lease costs in the income statement	**14**	**13**
The lease costs are included in the following lines:		
Production cost	8	6
Sales cost	2	1
Administrative cost	4	6
Expensed lease costs in the income statement	**14**	**13**

Carrying amount of leases

	2024			
DKKm	Land and buildings	Plant and machinery	Operating equipment	Total
Carrying amount at 1 January	180	17	27	224
Foreign exchange adjustments	2	(2)	1	1
Disposals of enterprises	(46)	(4)	0	(50)
Remeasurement	7	0	(1)	6
Additions	99	8	26	133
Disposals	(9)	0	1	(8)
Depreciation	(72)	(6)	(16)	(94)
Carrying amount at 31 December	**161**	**13**	**38**	**212**

	2023			
DKKm	Land and buildings	Plant and machinery	Operating equipment	Total
Carrying amount at 1 January	260	11	26	297
Foreign exchange adjustments	(2)	0	(1)	(3)
Disposals of enterprises	(44)	0	0	(44)
Remeasurement	9	0	(1)	8
Additions	71	13	21	105
Disposals	(14)	0	(2)	(16)
Depreciation	(100)	(7)	(16)	(123)
Carrying amount at 31 December	**180**	**17**	**27**	**224**

2.5 Leases – continued

§ Accounting policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the payments, which are fixed or variable dependent on an index or a rate. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the lease asset. Service components are excluded from the lease liability.

The lease payments are discounted using an incremental country specific borrowing rate, based on a government bond plus the Group's credit margin.

The lease payments are split into an interest cost and a repayment of the lease liability.

Lease assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs

The lease assets are depreciated over the term of the lease contract on a straight-line basis.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- How the asset supports the direction of the Group, from a strategic standpoint, location of the asset, timing of the option being exercisable
- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate)
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate)

Payments associated with short-term and low value leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture at a low value.

2.6 Investments in associates

Investments in associates includes an investment in Intertek Robotic Laboratories Pty Ltd, Australia, with a 50% share.

Although we hold 50% of the shares and voting rights, we do not share the control, hence the investment is not a joint venture. As we do have significant influence the investment is treated as an investment in associates and accounted for using the equity method.

Name of associate	Country	Date of acquisition	Ownership interest	Voting share
Intertek Robotic Laboratories Pty Ltd	Australia	31-May 2019	50%	50%

The primary activity of the company is to provide automated and robotic sample preparation, fusion and analytical testing services, including the procurement, construction and commissioning of laboratories.

In Q2 2024, an impairment loss of DKK 39m on the investment was recognised leading to a net loss from associates of DKK 43m in the income statement for 2024. The impairment loss reflects a downward revision of expected future performance.

Carrying value of investments in associates, FLSmidth share

DKKm	2024	2023
Beginning value 1 January	81	157
Foreign exchange adjustments	(2)	(5)
Impairment loss	(39)	(61)
Loss from associates	(4)	(1)
Dividend paid	0	(9)
Carrying value at 31 December	**36**	**81**

Financial information of 100% of Intertek Robotic Laboratories Pty Ltd, prepared in accordance with FLSmidth accounting policies, is as follows (not only FLSmidth's share):

Intertek Robotic Laboratories Pty Ltd

DKKm	2024	2023
Revenue	125	131
Loss for the period	(8)	(2)
Total comprehensive income	0	0
Dividend paid	0	(18)
Current assets	81	60
Customer relations	0	77
Non-current assets	11	11
Current liabilities	(20)	(16)
Equity	**72**	**132**

The financial information reflects the adjustments made in relation to the acquisition.

Investments in associates, FLSmidth share

DKKm	2024	2023
FLSmidth's share of equity, 50%	36	66
Goodwill	0	15
Carrying value at 31 December	**36**	**81**

2.7 Provisions

Provisions are liabilities of uncertain timing or amount. Our provisions consist of:

- Provisions for warranty claims in respect of goods or services already delivered
- Provisions for cost related to restructuring
- Provisions for loss-making contracts (included in other provisions)
- Provisions for losses resulting from disputes and lawsuits (included in other provisions)
- Provisions for indirect tax risks (included in other provisions)

Total provisions amount to DKK 2,375 (2023: 2,295). The net increase of DKK 80m compared to last year, mainly relates to increase in other provisions and restructuring.

Warranty provisions cover expected costs to remedy warranty claims during the warranty period. The warranty provision is recognised during the production phase. The warranty period starts once the performance obligation in the contract has been finalised and runs seldomly for more than two years and often only up to one year.

Restructuring provisions relate to costs expected to be incurred when executing restructurings decided and communicated by management. In most cases, the restructuring will occur in the near future. The provision shows a net increase of DKK 30m due to new provisions during 2024 partly offset by execution of restructurings from prior years.

The increase in other provisions is mainly related to loss-making contracts partly offset by provisions for ongoing legal disputes.

In our cash flow statement, the changes in provisions are combined with the changes in pensions and employee benefits. The impact on cash flows from changes in provisions, pensions and employee benefits (adjustment to the amounts recognised in the income statement) is shown in the table below.

Cash flow effect from change in provisions, pension and employee benefits

DKKm	2024	2023
Pensions and employee benefits	31	(35)
Provisions	95	(226)
Of which relate to foreign exchange adjustments	(15)	25
Cash flow effect	**111**	**(236)**

§ Accounting policy

Provisions are recognised when we, due to an event occurring before or at the balance sheet date, have a legal or constructive obligation and outflow of resources is expected to settle the obligation.

Provisions for warranty claims are estimated on a order-by-order basis based on historical realised costs to handle warranty claims. The provision covers also unsettled claims from customers or subcontractors.

Provisions for restructuring costs are made only if the restructuring has been decided at the balance sheet date in accordance with a specific plan, and only provided that the parties involved have been informed about the overall plan.

Provisions for loss-making contracts (included in other provisions in the table) cover customer contracts expected to result in a loss as the expected cost to complete exceeds revenue. The expected cost overrun that is not covered by revenue is recognised as a provision. The key accounting estimate is explained in note 3.4.

Provisions regarding disputes and lawsuits (included in other provisions in the table) are based on Management's assessment of the likely outcome settling the cases based on the information at hand at the balance sheet date.

Provisions

	2024				2023			
DKKm	Warranties	Restructuring	Other	Total	Warranties	Restructuring	Other	Total
Provisions at 1 January	883	360	1,052	2,295	980	404	1,123	2,507
Foreign exchange adjustments	14	(1)	4	17	(17)	(1)	(1)	(19)
Disposal of Group enterprises	(11)	0	(1)	(12)	0	0	0	0
Acquisition of Group enterprises	0	0	0	0	(91)	0	105	14
Additions	458	280	738	1,476	346	312	940	1,598
Used	(231)	(251)	(484)	(966)	(128)	(288)	(983)	(1,399)
Reversals	(263)	(63)	(141)	(467)	(207)	(67)	(132)	(406)
Reclassification from other liabilities	0	32	0	32	0	0	0	0
Transfer between categories	0	33	(33)	0	0	0	0	0
Provisions at 31 December	**850**	**390**	**1,135**	**2,375**	**883**	**360**	**1,052**	**2,295**

! Key accounting estimate

Estimated warranty provision

When estimating the warranty provision we take into consideration several years of warranty cost information, any specific risk related to customer contracts, knowledge about defects and functional errors in the product portfolio, risks associated with newly launched products as well as customer losses in connection with suspension of operation. We include all of these factors as relevant, to estimate a warranty provision that to the best of our knowledge reflects our responsibility towards our customers in the future.

2.8 Pension Obligations

Defined contribution plans
The majority of our pension plans are defined contribution plans and we have no further payment obligations once the contributions are paid. Under these pension plans, we recognise regular payments, e.g. a fixed amount or a fixed percentage of the salary. Pension costs related to defined contribution plans are recognised in staff costs (note 1.5) and amounted to DKK 486m (2023: DKK 631m).

Defined benefit plans
We also have defined benefit plans where the responsibility for the pension obligation towards the employees rests with us. Under a defined benefit plan, we have an obligation to pay a specific benefit, e.g. retirement pension in the form of a fixed proportion of the salary at the time of retirement.

Under these plans, we carry the risk in relation to future developments in interest rates, inflation, mortality, etc. A change in the assumptions upon which the calculation is based results in a change in the present value of the pension obligation.

Such actuarial gains and losses are recognised in other comprehensive income and amounted to net gains of DKK 23m in 2024 (2023: net gain of DKK 17m).

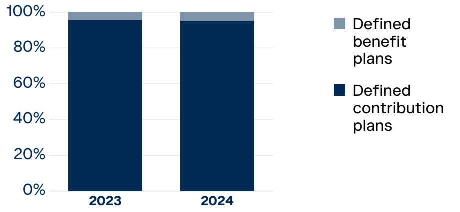
The majority of the total pension obligations are partially funded with quoted debt and equity instruments placed in pension funds and through insurance. In 2025 we expect to make a contribution to the defined benefit plans of DKK 8m (2024: DKK 14m). The weighted average duration of the obligations is 11 years (2023: 14 years).

Pension obligations

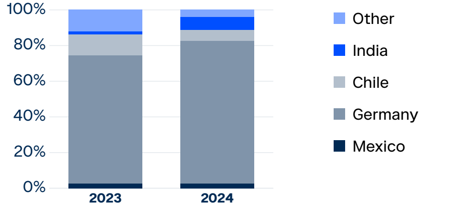
	2024			2023		
DKKm	**Present value of pension obligations**	**Fair value of plan assets**	**Net obligations**	**Present value of pension obligations**	**Fair value of plan assets**	**Net obligations**
Value at 1 January	(930)	565	(365)	(1,081)	665	(416)
Interest on obligation/asset	(31)	18	(13)	(36)	22	(14)
Service costs	(25)	0	(25)	(30)	0	(30)
Recognised in the income statement	**(56)**	**18**	**(38)**	**(66)**	**22**	**(44)**
Actuarial gains and losses*	15	8	23	(7)	24	17
Recognised in other comprehensive income	**15**	**8**	**23**	**(7)**	**24**	**17**
Disposal of activities	181	(175)	6	8	0	8
Foreign exchange adjustments	(30)	33	3	4	(2)	2
Settlements	2	0	2	5	0	5
Employer contributions	0	0	0	0	33	33
Benefits paid to employees	82	(38)	44	207	(177)	30
Other changes	**235**	**(180)**	**55**	**224**	**(146)**	**78**
Value at 31 December	**(736)**	**411**	**(325)**	**(930)**	**565**	**(365)**

* Actuarial gains and losses relate primarily to changes in financial assumptions

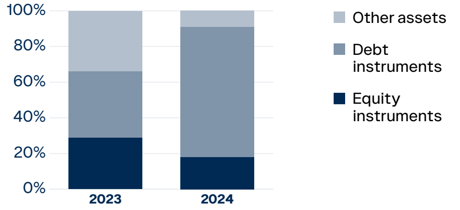
Pension contributions by plan types
%



Pension obligations by country
%



Fair value of plan assets
by Instruments



2.8 Pension Obligations – continued

Actuarial assumptions

	2024	2023
Average discounting rate applied	3.7%	3.3%
Expected future pay increase rate	3.4%	2.9%

Sensitivity analysis

Below shows a sensitivity analysis based on changes in the discount rate, all other things being equal.

A change in the discount rate will result in the following changes in the net pension obligation:

Sensitivity

DKKm	2024	2023
Discount rate - 1%, increase	27	128
Discount rate + 1%, decrease	(27)	(83)

§ Accounting policy

Contributions to defined contribution plans are recognised in staff costs when the related service is provided. Any contributions outstanding are recognised in the balance sheet as other liabilities.

For defined benefit plans, annual actuarial calculations are made of the present value of future benefits payable under the pension plan using the projected unit credit method. The Group uses external actuarial experts.

The present value is calculated based on assumptions about future developments in variables such as salary levels, interest, inflation and mortality rates. The present value is only calculated for benefits earned by the employees through their employment with the Group to date. The actuarial calculation of present value less the fair value of any plan assets is recognised in the balance sheet as pension obligations.

The pension costs (service costs) for the year, based on actuarial estimates and financial forecasts at the beginning of the year, are recognised in the income statement within staff costs. The interest on the net pension obligation is recognised in the income statement within financial costs. The difference between the forecast development in pension assets and liabilities and the realised values is called actuarial gains or losses and is recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset is recognised only to the extent that it equals the value of future repayments under the plan or it leads to a reduction of future contributions to the plan.

2.9 Contractual Commitments and contingent liabilities

Contractual commitments

As part of our digital strategy, FLSmidth made in 2019 a fund investment in Chrysalix, a venture capital firm that specialises in transformational industrial innovation.

We have made a capital commitment of USD 10m. The capital commitment can be called up until 2029, with the investment period being the first 5 years. The timing and amounts of each capital call are uncertain. The undrawn part of the capital commitment at 31 December 2024 amounted to DKK 26m (2023: DKK: 30m).

Contingent liabilities

Contingent liabilities cover guarantees and other contingent liabilities related to legal disputes etc. At the end of 2024, contingent liabilities amounted to DKK 2,230m (2023: DKK 2,638m).

Guarantees

Guarantees consist of customary performance and payment guarantees. The volume of the guarantees amounted to DKK 1,947m (2023: DKK 2,272m).

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 order 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. Such provisions are covered by note 2.7 and included either within warranty provisions or other provisions.

Other contingent liabilities

We are involved in legal disputes, certain of which are already pending with courts or other authorities and other disputes which may or may not lead to formal legal proceedings being instigated against us. Other contingent liabilities amount to DKK 283m (2023: DKK 366m). The outcome of such proceedings and disputes is by nature unknown but is not expected to have significant impact on our financial position. The decrease during 2024 is related to the settlement of a case where a customer in 2021 initiated arbitration against FLSmidth and certain partners for alleged contractual breaches ('the Tunesia contract').

2.10 Business acquisition

Acquisitions in 2024
On 4 March 2024, FLSmidth acquired the Canadian mill engineering, supply and services provider, Farnell-Thompson Applied Technologies Inc. Its offerings are integrated into FLSmidth's core Mining business. The acquisition is aligned with our Mining CORE'26 strategy, which includes targeting service growth through strategic investments and prioritisation.

Farnell-Thompson is a global supplier of engineering services, parts and mills to the mining industry. Prior to the acquisition Farnell-Thompson has been a consulting partner providing these services to FLSmidth for many years. Consequently, a seamless integration of the new business and staff is anticipated.

On 8 October 2024, the transaction to acquire TIPCO Tudeshki Industrial Process Control GmbH (Tipco) closed. Tipco is the developer of sensor technology that can measure the particle size distribution of different mass flows, which offers strong applications across FLSmidth's Mining portfolio.

The aggregated purchase price net of cash acquired for the two acquisitions is DKK 116m with DKK 9m falling due over the next three years. The acquisitions increased working capital assets and liabiities by DKK 23m and DKK 17m, respectively. The acquisitions led to the recognition of goodwill of DKK 111m. Goodwill represents primarily the value of the assembled workforce and is not deductible for tax purposes. No significant adjustments are expected in the final accounting for the two acquisitions within 12 months after the acquisition dates.

The acquisitions are incorporated into the cash generating unit Mining. The acquisitions did not have a significant impact on revenue and net profit in 2024.

Acquisitions in 2023
Effective from 1 June 2023, FLSmidth acquired the American company Morse Rubber. The acquisition supports FLSmidth Mining's CORE'26 strategy and will be adding advanced moulding capabilities for rubber and composite mill liners, as well as screen media and various rubber and rubber ceramic wear components to our existing offerings. The purchase price of DKK 42m equals net assets acquired. The acquisition increased property, plant and equipment by DKK 36m, working capital assets and liabilities by DKK 12m and DKK 6m, respectively. The impact on net profit was insignificant.

The finalisation of the purchace price allocation in 2024 led to a reallocation of DKK 17m between categories within property, plant and equipment.

§ Accounting policy
Acquired businesses are included in the consolidated financial statements from the date when control (the acquisition date) of the business is transferred to FLSmidth.

The purchase price includes consideration already paid/received, deferred consideration and expected contingent consideration. The purchase price is allocated to the identified assets, liabilities and contingent liabilities (net assets) based on their fair values at acquisition date and any excess of the purchase price over the net assets is recognised in the balance sheet as goodwill within intangible assets. In the event the purchase price is lower than the net assets, the difference is recognised in the income statement (a gain from a bargain purchase).

If, on the acquisition date, there are any uncertainties with respect to identifying or measuring the acquired net assets, the initial recognition will be made on the basis of estimated fair values. The estimated fair values may be adjusted, or additional assets or liabilities may be recognised during the measurement period of up to 12 months to reflect new information that becomes available about conditions prevailing on the acquisition date. Such adjustments are made to the initial purchase price allocation as a restatement of prior information, including to the amount of goodwill.

Any subsequent adjustment of contingent consideration is recognised directly in the income statement, unless it relates to new information on conditions prevailing at acquisition date obtained during the measurement period and therefore impacting the purchase price allocation.

2.11 Disposal of activities

Disposal 2024
On 22 January 2024, FLSmidth Cement entered into an agreement to sell the MAAG gears and drives business to Solix Group AB. The transaction was completed on 1 March 2024 and includes all related assets including intellectual property, technology, employees and customer contracts.

Net assets derecognised are decomposed in the table to the right. The backlog in Cement was reduced by DKK 336m. The transaction led to a gain of DKK 28m.

Disposal 2023
On 14 June 2023, FLSmidth and KOCH Solutions signed an asset purchase & transfer agreement involving material handling technology that is part of the Non-Core Activities segment. The transaction was completed on 1 September 2023. The transaction had no material impact on EBITA for 2023. The final price adjustments are currently being determined and the expected loss of DKK 20m has been recognised in 2024.

On 14 July 2023, FLSmidth sold its Advance Filtration Technologies (AFT) business to Micronics, a leading global provider of industrial filtration solutions. The sale included all related assets, including intellectual property, technology, employees and customer contracts.

The divestment of the AFT business is part of FLSmidth Cement's pure-play strategy, which includes focusing the cement Products portfolio on the core technologies required for the green transition in the cement industry. The transaction led to a gain of DKK 102m.

Net assets derecognised in 2023 are decomposed in the table to the right. The backlog in Cement was reduced by DKK 101m and in Non-Core Activities by around DKK 400m.

Total assets and liabilities in activities sold are shown in the table below. Gains and losses from disposal of activities are included in the line item 'Other operating net income'.

DKKm	2024	2023
Intangible assets	80	25
Other non-current assets	118	93
Current assets	265	189
Total assets	**463**	**307**
Pension	6	8
Lease liabilities	55	49
Working capital liabilities	150	49
Provisions	11	0
Current liabilities	15	0
Total liabilities	**237**	**106**

2.12 Discontinued activities

In 2023, discontinued activities related to 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. In Q4 2023, we made a write down of DKK 149m as we foresee a high risk of not being able to collect amounts due from a customer that made an unsubstantiated cash withdrawal on a performance bond in 2021.

From 1 January 2024, the activities are included within the Non-Core Activities segment for full wind-down. This includes the remaining net asset of DKK 67m consisting of net working capital of DKK 132m and provisions of DKK 65m. We do not expect any material future financial impact from the full wind-down of the activities.

§ Accounting policy

Discontinued activities comprise disposal groups, which have been disposed of, ceased or are classified as held for sale and represents a separate major line of business or geographical area.

Discontinued activities are presented in the income statement as profit/loss for the year, discontinued activities and consists of operating income after tax. Gains or losses from disposal of the assets related to the discontinued activities and adjustments hereto are likewise presented as discontinued activities in the income statement.

In the consolidated cash flow statement, cash flow from discontinued activities is included in cash flow from operating, investing and financing activities together with cash flow from continuing activities.

Discontinued activities share of CFFO

DKKm	2024	2023
EBITDA, see segment note 1.2	-	(171)
Change in provisions	-	(53)
Change in net working capital	-	250
Cash flow from operating activities before financial items and tax	**-**	**26**
Financial items received and paid	-	(7)
Cash flow from operating activities	**-**	**19**

SECTION 3

Working capital

3.1 Net working capital

Net working capital represents the assets and liabilities necessary to support FLSmidth's daily operations.

The impact on FLSmidth's cash flows from net working capital is also showed in the table to the right.

Net working capital increased by DKK 725m compared to 31 December 2023, driven primarily by increase in projects related work in progress balances and by payments to suppliers leading to a reduction in trade payables and offset by a decrease in trade receivables.

Currency impacts decreased net working capital at 31 December 2024 by DKK23m (2023: a decrease of DKK 14m).

Utilisation of supply chain financing increased slightly-during 2024 by DKK 515m (2023: DKK 504m).

Net working capital

DKKm	2024	2023
Inventories	3,572	3,450
Trade receivables	4,073	4,516
Work in progress, asset	3,009	2,769
Prepayments	351	423
Other receivables	781	855
Derivative financial instruments	53	37
Prepayments from customers	(1,783)	(1,933)
Trade payables	(3,538)	(4,024)
Work in progress, liability	(2,791)	(3,025)
Other liabilities	(1,587)	(1,637)
Derivative financial instruments	(33)	(49)
Net working capital of the Group	**2,107**	**1,382**

Cash flow effect from change in NWC

DKKm	2024	2023
Inventories	(149)	310
Trade receivables	409	431
Trade payables	(475)	(208)
Work in progress	(658)	(230)
Prepayments from customers	(61)	(810)
Prepayments	66	439
Other receivables and other liabilities	118	479
of which relate to foreign exchange gain/(loss)	(24)	(113)
	(774)	**298**
Change in net working capital	(725)	511
Acquisitions/disposal of activities, financial instruments and foreign exchange effect on cash flow	(49)	(213)
Cash flow effect from change in net working capital	**(774)**	**298**

3.2 Inventories

Inventories net of impairment

DKKm	2024	2023
Raw materials and consumables	370	454
Goods in progress	756	831
Finished goods and goods for resale	2,446	2,165
Inventories	**3,572**	**3,450**

The net inventory has slightly increased by 3.5% compared to 2023. Similar to 2023, the write-downs include write-downs on strategic aging inventories.

Impairment of inventories

DKKm	2024	2023
Impairment at 1 January	744	379
Foreign exchange adjustments	(7)	(32)
Additions	351	709
Realised	(199)	(260)
Reversals	(51)	(52)
Impairment at 31 December	**838**	**744**

§ Accounting policy

Inventories are measured at cost based on weighted average cost prices.

In the event that cost of inventories exceeds the expected selling price less cost of completion and selling costs, the inventories are impaired to the lower net realisable value. The net realisable value of inventories is measured as the expected sales price less costs of completion and costs to finalise the sale.

Impairment assessment of the inventory is performed item by item including:

- Test for slow moving stock
- Test for aging of inventory
- Assessment of expected market (pricing and market potential)
- Assessment of strategic inventory items

Obsolete items are impaired to the value of zero. Management considers part of the inventories as strategic. Strategic items are held in inventory, even if slow moving, because they are considered key equipment to the customers, that we need to be able to deliver with very short notice.

Raw materials and consumables include purchase costs of materials and consumables, duties and freight. Work in progress, finished goods and goods for resale include cost of manufacturing including materials consumed and labour costs plus an allowance for production overheads. Production overheads include operating costs, maintenance of production facilities as well as administration and factory management directly related to manufacturing.

! Key accounting estimate

Estimated valuation of inventories

When assessing the net realisable value of inventories we take marketability, obsolescence and development in expected selling prices into account. Also inventory turnover, quantities and the nature and condition of the inventory items including the classification as strategic inventory are considered in the assessment. We include all of these factors as relevant, to ensure that our inventory is reflected at the expected selling price, if lower than cost.

3.3 Trade receivables

Trade receivables relate to both our Service and Products businesses. Trade receivables decreased in 2024 primarily due to our cash colletion efforts. Further, the impairment on specific trade receivables past due by more than 90 days increased during 2024.

Trade receivables net of impairment specified according to aging

DKKm	2024	2023
Not due for payment	2,763	3,245
Overdue < one month	540	680
Overdue one two months	233	216
Overdue two three months	56	62
Overdue > three months	481	313
Trade receivables	**4,073**	**4,516**
Trade receivables not due for payment with retentions on contractual terms	260	420

Impairment of trade receivables specified according to aging is shown to the right.

The increase in impairments in 2024 is based on historical observed default rate adjusted for up to date estimates of uncertainties in specific project related activities and current market conditions.

Impairment of trade receivables

DKKm	2024	2023
Impairment at 1 January	691	415
Foreign exchange adjustments	2	(8)
Additions	463	471
Reversals	(223)	(96)
Realised	(25)	(91)
Impairment at 31 December	**908**	**691**

§ Accounting policy

Trade receivables are initially measured at fair value and subsequently measured at amortised cost.

A credit loss allowance is made upon initial recognition based on historical observed default rates adjusted for forward looking estimates. The cost of the credit loss allowances is included in administration costs. A loss is considered realised when it is certain that we will not recover the receivable, e.g. in case of bankruptcy or similar.

Impairment of trade receivables specified according to aging

	2024			2023		
DKKm	Expected loss rate	Gross carrying amount	Impairment	Expected loss rate	Gross carrying amount	Impairment
Not due for payment	1.1%	2,794	31	1.1%	3,281	36
Overdue < one month	6.3%	576	36	5.4%	719	39
Overdue one two months	14.3%	272	39	12.6%	247	31
Overdue two three months	27.3%	77	21	21.5%	79	17
Overdue > three months	61.9%	1,262	781	64.5%	881	568
Total		**4,981**	**908**		**5,207**	**691**

3.4 Work in progress

Work in progress relates to contracts with customers where revenue is recognised over time. As the costs to produce the output under a contract are incurred, revenue is calculated reflecting the share of costs incurred compared to total expected costs to fulfil the contract (percentage of completion). The revenue is recognised as work in progress (gross work in progress) and consists of cost incurred including margin. Balances on a specific contract is removed from work in progress once the work is completed and accepted by the customer. Especially for more complex product bundles with engineering, the work typically extends over several financial years. The total amount of work in progress therefore includes accumulated revenue for several years for contracts where the work has not been finalised and/or accepted by the customer.

During the execution, invoices are issued according to the invoice structure for each transaction. The invoiced amounts reduce the balance on work in progress (Net work in progress in the table). Depending on the invoice structure, the work in progress balance on a specific contract can change from being presented as an asset (a contract asset) in one period to being presented as a liability (a contract liability) in the next period. In the balance sheet and as shown in the table, net work in progress on contracts where work performed exceeds the invoiced amount are presented as assets while contracts where the invoiced amount exceeds the work performed are presented as liabilities.

In general, the invoicing structure reflects the progress on the work to be performed and work in progress liabilities are, therefore, usually converted into revenue in the next year. The decrease in gross work in progress reflects our de-risking strategy.

Composition of work in progress

DKKm	2024	2023
Gross work in progress	**38,088**	**40,853**
Invoicing on account to customers	(37,870)	(41,109)
Net work in progress	**218**	**(256)**
Of which is recognised as work in progress:		
Under assets	3,009	2,769
Under liabilities	(2,791)	(3,025)
Net work in progress	**218**	**(256)**

Work in progress is impacted by the divestments and acquisitions. This has led to a decrease in net work in progress by DKK 169m.

Note 1.4 include information on the order backlog reflecting effective contracts with customers where we will transfer control at future point in time and the remaining performance obligations on contracts where we transfer control over time.

In addition to net work in progress, contract liabilities include prepayments received from customers of DKK 1,783m (2023: DKK 1,933m). The prepayments are recognised separately in the balance sheet as current and non-current liabilities. Prepayments presented as current reflect amounts that are expected to be recognised as revenue during the following year.

When assessing impairment on the work in progress net balances we evaluate on a contract-by-contract basis. If an impairment on a contract is probable, we recognise the expected loss and a related provision.

§ Accounting policy

Work in progress consists of contract assets and contract liabilities for contracts with customers where revenue is recognised over time.

For contracts included as work in progress revenue reflecting the percentage of completion is recognised when the outcome of the contracts can be estimated reliably. The percentage of completion is calculated based on a cost-to-cost basis (input method) and is the ratio between the cost incurred and the total estimated cost.

The contracts are measured at an amount equal to the selling price of the work performed (percentage of completion) less progress billings and expected losses.

The selling price is the total expected income from the individual contracts. If variability is included in the selling price, we use the most likely amount method.

An expected loss is recognised when it is deemed probable that the total contract costs will exceed the total revenue from individual contracts. The expected loss is recognised immediately as a cost and as a provision for a loss-making contract. Further information can be found in note 2.7.

When the selling price of the work performed exceeds progress billings, work in progress is presented as an asset and relate to unbilled work in progress. Work in progress assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. Expected credit loss on work in progress assets is included within the loss allowance for trade receivables as managed together.

When progress billings exceed the selling price of the work performed, work in progress is presented as a liability.

Prepayments from customers are recognised as a liability.

! Key accounting estimate

Estimated costs to complete

We estimate the total expected costs for our contracts. The estimates primarily relate to the level of contingencies to cover unforeseen costs, such as cost changes due to changes in future supplies of raw materials, subcontractor products and services as well as unforeseen costs related to execution and hand-over.

The estimates are based on the specifics for each contract while taking historical data into account. For contracts sold to customers in politically and economically unstable countries, the estimates include additional risk coverage due to a higher level of uncertainty.

We reassess our project financials, including update of expected project costs on an ongoing basis, to ensure that expected cost increases are appropriately reflected in the estimated cost to complete.

3.5 Other receivables

Specification of other receivables

DKKm	2024	2023
Indirect taxes receivables	500	522
Deposits	51	56
Derivatives	53	37
Other	230	276
Included in NWC	**834**	**891**
Other receivables, included in NIBD	56	104
Total	**890**	**995**

Other receivables of DKK 834m, including the derivatives, are included within net working capital. The remaining DKK 56m is included in net interest bearing debt.

3.6 Trade payables

To improve the relationship with our suppliers and minimise the finance cost in the value chain, FLSmidth facilitates a supply chain financing programme funded by a credit institute to our key suppliers. At the end of 2024 trade payables covered by the programme amounted to DKK 515m (2023: 504m) of which suppliers have received DKK 476m in payment from the credit institute.

When participating in this programme, the supplier has the option to receive early payment from the credit institution against a discount based on the invoices approved by FLSmidth through a factoring arrangement between the supplier and the credit institution, where the invoices are transferred to the credit institution without recourse. The payment due dates on trade payables part of the programme are as a standard 180 days after invoice date compared to typically 90-120 days on comparable trade payables that are not part of the programme. Except for a parent company guarantee to the credit institution for all obligations related to other FLSmidth entities, there is no security or guarantees provided to the credit institution.

The amounts payable under the programme is classified as trade payables in the balance sheet as well as in the cash flow statement (working capital within cash flow from operations). The trade payables covered by the supply chain financing programme arises in the ordinary course of business from supply of goods and services and the payment terms are not significantly extended compared to trade payables not part of the supply chain financing programme.

3.7 Other liabilities

Specification of other liabilities

DKKm	2024	2023
Indirect taxes payables	241	213
Accrued employee items	675	751
Derivatives	33	49
Other accruals and payables	671	672
Included in NWC	**1,620**	**1,685**
Other liabilities, included in NIBD	210	178
Employee benefits	206	164
Total	**2,036**	**2,027**

DKK 48m (2023: DKK 53m) is included in non-current liabilities and DKK 1,988m (2023: DKK 1,974m) in current liabilities.

SECTION 4

Tax

4.1 Income Tax

The income tax expense for the year amounted to DKK 528m (2023: DKK 382m), corresponding to an effective tax rate of 33.9% (2023: 36.2%). The effective tax rate was negatively affected by withholding taxes not subject to credit relief and write-downs of tax losses mainly in Germany. The effective tax rate was positively affected by adjustments to previous years.

Uncertain tax positions reflect managements assessment of the risk of a position taken by the Group being disputed by a tax authority. The assessment considers the inherent risk and uncertainty of undertaking complex projects and operating in a variety of developed and developing countries. The assessment includes the most likely outcome of both ongoing and potential future tax audits but also an assessment of whether the most likely outcome differs significantly for other possible outcomes. The provision for uncertain tax position is slightly increased in 2024.

§ Accounting policy

Income tax for the year comprises current tax and changes in deferred tax including valuation of deferred tax assets, adjustments to previous years, foreign paid withholding taxes including available credit relief and changes in provisions for uncertain tax positions.

Income tax for the year is recognised in the Income Statement, unless it is attributable to items recognised in other comprehensive income.

Current tax is calculated using the applicable tax rates for the financial year on the expected taxable income for the year. The resulting tax is reduced by tax paid on account in the year. Current tax is recognised in the balance sheet as either a receivable or a liability for each tax jurisdiction and includes also previous years taxes.

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to initial recognition of goodwill. No deferred tax i recognised related to Pillar II.

Tax losses that are likely used against future taxable income in the same legal tax unit and jurisdiction in the next five years are included in the measurement of deferred tax. Deferred tax liabilities regarding investments in subsidiaries are recognised if the shares are expected to be sold in the short-term.

Deferred tax assets/liabilities and tax receivables/payables are offset if the Group has a legal right to offset these and intends to settle these on a net basis or to realise the assets and settle the liabilities simultaneously.

Uncertain tax positions are measured at the amount estimated to be required to settle such potential future obligations. We measure these uncertain tax positions on a yearly basis through interviews with key stakeholders in the main Group entities.

We determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty will be followed. Management assesses for each uncertain tax positions whether the most likely outcome method or the expected value provide the best prediction of the resolution of uncertainty.

Composition of tax for the year and effective tax rates

	2024		2023	
DKKm	**Tax**	**Effective tax rate**	**Tax**	**Effective tax rate**
Tax according to Danish tax rate	(343)	22.0%	(232)	22.0%
Differences in the tax rates in foreign subsidiaries relative to 22%	(27)	1.7%	(24)	2.2%
Non-taxable income and non-deductible costs	(34)	2.2%	50	-4.8%
Net change in valuation of tax assets	(156)	10.0%	(140)	13.3%
Change in deferred tax due to adjustment of tax rates	0	0.0%	0	0.0%
Adjustments regarding previous years, deferred tax	71	-4.6%	(27)	2.6%
Adjustments regarding previous years, current tax	77	-4.9%	140	-13.3%
Withholding tax	(118)	7.6%	(141)	13.4%
Uncertain tax positions	2	-0.1%	(8)	0.8%
Total tax for the year and effective tax rate	**(528)**	**33.9%**	**(382)**	**36.2%**

Composition of tax for the year

DKKm	**2024**	**2023**
Current tax on net profit for the year	(549)	(844)
Withholding tax	(118)	(141)
Change in deferred tax	(11)	498
Change in tax rate on deferred tax	0	0
Adjustments regarding previous years, deferred tax	71	(27)
Adjustments regarding previous years, current tax	77	140
Uncertain tax positions	2	(8)
Tax on profit for the year, continuing activities	**(528)**	**(382)**
Earnings before tax on continuing activities	1,558	1,054
Earnings before tax on discontinued activities	0	(184)
Total earnings before tax	**1,558**	**870**

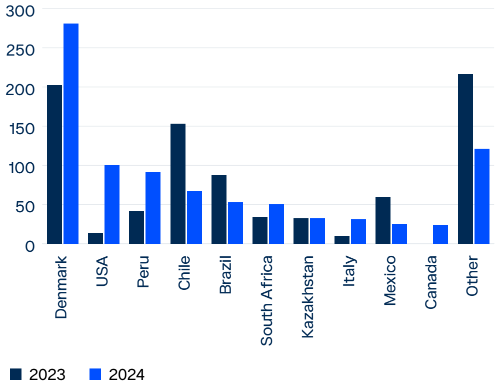
4.2 Paid income tax

Income tax paid in 2024 amounted to DKK 876m (2023: DKK 850m). There is a slight increase in taxes paid compared to 2023. The increase is a net of deviation in several countries, mainly US, Denmark, Peru, Brazil and Chile where payment both in 2024 and 2023 related to prior year impacts the tax paid.

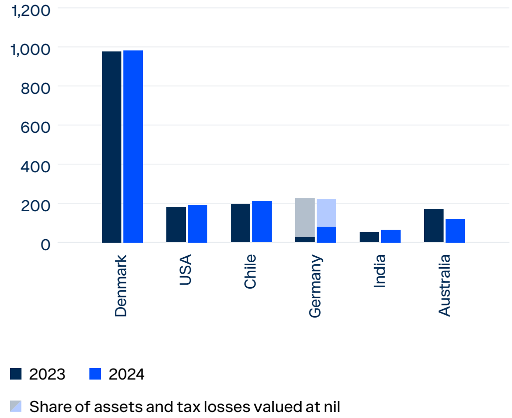
Besides income tax, Group activities generate sales taxes, customs duties, personal income taxes paid by the employees, etc. which are excluded from income tax paid.

A Pillar II computation for 2024 has been made to assess any potential tax exposure. This includes a safe harbor analysis as well as calculation of the GloBE ETR and Top-up tax including allocations. The conclusion is that safe harbor can be applied in all jurisdictions and no material tax is expected to be paid under Pillar II.

Income tax paid
DKKm



Significant deferred tax assets, net
DKKm



4.3 Deferred Tax

Deferred tax assets at the end of 2024 amount to DKK 2,358m (2023: DKK 2,314m) and deferred tax liabilities amount to DKK 220m (2023: DKK 207m). The net deferred tax assets amount to DKK 2,138m (2023: DKK 2,107m).

Recognition of net deferred tax assets is based on forecasted taxable income considering the business simplification, and forecasted growth and margins for the coming years.

Deferred tax assets valued at nil amounting to DKK 448m (2023: DKK 285m) relate to tax losses and tax assets mainly in Germany and entities under dissolvement. The increase relates primarily to Germany, where the tax assets are not likely to be fully utilised within a foreseeable future.

As of 31 December 2024, the non-recognised part of the tax assets in Germany amounts to DKK 338m (2023: DKK 199m) and there is no expiry date for the tax losses. Recognising tax assets is a key accounting estimate and is based on management's forecast of earnings, incorporated cost savings, and succesfull implementation of business simplification and the recovery of the market.

Temporary differences regarding future repatriation of profit from entities in foreign countries are unchanged from last year and estimated at DKK 375m-425m in 2024 (2023: DKK 375m-425m). These liabilities are not recognised because the Group is able to control when the liability is released, and it is considered probable that the liability will not be triggered in the foreseeable future.

Net deferred tax

DKKm	2024	2023
Deferred tax assets	2,358	2,314
Deferred tax liabilities	(220)	(207)
	2,138	**2,107**

Maturity profile of tax assets valued at nil

DKKm	2024	2023
Within one year	34	4
Between one and five years	184	111
After five years	1,370	864
Base value of tax assets valued at nil	**1,588**	**979**
Tax value	**438**	**285**
Deferred tax assets valued at nil consist of:		
Temporary differences	51	51
Tax losses	1,537	928
	1,588	**979**

4.3 Deferred Tax – continued

Composition of deferred tax

2024

DKKm	Balance sheet 1 January	Acquisition of enterprises	Currency adjustment	Included in Income Statement: Adjustment to previous years	Included in Income Statement: Changed tax rate	Included in Income Statement: Change in deferred tax	Included in Other compreh. income	Balance sheet 31 December
Intangible assets	233	0	3	21	0	(140)	0	117
Property, plant and equipment	263	0	(1)	4	0	(19)	0	247
Current assets	316	(1)	(3)	(108)	0	92	(1)	295
Liabilities	710	0	2	200	0	(85)	(5)	822
Tax loss carry-forwards, etc.	870	0	(19)	(53)	0	297	0	1,095
Share of tax assets valued at nil	(285)	0	(4)	7	0	(156)	0	(438)
Net deferred tax assets/(liabilities)	**2,107**	**(1)**	**(22)**	**71**	**0**	**(11)**	**(6)**	**2,138**

2023

DKKm	Balance sheet 1 January	Acquisition of enterprises	Currency adjustment	Included in Income Statement: Adjustment to previous years	Included in Income Statement: Changed tax rate	Included in Income Statement: Change in deferred tax	Included in Other compreh. income	Balance sheet 31 December
Intangible assets	86	0	2	(14)	(1)	160	0	233
Property, plant and equipment	244	0	(2)	(18)	0	39	0	263
Current assets	128	0	(13)	(4)	1	222	(18)	316
Liabilities	662	27	(15)	3	0	38	(5)	710
Tax loss carry-forwards, etc.	643	16	(7)	34	0	184	0	870
Share of tax assets valued at nil	(136)	0	10	(19)	0	(140)	0	(285)
Net deferred tax assets/(liabilities)	**1,627**	**43**	**(25)**	**(18)**	**0**	**503**	**(23)**	**2,107**
of which related to discontinued activities				**9**		**5**		**14**

! Key accounting estimate

Estimated value of deferred tax assets

The value of deferred tax assets is recognised to the extent that it is deemed likely that taxable income in the future can utilise the tax losses. For this purpose, the income from the coming five years is estimated, based on forecasts.

In assessing the probability of the future realisation of deferred tax assets, we have considered the economic outlook in our forecasts of taxable income and reversals of taxable temporary differences. The uncertainty of forecasts is related to macroeconomic developments, including the demand for environmental investments by our customers, not least within the Cement industry.

4.4 Tax on other comprehensive income

Tax recognised in other comprehensive income by the components of other comprehensive income to which it relates is shown in the table below.

Composition of tax for the year and effective tax rates

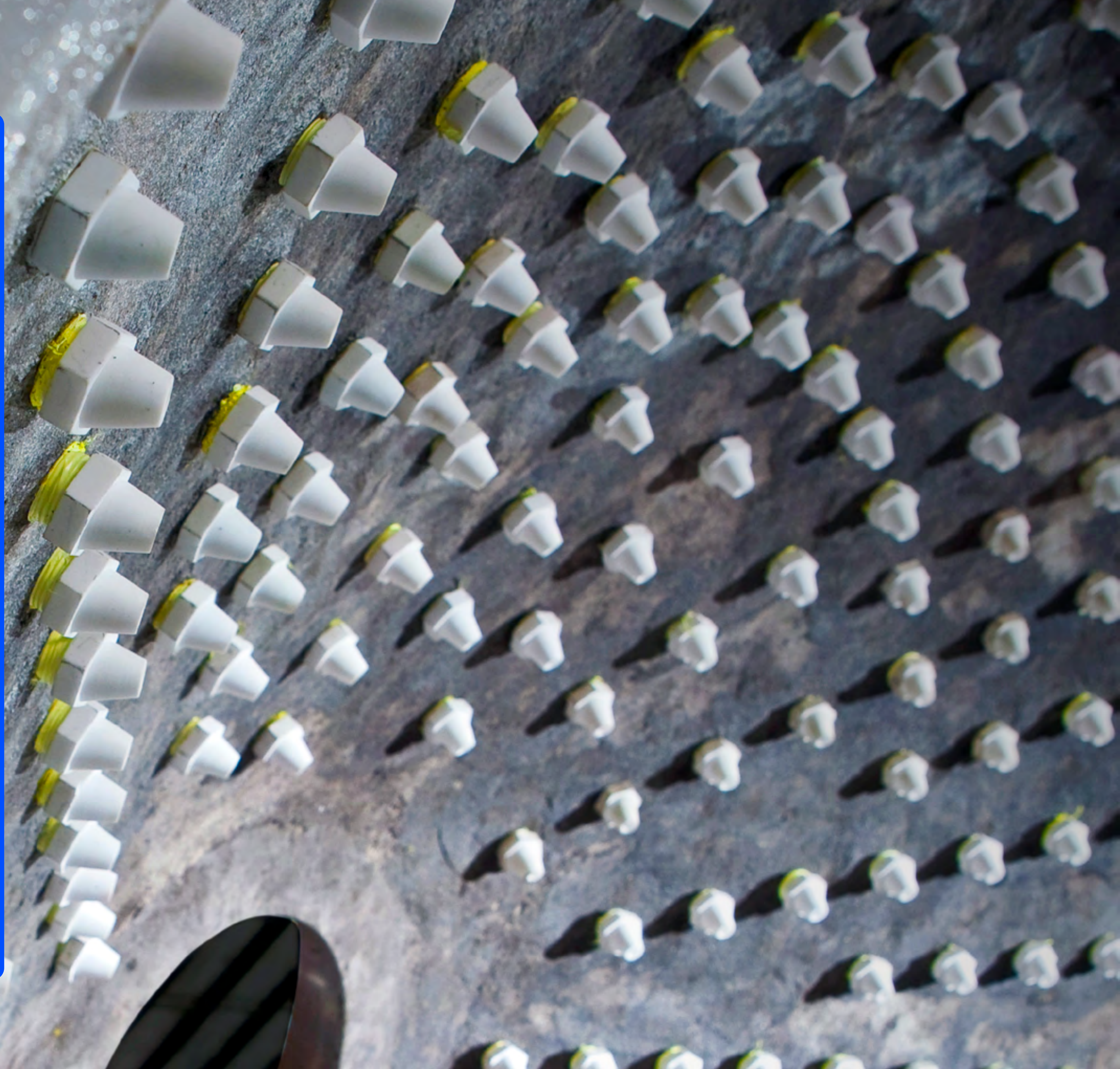
DKKm	2024 Deferred tax	2024 Current tax	2024 Tax income/ cost	2023 Deferred tax	2023 Current tax	2023 Tax income/ cost
Value adjustments of hedging instruments	(1)	0	(1)	(18)	8	(10)
Actuarial gains/losses on defined benefit plans	(5)	0	(5)	(5)	0	(5)
Tax on other comprehensive income	**(6)**	**0**	**(6)**	**(23)**	**8**	**(15)**

4.5 Our approach to tax and tax risk

Being a responsible taxpayer is important to us, and this means that we will pay the correct amount of taxes at the right time in all countries where we do business. We strive to accomplish this through a strong governance framework focused on compliance with applicable laws as well as generally agreed principles of international taxation and standards for responsible business conduct. We are a global company engaging and operating in a variety of developed and developing economies. Inherent risk and uncertainty regarding compliance requirements and double taxation of income are therefore common issues faced by our business. We actively mitigate tax risk and uncertainties from business operations. Our objective is to be transparent regarding our tax affairs by communicating openly and in a clear, timely and transparent manner.

SECTION 5

Financial risks & capital structure



5.1 Shares and capital structure

Shares
Share capital is DKK 1,153m and the total number of authorised and issued shares is 57,650,000. Each share entitles the holder to 20 votes and no shares have special rights attached to it.

Shareholders
At 20 February 2025, FLSmidth had two major shareholders. Altor Invest 7 AS and Lundbeckfond Invest A/S have both disclosed holdings of voting rights exceeding 10% of total outstanding voting rights. No other shareholders have reported a participating interest above 5%.

Capital structure
FLSmidth takes a conservative approach to capital structure with an emphasis on relatively low debt, gearing and financial risk. The Board of Directors' priority for capital structure is as follows:

- Leverage (NIBD/EBITDA < 2)
- Dividend pay-out ratio (30-50% of net profit)

The priority for capital allocation is to ensure a strong balance sheet while allowing for growth investments and value-adding M&A. Excess cash can be distributed either via extraordinary dividends or share buy-back programmes.

Shareholders' equity includes the following reserves:

- Share capital (nominal value of shares issued)
- Foreign exchange adjustments (accumulated currency adjustments regarding translation of foreign entities)
- Cash flow hedging (fair value of derivatives that hedge the currency risks on expected future cash flows and meet the criteria for cash flow hedging)
- Retained earnings (all other components of shareholders' equity including share premium)

Treasury shares
Our holding of treasury shares at the end of 2024 accounted for 1.4% of the share capital (2023: 1.6%).

The Board of Directors is authorised until the next Annual General Meeting to let the Company acquire treasury shares up to a total nominal value of 10% of the Company's share Products in accordance with Section 12 of the Danish Companies Act.

The treasury shares are used to hedge sharebased incentive programmes and are recognised directly in equity in retained earnings (zero value in the balance sheet). Refer to note 6.1 for further information.

Dividend per share
The Board of Directors will propose at the Annual General Meeting that a dividend of DKK 8.00 per share corresponding to a dividend yield of 2.2% and a pay-out ratio of 45%, will be distributed for 2024. The total dividend proposed amounts to DKK 461m.

Outstanding shares net of Treasury shares

1,000	2024	2023
Treasury shares at 1 January	914	914
Acquisitions of treasury shares	55	0
Used for share based payments	(156)	0
Treasury shares at 31 December	**813**	**914**
Outstanding shares net of Treasury shares:		
Outstanding shares net of Treasury shares 1 January	56,736	56,736
Movement, treasury shares	101	0
Outstanding shares net of Treasury shares at 31 December	**56,837**	**56,736**

5.2 Earnings per share

Earnings per share from continuing activities increased to DKK 17.9 in 2024 (2023: DKK 12.0). Earnings per share from discontinued activities equalled DKK 0.0 in 2024 (2023: DKK -3.2).

The number of dilutive shares from share-based payment (see note 6.1) is determined as the number of shares that are expected to vest under share-based payments to employees, reduced by the numbers of shares that represents the fair value of service during the remaining vesting period.

Earnings per share from continuing and discontinuing activities

DKKm	2024	2023
Profit for the year, continuing activities	1,030	672
Minority interests	(12)	6
FLSmidth's share of profit, continuing activities	**1,018**	**678**
Loss for the year, discontinued activities	0	(181)
FLSmidth's share of loss, discontinuing activities	**0**	**(181)**
FLSmidth's share of profit	**1,018**	**497**

Number of shares (1,000)	2024	2023
Issued shares 1 January	57,650	57,650
Treasury shares, weighted	824	914
Average number of outstanding shares	**56,826**	**56,736**
Dilutive effect of share based payment	508	401
Average diluted number of outstanding shares	**57,334**	**57,137**

DKK per share	2024	2023
Earnings per share from continuing activities	17.9	12.0
Earnings per share from discontinued activities	0,0	(3.2)
Earnings per share from continuing and discontinued activities	**17.9**	**8.8**
Diluted earnings per share from continuing activities	17.8	11.9
Diluted earnings per share from discontinued activities	0,0	(3.2)
Diluted earnings per share from continuing and discontinued activities	**17.8**	**8.7**

5.3 Financial risks

Due to the international activities and the industry characteristics, risks are an embedded part of doing business. We are exposed to financial risks, that can have a material impact to the consolidated financial statements of the Group.

The financial risks are to the extent possible managed centrally for the Group and are governed by the Treasury Policy, which is approved by the Board of Directors. The Treasury Policy is updated on an annual basis to address any changes in the risk picture.

The main financial risks that we are exposed to are interests, currency, credit and liquidity risks.

Interest rate risk
Interest rate risks arise from interest-bearing assets and liabilities. Interest-bearing items consist primarily of cash and cash equivalents, bank loans and mortgage debt.

According to the Treasury Policy, hedging of interest rates is governed by a duration range and is managed by using derivatives such as interest rate swaps. No interest derivatives have been used during 2024 or 2023.

As of 31 December 2024, the majority of our interest-bearing debt is carrying a floating rate.

All other things being equal, a 1%-point increase in the interest rate will increase our interest cost by DKK 8m (2023: DKK 6m), calculated as 1% of the net interest bearing debt as of 31 December 2024. The sensitivity to changes in the interest rate has increased in 2024 due to the increase in net debt.

Currency risk
The Treasury Policy aims to reduce the most significant currency risks to better predict the impact on the income statement as well as the cash flows to be paid or received and to protect the EBITDA of the individual entities from changes in exchange rates. The risks are managed through hedging activities by entering commonly used derivatives such as forward contracts. The currency risks, which is transaction risk, arise primarily from purchase and sale in foreign currencies compared to the functional currency of each of the Group entities.

The Treasury Policy sets forth thresholds and requirements for the hedging strategy to be applied. Hedge accounting is applied for the largest project transactions. For other project transactions, the currency risk is either not hedged or economically hedged, dependent on the significance of the risk.

We are, to a large extent, carrying out transactions in EUR and USD as these currencies are preferred in the Mining and Cement industries. EUR against DKK is currently not considered an exposure due to the Danish Kroner being pegged to the Euro.

5.3 Financial risks – continued

The table 'Transaction impact' is a sensitivity analysis showing the gain/loss on EBITDA of a 5% percent appreciation of the largest currency exposure towards DKK (a 5% decrease will have similar opposite effect). The analysis assumes that all other variables, exposures and interest rates in particular, remain constant. The analysis includes the offsetting impact from monetary items and derivatives used to hedge the currency risk.

Transaction impact

		2024	2023
DKKm	**Change**	**EBITDA**	**EBITDA**
Currency			
USD	5.0%	40	26
CLP	5.0%	18	14
ZAR	5.0%	12	2
INR	5.0%	7	6
BRL	5.0%	6	14
IDR	5.0%	5	3

In addition to the transactional effects, in the event of currency developments, we will also be impacted by translation effects from the Group entities with net assets in functional currencies other than Danish Kroner and Euro. In 2024 translation effects of DKK 113m (2023: DKK-359m) have been recognised in Other Comprehensive income. A 5% appreciation on the currencies with largest exposure towards Danish Kroner will have the following effect on other comprehensive income (a 5% depreciation will have a similar negative effect).

Translation impact

DKKm	Change	2024	2023
USD	5.0%	134	114
CLP	5.0%	61	58
CAD	5.0%	35	49
AUD	5.0%	21	22
GBP	5.0%	16	15
MXN	5.0%	16	20

Credit risk
We are exposed to credit risks arising from cash and cash equivalents, derivatives and receivables including work in progress.

At 31 December 2024, total credit risk was DKK 9,082m (2023: DKK 9,664m) as shown in the table below. The credit risk is governed by the Group's Credit Risk Policy.

For receivables the credit risk is managed by continuous risk assessments and credit evaluations of customers and trading partners; having country specific risk factors in mind. To the extent possible, the credit risks are mitigated through use of payment securities, such as letters of credit and guarantees issued by first class rated banks, or by securing positive cash flow throughout the execution under customer contract. At the end of 2024, 3% (2023: 10%) of our work in progress asset and 4% (2023: 6%) of our trade receivables balance were covered by payment securities.

Our customers and trading partners mainly consist of companies within the Mining and Cement industry. Credit risk is among other things dependent on the development in these industries.

The Treasury Policy sets forth authority limits for the credit risk exposure related to cash and cash equivalents as well as derivatives. The limits are based on the counterparty credit rating.

We have entered into netting agreements with the counterparties used for trading of derivatives, which means that the credit risk for derivatives is limited to the net assets per counterparty.

We aim at using banks of high quality in the countries we operate in. However, due to the nature of our business and operations in emerging markets, we are sometimes exposed to banks where the credit rating and quality can be lower than what we typically see in developed countries.

We consider the maximum credit risk to financial counterparties to be DKK 1,107m (2023: DKK 1,365m).

Total exposure to credit risk

DKKm	2024	2023
Non-financial counterparties:		
Trade receivables, note 3.3	4,073	4,516
Work in progress, assets, note 3.4	3,009	2,769
Other receivables, note 3.5	890	995
of which derivatives	(53)	(37)
Other securities and investments	56	56
Total non-financial counterparties	**7,975**	**8,299**
Financial counterparties:		
Derivatives, netted amount	37	13
Cash and cash equivalent	1,070	1,352
Total financial counterparties	**1,107**	**1,365**
Total exposure to credit risk	**9,082**	**9,664**

5.3 Financial risks – continued

Liquidity risk
The Treasury Policy includes requirements for FLSmidth's financial reserve to ensure that the Group always has sufficient and flexible financial resources available to ensure continuous operations and to honour liabilities when they become due.

The financial reserve must exceed DKK 3,000m and is defined as unrestricted cash together with undrawn commited facilities less the impact from supply chain financing programme.

Committed facilities includes a Revolving Credit Facility with a group of international banks, a green term loan with Nordic Investment Bank and a Danish mortgage loan. The weighted average maturity of these loans is 2.4 years at the end of 2024 (2023: 3.4), and no facilities matures before 2027. The committed facilities contain standard clauses such as pari passu, negative pledge, change of control and a leverage financial covenant. The risk of breaching the financial covenant is highly unlikely.

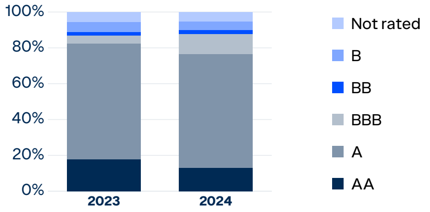
By the end of 2024, total committed credit facilities were DKK 6,324m (2023: DKK 6,322m) of which DKK 4,801m (2023: DKK 4,689m) was unutilised. Together with non-restricted cash less impact from supply chain finance, the financial reserve amounts to DKK 4,777m and shows comfortable headroom to the DKK 3,000m threshold.

Short-term liquidity is managed through international cash-pools and by having overdraft facilities in place with various financial institutions.

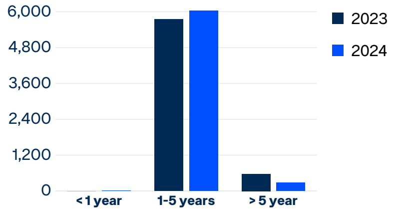
Restricted cash
Restricted cash is bank balances in countries with currency restrictions or other restrictions preventing the funds to be readily available for the wider group. The definition of restricted cash is unchanged from last year.

Restricted cash amounted to DKK 517m (2023: DKK 852m). Focused repatriation efforts during 2024 have reduced restricted cash significantly.

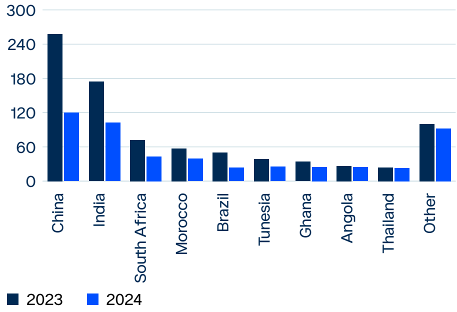
Credit risk ratings per financial institution
%



Maturity profile of Group funding facilities
DKKm



Group restricted cash
DKKm



5.4 Financial income and costs

Net financial costs

DKKm	2024	2023
Interest income	43	69
Fair value adjustment of derivatives	369	582
Foreign exchange gains	534	717
Fair value adjustment of shares	4	3
Total financial income	**950**	**1,371**
Interest cost	(152)	(149)
Loss from associates	(43)	(62)
Lease interest cost	(9)	(12)
Fair value adjustment of derivatives	(245)	(524)
Foreign exchange losses	(676)	(764)
Fair value adjustment of shares	(5)	(6)
Total financial costs	**(1,130)**	**(1,517)**
Net financial costs	**(180)**	**(146)**

Cash flow effect from financial income and costs

DKKm	2024	2023
Interest received	35	70
Interest paid	(164)	(164)
Cash flow effect	**(129)**	**(94)**

On a net basis, foreign exchange adjustments, including the impact from economic hedges, amounted to DKK -19m (2023: DKK 11m) primarily related to the cost of hedging the loan portfolio to the functional currency of the borrowing entity (forward points) and exposures in the non-hedgeable emerging market currencies, as well as timing differences between cash flows and hedges.

The net interest cost totalled DKK 109m (2023: DKK 80m) related to loans and deposits.

Fair value adjustment of shares of net DKK -1m (2023: DKK -3m) relates to shareholdings in Cement companies.

Further information on income/loss from associates can be found in note 2.6.

§ Accounting policy

Financial income and costs comprise interest income and costs, realised and unrealised foreign exchange gains and losses arising from monetary items, income/loss from associates accounted for at equity method and fair value adjustments of shares and derivatives where hedge accounting is not applied.

5.5 Derivatives

The Group's derivatives are entered into to the hedge currency risk and accounted for as hedge accounting or economic hedges.

We use derivatives to hedge currency risks arising from monetary items recognised in the balance sheet. Fair value adjustments recognised in financial items in the income statement amounted to DKK 124m (2023: DKK 58m).

Economic hedge

At 31 December 2024 the fair value of our hedge agreements that are not recognised as hedge accounting amounted to DKK 25m (2023: DKK -9m). The breakdown of the economic hedges by most important currencies for each of the years 2024 and 2023 is shown in the table below.

Carrying amount, net fair value

	2024			2023		
DKKm	Economic hedge	Cash flow hedge	Total hedge	Economic hedge	Cash flow hedge	Total hedge
Financial instruments asset	49	4	53	26	11	37
Financial instruments liability	(24)	(9)	(33)	(35)	(14)	(49)
Total	**25**	**(5)**	**20**	**(9)**	**(3)**	**(12)**

Economic Hedge

	2024		2023		
DKKm	Notional amount	Net fair value		Notional amount	Net fair value
Currency					
AUD	(381)	19	AUD	(1,075)	(2)
USD	1,200	11	USD	751	(26)
CAD	74	(8)	CAD	509	11
GBP	495	2	GBP	374	1
MXN	200	3	MXN	276	3
Other		(2)	Other		4
Total		**25**	**Total**		**(9)**

A negative notional amount represents a sale of the currency

5.5 Derivatives – continued

Cash flow hedge
We use forward exchange contracts to hedge currency risks regarding expected future cash flows that meet the criteria for cash flow hedging.

The fair value reserve of the derivatives is recognised in other comprehensive income until the hedged items affect the income statement through work in progress. The fair value of derivatives is recognised in other receivables and other liabilities. The majority of the cash flow hedge instruments are expected to settle and affect the income statement within one year.

Ineffectiveness is recognised in the income statement within financial items. Ineffectiveness was immaterial in 2024 and 2023.

At 31 December 2024, the fair value of our cash flow hedge instruments amounted to DKK -5m (2023: DKK -3m). The breakdown of the cashflow hedges by most important currencies for each of the years 2024 and 2023 is shown in the table below.

Changes in the cash flow hedging reserve

DKKm	2024	2023
Change in cash flow hedge reserve	(11)	34
Reclassified from other comprehensive income to work in progress	15	4

Cash flow hedge

DKKm	2024 Notional amount	2024 Net fair value		2023 Notional amount	2023 Net fair value
Currency					
AUD	(133)	1	USD	(296)	5
USD	53	(6)	EUR	241	(7)
			CAD	(13)	(1)
Total		**(5)**	**Total**		**(3)**

A negative notional amount represents a sale of the currency

§ Accounting policy

Derivatives are initially recognised in the balance sheet at fair value and subsequently remeasured at fair value. Fair value of derivatives is included in other receivables or other liabilities respectively.

Fair value changes of derivatives that are accounted for as cash flow hedging instruments are recognised in other comprehensive income. Any ineffective portions of the cash flow hedges are recognised in the income statement within financial item. When the hedged cash flows materialises, the fair value of the hedging instrument is transferred from other comprehensive income into the line item of the hedged item.

Any changes in the fair value of derivatives not used for hedge accounting are recognised in the income statement within financial items.

Certain contracts contain conditions that correspond to derivatives. In case the embedded derivatives deviate significantly from the overall contract, they are recognised and measured as separate instruments at fair value. That is unless the contract concerned as a whole is recognised and measured at fair value.

5.6 Fair value measurement

Financial instruments measured at fair value on a recurring basis and with changes to fair value recognised in the Income statement are Securities and investments and Derivatives (included within Other receivables and Other liabilities), see note 5.8.

Securities and investments consist primarily of investments in cement companies. The fair value of investments is determined using a valuation technique that is in level 3 of the fair value hierarchy (primarily based on non-observable input) as there were no quoted investments by the end of 2024. The fair value is based on available data which include valuation based on multiple of earnings or equity from the latest available financial statements.

The derivatives are used for hedging of foreign currency exposure and are forward exchange contracts not traded in an active market. The fair value of derivatives is determined using a valuation technique that is in level 2 of the fair value hierarchy (primarily based on observable prices or traded prices for comparable instruments). The observable market data used in the valuation include exchange rates, interest rates, credit risk and volatility.

5.7 Net interest bearing debt

	2024					
DKKm	**Carrying amount 1 January 2024**	**Cash flows**	**Disposal of enterprises**	**Additional lease liability during the year**	**Foreign exchange effect**	**Carrying amount 31 December 2024**
Lease liabilities	233	(93)	(55)	130	3	218
Bank loans and mortgage debt, committed	1,633	(125)	0	0	1	1,509
Bank loans and mortgage debt, uncommitted	54	(8)	0	0	0	46
Other liability	175	44	0	0	(19)	200
Interest bearing debt	**2,095**	**(182)**	**(55)**	**130**	**(15)**	**1,973**
Cash and cash equivalents	1,352	(281)	0	0	(1)	1.070
Other receivables	104	(19)	0	0	(29)	56
Interest bearing assets	**1,456**	**(300)**	**0**	**0**	**(30)**	**1,126**
Net interest bearing debt / (assets)	**639**	**118**	**(55)**	**130**	**15**	**847**

	2023					
DKKm	**Carrying amount 1 January 2023**	**Cash flows**	**Disposal of enterprises**	**Additional lease liability during the year**	**Foreign exchange effect**	**Carrying amount 31 December 2023**
Lease liabilities	323	(133)	(49)	96	(4)	233
Bank loans and mortgage debt, committed	1,929	(296)	0	0	0	1,633
Bank loans and mortgage debt, uncommitted	615	(561)	0	0	0	54
Other liability	0	168	0	0	7	175
Interest bearing debt	**2,867**	**(822)**	**(49)**	**96**	**3**	**2,095**
Cash and cash equivalents	2,130	(700)	0	0	(78)	1,352
Other receivables	11	60	0	0	33	104
Interest bearing assets	**2,141**	**(640)**	**0**	**0**	**(45)**	**1,456**
Net interest bearing debt / (assets)	**726**	**(182)**	**(49)**	**96**	**48**	**639**

5.8 Financial assets and liabilities

§ Accounting policy

Financial assets are classified based on the contractual cash flow characteristics of the financial asset as well as our intention with the financial asset according to our business model.

If cash flows from a financial asset are solely payments of principal and interests the classification is either:

- Amortised cost, for financial assets, where the objective is to hold the financial asset to collect the contractual cash flows.
- Fair value through profit/loss, for other financial assets

Hedging instruments designated as hedge accounting are classified separately and are measured at fair value.

Based on this, all financial assets and liabilities, except for hedging instruments, securities and investments, are measured at amortised cost.

The table on the next page shows the fair value of all financial instruments and compares it to the carrying amount. For the mortgage debt, the fair value is determined as the quoted price of the underlying mortgage bonds funding the debt. The carrying amount for the other items is a reasonable approximation of fair value.

5.8 Financial assets and liabilities – continued

Assets

	2024						2023					
	Maturity of cash flows						Maturity of cash flows					
DKKm	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount
Hedging instruments (hedge accounting)	**4**	**0**	**0**	**4**	**4**	**4**	**8**	**0**	**0**	**8**	**11**	**11**
Hedging instruments (economic hedging)	49	0	0	49	49	49	26	0	0	26	26	26
Securities and investments	0	0	56	56	56	56	0	0	56	56	56	56
Fair value through profit and loss	**49**	**0**	**56**	**105**	**105**	**105**	**26**	**0**	**56**	**82**	**82**	**82**
Trade receivables	4,073	0	0	4,073	4,073	4,073	4,516	0	0	4,516	4,516	4,516
Work in progress	3,009	0	0	3,009	3,009	3,009	2,769	0	0	2,769	2,769	2,769
Other receivables	337	0	0	337	337	337	436	0	0	436	436	436
Cash and cash equivalents	1,070	0	0	1,070	1,070	1,070	1,352	0	0	1,352	1,352	1,352
Amortised cost	**8,489**	**0**	**0**	**8,489**	**8,489**	**8,489**	**9,073**	**0**	**0**	**9,073**	**9,073**	**9,073**
Total financial assets	**8,542**	**0**	**56**	**8,598**	**8,598**	**8,598**	**9,107**	**0**	**56**	**9,163**	**9,166**	**9,166**

Liabilities

	2024						2023					
	Maturity of cash flows						Maturity of cash flows					
DKKm	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount
Hedging instruments (hedge accounting)	**(9)**	**0**	**0**	**(9)**	**(9)**	**(9)**	**(12)**	**(1)**	**0**	**(13)**	**(14)**	**(14)**
Hedging instruments (economic hedging)	(24)	0	0	(24)	(24)	(24)	(35)	0	0	(35)	(35)	(35)
Fair value through profit and loss	**(24)**	**0**	**0**	**(24)**	**(24)**	**(24)**	**(35)**	**0**	**0**	**(35)**	**(35)**	**(35)**
Lease liabilities	(93)	(149)	(1)	(243)	(218)	(218)	(109)	(188)	(1)	(298)	(233)	(233)
Mortgage debt	(19)	(77)	(150)	(246)	(204)	(204)	(21)	(84)	(185)	(290)	(215)	(215)
Bank debt	(102)	(1,297)	(142)	(1,541)	(1,351)	(1,351)	(97)	(1,178)	(431)	(1,706)	(1,472)	(1,472)
Trade payables	(3,538)	0	0	(3,538)	(3,538)	(3,538)	(4,024)	0	0	(4,024)	(4,024)	(4,024)
Other liabilities	(1,722)	(49)	0	(1,771)	(1,771)	(1,771)	(1,714)	(51)	0	(1,765)	(1,765)	(1,765)
Amortised cost	**(5,474)**	**(1,572)**	**(293)**	**(7,339)**	**(7,082)**	**(7,082)**	**(5,965)**	**(1,501)**	**(617)**	**(8,083)**	**(7,709)**	**(7,709)**
Total financial liabilities	**(5,507)**	**(1,572)**	**(293)**	**(7,372)**	**(7,115)**	**(7,115)**	**(6,012)**	**(1,502)**	**(617)**	**(8,131)**	**(7,758)**	**(7,758)**

SECTION 6

Other notes

6.1 Share-based payment

Share-based payment programmes outstanding by the end of 2024 consist of the performance share programme (the recurring long-term incentive programme) and a restricted share programme that was granted in 2023.

Performance shares

The performance shares units (PSU) are based on a three year performance period and the performance measurement is based on key financial performance indicators as well as continued employment. For the outstanding programmes the key performance indicators are EBITA margin, total shareholder return (TSR) and a sustainability indicator (MZ).

Under the programmes, the number of PSUs (shares) that will eventually vest depends on the level of achievement of the key performance indicators. The purpose of the performance share programme is to ensure common goals for Group Executive Management, key employees and shareholders.

The value of the PSUs at grant date is measured at fair value (market price) of the shares adjusted for the expected performance under the TSR KPI.

The programme granted in March 2021 expired during 2024 with a payout of 149,117 shares (total fair value of DKK 48m). For the 2024 plan, a maximum of 286,175 shares were granted with 72,353 shares (2023: 74,216 shares on the 2023 plan) to Executive Management at grant date. The fair value at grant date was DKK 67m.

The total number of outstanding performance shares at the end of 2024 was 669,731 (2023: 655,083,) of which 618,255 are expected to vest (2023: 563,957). This includes the expected vesting of 177,973 performance shares in 2025 under the programme granted in March 2022.

Conditional grant	March-24	March-23	March-22
Performance period	Jan 2024 - Dec 2026	Jan 2023 - Dec 2025	Jan 2022 - Dec 2024
Vesting period	Mar 2024 - Feb 2027	Mar 2023 - Feb 2026	Mar 2022 - Feb 2025
Vesting conditions, other than service conditions	EBITA, TSR, MZ	EBITA, TSR, MZ	EBITA, TSR, MZ

Share-based payments measured at fair value

DKK/DKKm	2024	2023
Market price per share, end of year	356.00	287.20
Total fair value of performance shares expected to vest at the end of the vesting period, end of year	220	162

Outstanding performance shares

	2024			2023		
DKKm	Group Executive Management	Key employees	Total number	Group Executive Management	Key employees	Total number
Outstanding performance shares 1 January	161,436	493,647	655,083	132,625	465,057	597,682
Awards	72,353	213,822	286,175	74,216	249,041	323,257
Vested	(27,935)	(121,182)	(149,117)	0	0	0
Lapsed	(1,068)	(4,672)	(5,740)	(31,454)	(162,843)	(194,297)
Forfeited	(13,917)	(102,753)	(116,670)	(5,967)	(65,592)	(71,559)
Change in positions	(26,509)	26,509	0	(7,984)	7,984	0
Outstanding performance shares 31 December	**164,360**	**505,371**	**669,731**	**161,436**	**493,647**	**655,083**
Expected to vest	**152,571**	**465,684**	**618,255**	**138,032**	**425,925**	**563,957**

6.1 Share-based payment – continued

Restricted shares
To realise the Group's transformation journey over the next three years, selected key employees were granted a three-year share programme in 2023, see table below. The programme will vest in two tranches, being 1/3 after two years and the remaining shares after three years and subject to the participant being actively employed. It is expected that 33,553 restricted shares will vest in 2025.

§ Accounting policy
The performance share and the restricted share programmes are classified as equity based, as the schemes settle in shares.

The value of the services received in exchange for the granting of performance share units (PSUs) and restricted share units (RSUs), is measured as the fair value of the share units at grant date. The fair value of the PSUs and RSUs is determined based on the quoted share price and for the PSUs adjusted for the expected performance under the TSR KPI, both determined at grant date. The fair value is not adjusted for dividend as participants of the programme are compensated for dividend pay-outs during the performance period.

The fair value is recognised in staff cost in the income statement and in equity over the vesting period which is three years.

On initial recognition of the PSUs, the number of PSUs expected to vest are estimated. Subsequently, the estimate is revised so that the total cost recognised is based on the actual number of PSUs expected to vest, however, keeping the expectations related to the TSR KPI unchanged compared to grant date.

Restricted shares

Conditional grant	March-23	March-23
Performance and vesting period	Mar 2023-Mar 2026	Mar 2023-Mar 2026
Vesting conditions, other than service conditions	None	None
Fair value, end of year (DKKm)	33	30

Outstanding restricted shares	**2024**			**2023**		
DKKm	**Group Executive Management**	**Key employees**	**Total number**	**Group Executive Management**	**Key employees**	**Total number**
Outstanding restricted shares 1 January	45,912	57,458	103,370	0	0	0
Awards	0	0	0	49,468	58,671	108,139
Forfeited	(238)	(11,041)	(11,279)	(2,716)	(2,053)	(4,769)
Change in positions	(9,128)	9,128	0	(840)	840	0
Outstanding restricted shares 31 December	**36,546**	**55,545**	**92,091**	**45,912**	**57,458**	**103,370**

6.2 Related party transactions

Related parties to FLSmidth are determined as members of the Board of Directors and Group Executive Management, their close family members, or companies in which these persons have significant influence and the associated entities over which FLSmidth has significant influence.

During 2024, FLSmidth has had ordinary sales transactions of DKK 12m (2023: DKK 10m) with its associate Intertek Robotic Laboratories Pty Ltd. Other than that, there were no significant transactions between FLSmidth and any of its related parties, other than ordinary remuneration of the Board of Directors and Group Executive Management in 2023 and 2024. Refer to note 1.5 Staff cost and the Remuneration report 2024.

6.3 Audit fee

Fees to independent auditor

DKKm	**2024**	**2023**
Statutory audit	21	22
Other assurance engagement	2	1
Total audit related services	**23**	**23**
Tax and indirect taxes consultancy	0	0
Other services	0	2
Total non-audit services	**0**	**2**
Total fees to independent auditor	**23**	**25**

In addition to statutory audit, EY Godkendt Revisionspartnerselskab, the Group auditors appointed at the Annual General Meeting, provided other assurance engagements, primarily consisting of limited assurance on the Sustainability statement and reasonable assurance on the Remuneration Report for FLSmidth & Co. A/S. Other services for 2023 primeraly relates to the integration of Mining Technologies. All non-audit services have been approved by the Audit Committee.

6.4 Events after the balance sheet date

We are not aware of any subsequent matters, that could be of material importance to FLSmidth's financial position.

6.5 List of Group Companies

During 2024, the group structure has been changed to finalise the Cement activities for sale.

Company name	Country	Direct Group holding (pct.)
FLSmidth & Co. A/S	**Denmark**	
○ FLSmidth Real Estate A/S	Denmark	100
○ FLSmidth S.A.C.	Peru	100
○ FLSmidth Mining Technology (Beijing) Co. Ltd.	China	100
○ FLSmidth Finans A/S	Denmark	100
○ Matr. nr. 2055 A/S	Denmark	100
○ SLF Romer XV ApS	Denmark	100
☖ Gemena Sp. Z.o.o.	Poland	100
FLSmidth A/S	**Denmark**	**100**
○ FLS Maroc	Morocco	100
○ FLSmidth Kenya Limited	Kenya	100
○ FLSmidth Panama Inc.	Panama	100
○ FLSmidth Paraguay S.A.	Paraguay	100
○ Cement Knowledge Center	Kingdom of Saudi Arabia	51
○ FLSmidth S.A.	Spain	100
☖ FLSmidth S.A.S. EN LIQUIDACION	Colombia	100
○ FLSmidth Mongolia	Mongolia	100
○ FLSmidth (UK) Limited	United Kingdom	100
○ FLSmidth Caucasus Limited Liability Company (LLC)	Armenia	100
○ NHI-Fuller (Shenyang) Mining Co. Ltd.	China	50
○ FLSmidth Limited	Ghana	100
○ FLSmidth Argentina S.A.	Argentina	100
○ PT FLSmidth Indonesia	Indonesia	100
○ FLSmidth GmbH	Austria	100
○ FLSmidth Co. Ltd.	Vietnam	100
○ FLSmidth LLP	Kazakhstan	100
☖ TOO FLSmidth Plant Construction Kazakhstan	Kazakhstan	100
☖ TOO FLSmidth Plant Engineering Kazakhstan	Kazakhstan	100
○ FLSmidth Shanghai Ltd.	China	100
○ FLSmidth Qingdao Ltd.	China	100

Company name	Country	Direct Group holding (pct.)
○ Saudi FLSmidth Co.	Kingdom of Saudi Arabia	100
○ FLSmidth Nepal Private Limited	Nepal	100
○ FLSmidth SAS	France	100
○ FLSmidth Rusland Holding A/S	Denmark	100
☖ FLSmidth Rus OOO **	Russia	100
○ FLSmidth Industrial Solutions Ltda.	Brazil	100
○ FLSmidth Industrial Solutions Makine Sanayi Ve Ticaret A.Ş.	Turkey	100
○ FLSmidth Services Foreign Enterprise LLC	Uzbekistan	100
○ TIPCO Tudeshki Industrial Process Control GmbH	Germany	100
○ FLSmidth Support Services (Philippines) Inc.	Phillippines	100
○ FLS Global Business Centre Romania S.R.L.	Romania	100
○ NL Supervision Company Tunisia	Tunisia	100
FLS US Holdings, Inc.	**USA**	**100**
○ FLSmidth Inc.	USA	100
☖ Phillips Kiln Services (India) Pvt. Ltd.*	India	50
☖ Fuller Company	USA	100
☖ FLSmidth Dorr-Oliver Eimco SLC Inc.	USA	100
☖ FLSmidth Dorr-Oliver Inc.	USA	100
› FLSmidth Dorr-Oliver International Inc.	USA	100
○ B & R Warehousing, L.L.C.	USA	100
FLSmidth Germany GmbH * **	**Germany**	**100**
○ FLSmidth Wadgassen Ltd. **	Russia	100
○ thyssenkrupp Industrial Solutions Maroc SARL (in Members voluntary liquidation)	Morocco	100
○ FLSmidth Cement (Beijing) Ltd.	China	100
○ PT. FLSmidth Industries Southeast Asia	Indonesia	100
○ KH Mineral S.A.S.	France	100
○ OOO FLSmidth Mining Technologies (RUS) **	Russia	100
○ FLSmidth Mining Technologies (Thailand) Ltd. (in Members voluntary liquidation)	Thailand	100

6.5 List of Group Companies – continued

Company name	Country	Direct Group holding (pct.)
FLSmidth Minerals Holding ApS	**Denmark**	**100**
○ FLSmidth Private Limited	India	100
○ FLSmidth S.A.	Chile	100
○ FLSmidth Ltd.	Canada	100
☖ Farnell-Thompson Applied Technologies Inc.	Canada	100
○ FLSmidth S.A. de C.V.	Mexico	100
○ FLSmidth (Pty.) Ltd.	South Africa	100
☖ FLSMIDTH-SOCIEDADE UNIPESSOAL, LDA	Angola	100
☖ FLSmidth Mozambique Limitada	Mozambique	100
☖ FLSmidth (Pty) Ltd.	Botswana	85
☖ FLSmidth South Africa (Pty.) Ltd.	South Africa	74
☖ FLSmidth Industrial Solutions Africa (Pty) Ltd.	South Africa	100
› FLSmidth Industrial Solutions South Africa (Pty) Ltd.	South Africa	100
› FLSmidth Industrial Solutions (Botswana) (Proprietary) Limited	Botswana	100
› FLSmidth Industrial Solutions Mozambique Limitada	Mozambique	100
○ FLSmidth Pty. Ltd.	Australia	100
☖ FLSmidth ABON Pty. Ltd.	Australia	100
☖ Intertek Robotic Laboratories Pty Ltd *	Australia	50
☖ FLSmidth Industrial Solutions (Australia) Pty. Ltd	Australia	100
☖ Ludowici Pty. Limited (in Members voluntary liquidation)	Australia	100

Company name	Country	Direct Group holding (pct.)
FLSmidth Cement A/S	**Denmark**	**100**
○ FLSmidth Denmark Cement Holding ApS	Denmark	100
☖ FLSmidth Cement India LLP	India	100
○ NLSupervision Company Angola, LDA.	Angola	100
○ ISIRNEL S.A.	Uruguay	100
○ FLSmidth Cement Brazil Ltda.	Brazil	100
○ FLSmidth Cement Mexico S.A. de C.V.	Mexico	100
○ FLSmidth Mekanik Sistemler Satis Bakim Ltd. Sti	Turkey	100
○ FLSmidth Spol. s.r.o.	Czech Republic	100
○ FLSmidth Ventomatic S.p.A.	Italy	100
○ FLSmidth (Private) Ltd.	Pakistan	100
○ FLSmidth Philippines, Inc.	Philippines	100
○ FLSmidth (Thailand) Co. Ltd.	Thailand	100
○ FLSmidth Cement USA Inc.	USA	100
○ FLSmidth Cement (FZE)	United Arab Emirates	100
○ Nordics Cement technology and services (Beijing) Ltd	China	100
○ FLSmidth Pfister GmbH	Germany	100

* Associate
** There are no activities in the Russian companies
*** FLSmidth Germany GmbH makes use of the exemption provisons according to section 264 (3) of the German Commercial Code (HGB)

All other enterprises are Group enterprises. The activity level in Group companies in hyperinflation countries is insignificant. Therefore, IAS29 Financial Reporting in Hyperinflationary Economies has not been used.

SECTION 7

Basis of reporting

7.1 Introduction

This section provides an overview of our principal accounting policies and judgements as well as new and amended IFRS standards and interpretations.

The following sections provide an overall description of the accounting policies applied to the consolidated financial statements. We provide a more detailed description of the accounting policies and key estimates and judgements in the notes. An overview of key accounting estimates and judgements are provided in a separate section after the primary financial statements.

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies.

Certain underlying cost allocations principles have been updated in order to better reflect the nature of Production- and Administrative cost. In 2024 impact is a reclassification of DKK 127m from Administrative cost to Production cost. Comparative figures for 2023 have been adjusted accordingly, reallocating DKK 127m.

The annual report has been approved by the Board of Directors at its meeting 20 February 2025. The annual report will be presented to the shareholders of FLSmidth & Co. A/S for approval at the Annual General Meeting on 2 April 2025.

7.2 Basis of preparation

The consolidated financial statements of FLSmidth Group have been prepared in accordance with IFRS Accounting Standards® as adopted by the EU and further requirements in the Danish Financial Statements Act for listed companies in class D. We have prepared the consolidated financial statements in accordance with all the IFRS Accounting Standards® effective at 31 December 2024. The financial year for the Group is January 1 – December 31.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except for derivatives and securities, which are measured at fair value. The accounting policies are unchanged from last year except from changes included in note 7.6.

As required under the Commission's Delegated Regulation (EU) 2019/815 (ESEF Regulation), FLSmidth & Co. A/S' annual report is filed in the European Single Electronic Format (ESEF). The consolidated financial statements and notes are tagged using inline eXtensible Business Reporting Language (iXBRL). FLSmidth Group's iXBRL tagging complies with the ESEF taxonomy included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created, except for elements corresponding to subtotals. The annual report submitted to the Danish Financial Supervisory Authority consists of a zip-file (213800MXXDGQ3ITPXI41-2024-12-31-en.zip) that includes an XHTML file, that can be opened in standard web browsers and a number of technical XBRL files that make automated extracts of the incorporated XBRL data possible.

7.3 Defining materiality

The annual report is based on the concept of materiality, to ensure that the content is material and relevant to the readers. The consolidated financial statements consist of many transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the consolidated financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

The disclosure requirements throughout IFRS are substantial, and we provide the specific disclosures required by IFRS unless the information is considered immaterial to the economic decisionmaking of the readers of these consolidated financial statements.

7.4 Alternative Performance measures

We present financial measures which are not defined according to IFRS. We use these alternative performance measures (APM) as we believe that these financial measures provide valuable information to our stakeholders and management. The financial measures should not be considered as a replacement for performance measures as defined under IFRS, but rather as supplementary information.

The alternative performance measures may not be comparable to similarly titled measures presented by other companies, as the definitions and calculations may be different. Our definitions of the financial measures are included in note 7.8 Definition of terms.

We use several alternative performance measures throughout the report. The most commonly used are:

Growth
We use different alternative performance measures related to growth, such as order intake, order backlog and growth. We use these measures in the daily management of our business, as order intake and order backlog are part of the main indicators of our future activity level.

Profit
We use different alternative performance measures related to profit, such as EBIT, EBITA and EBITDA. EBITA is a measure which is commonly used within the industry and included in our calculation of return of capital employed. To reflect the underlying performance, we have in 2023 and 2024 supplementary included adjusted EBITA and adjusted EBITA margin in the management report. The adjustments cover the transformation and separation costs of DKK 261m. 2023 was adjusted DKK 481m related to the integration of Mining Technologies.

Cash flow
We use different alternative performance measures related to cash flow, such as free cash flow. We use free cash flow to measure how much cash we generate from our operations after maintaining our capital employed. Therefore, free cash flow is determined as cash flow from operating and investing activities.

Financial position
We use different alternative performance measures related to the financial position, such as capital employed, net working capital and net interest-bearing debt. Capital employed and net working capital are included in our calculation of return of capital employed. Net working capital is also a measure we use in the daily management of our business, as it is closely related to the activity.

7.5 Material Accounting policies

The descriptions of material accounting policies in the notes form part of the overall description of accounting policies.

Consolidation
The consolidated financial statements comprise the financial statements of FLSmidth & Co. A/S (the parent company) and subsidiaries controlled by FLSmidth & Co. A/S, prepared in accordance with Group accounting policies. The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany profits and losses.

7.5 Material Accounting policies – continued

Foreign currencies
The consolidated financial statements are presented in Danish Kroner (DKK) that is the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency defined for each company using the prevailing exchange rates at the transaction date. Monetary items denominated in foreign currencies are translated into the functional currency at the prevailing exchange rates at the reporting date.

Financial statements of foreign subsidiaries are translated into Danish Kroner at the prevailing exchange rates at the reporting date for assets and liabilities, and at average exchange rates for income statement items.

All exchange rate differences are recognised as financial income or financial costs, except for the following, that are recognised in other comprehensive income, translated at the prevailing exchange rates at the reporting date:

- Translation of foreign subsidiaries' net assets at the beginning of the year
- Translation of foreign subsidiaries' income statements from average exchange rates to the exchange rates prevailing at the reporting date
- Translation of long-term intercompany balances, which are considered to form part of the net investment in subsidiaries

Goodwill arising from the acquisition of new companies is treated as an asset belonging to the new foreign subsidiaries and translated into Danish Kroner at prevailing exchange rates at the reporting date.

Unrealised gain/loss relating to hedging of future cash flow is recognised in other comprehensive income.

7.6 Impact from new IFRS Accounting Standards

We have implemented all changes to IFRS Accounting Standards as adopted by the EU and applicable for the 2024 financial year, including:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-Current (issued January 2020 and October 2022). The amendment clarifies that only covenants that shall be meet before the end of the reporting period affect the classification. Further, if a right to defer the settlement of a liability for more than 12 month it is classified as non-current irrespectively of management's intention to defer or not. The amendment also adds disclosure requirements on covenants, the potential risk that an entity will not be able to meet covenants and if an entity has repaid non-current liabilities after the reporting period. The additional disclosure is provided in note 5.3, under liquidity risk.
- Amendments to IFRS 16, Lease liability in a sale and leaseback (issued September 2022). The amendment introduces measurement requirements for sale and lease back transactions that satisfy the requirements in IFRS 15 for being accounted for as a sale. This implies that no gain or loss related to the right of use retained is recognised.
- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements (issued May 2023). The amendments have added disclosure on our supply chain financing programme in notes 3.6 and 5.3 under liquidity risk.

The implementation of the above amendments has not had and is not expected to have a significant impact on the consolidated financial statements but added disclosures in the notes.

7.7 New IFRS Accounting Standards not yet adopted

Generally, we expect to implement all new or amended accounting standards and interpretations when they become mandatory and have been endorsed by the EU. IASB has issued new or amended accounting standards, which become effective after 31 December 2024.

The following amendments are relevant for FLSmidth & Co. A/S. We are currently assessing the impact and foresee some changes to the presentation in the income and cash flow statements and to the disclosures in the notes to the financial statements but none of these are expected to have a significant impact on the consolidated financial statements:

New IFRS not yet updated

IFRS	Description	Effective date
Amendments to IAS 21, Lack of Exchangeability	The amendment adds provisions on how to assess whether a currency is exchangeable into another currency and, when it is not, how to estimate the exchange rate and disclosures to be provided (issued August 2023). .	01-Jan-25
Amendments to IFRS 9 and IFRS 7	The post-implementation review of the classification and measurement requirements in IFRS 9 led to limited amendments to what constitutes basic lending features (issued May 2024).	01-Jan-26
Annual improvements, Volume 11	Include amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (issued July 2024). .	01-Jan-26
Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity	Amendment to improve the accounting for contracts referencing nature-dependent electricity, including allowing to apply hedge accounting when such contracts are used as hedging instruments (issued December 2024).	01-Jan-26
IFRS 18, Presentation and Disclosure in Financial Statements	The standard replaces IAS 1 and includes new structure and required subtotals in the income statement, disclosures on management-defined performance measures (MPMs) and enhanced guidance on grouping of information (aggregation and disaggregation) (issued April 2024). .	01-Jan-27

7.8 Definition of terms

Acquisition development
Development as a consequence of business acquisition, disregarding development from currency. In general, business acquisitions are included in the development from organic growth after 12 months, unless it earlier is impracticable to distinguish acquisition development from organic growth, e.g. due to integration into existing business.

Alternative performance measure
A financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified according to IFRS.

Book-to-bill
Order intake as a percentage of revenue.

BVPS (Book value per share)
FLSmidth & Co. A/S´ share of equity excluding minorities divided by year-end number of shares.

Capital employed, average
In 2023, the average capital employed was adjusted due to the acquisition of Mining Technologies by including the increase in capital employed coming from Mining Technologies prorated to the period when FLSmidth was the owner.

Capital employed, end of period
Intangible assets (cost) + property, plant and equipment (carrying amount) + lease assets + net working capital.

Capital expenditure (CAPEX)
Investment in intangible assets as well as property, plant and equipment and leased assets. Excluding impact from acquisitions.

CFFF
Cash flow from financing activities.

CFFI
Cash flow from investing activities.

CFFO
Cash flow from operating activities.

CFFO / Revenue
CFFO as a percentage of last 12 months' revenue.

CFPS (cash flow per share), (diluted)
CFFO as a percentage of average number of shares (diluted).

Currency development
The difference between the current figure reported and the same figure had the exchange rates towards DKK been the same as in the comparison period.

DIFOT
Delivery in full on time.

Dividend yield
Dividend as percent of share price end of year.

EBIT
Earnings before interest and tax and impairments of investments in associated companies.

EBIT margin
EBIT as a percentage of revenue.

EBITA and adj. EBITA
Earnings before, interest, tax, amortisation and impairments of investments in associated companies. Adjusted EBITA equals EBITA plus integration and separation costs of DKK 261m (2023: DKK 481m).

EBITA margin and adj. EBITA margin
EBITA as a percentage of revenue. Adjusted EBITA margin calculated as Adjusted EBITA as a percentage of revenue.

EBT
Earnings before tax.

EBT margin
EBT as a percentage of revenue.

Effective tax rate
Income tax expenses as a percentage of EBT.

EPC projects
Engineering, procurement and construction.

EPS projects
Engineering, procurement and supervision.

EPS (earning per share)
Net profit/(loss) divided by the average number of shares outstanding (adjusted for treasury shares).

EPS (earnings per share), (diluted)
Net profit/(loss) divided by the average number of shares outstanding (adjusted for treasury shares) less share options in-the-money.

Equity ratio
Equity as a percentage of total assets.

Financial gearing (NIBD/EBITDA)
Net interest-bearing debt (NIBD) divided by EBITDA.

Free cash flow
CFFO + CFFI.

Free cash flow adjusted for acquisitions and disposals of enterprises and activities
CFFO + CFFI + acquisitions of enterprises and activities - disposals of enterprises and activities.

Gross margin
Gross profit as a percentage of revenue.

Growth decomposition
Increase/decrease in percentage compared to last year. Currency effect is current year amount compared to current year amount at last year's foreign exchange rate. Organic effect is growth excluding currency effect, divestment and acquisition. In 2024 the impact from acquisition was immaterial.

Market capitalisation
The share price multiplied by the number of shares issued end of year.

Net interest-bearing debt (NIBD)
Interest-bearing debt less interest-bearing assets and bank balances.

Net working capital, average
(Net working capital, end of year + net working capital, end of last year)/2.

Net working capital, end
Inventories + trade receivables + work in progress for third parties, net + prepayments, net + financial instruments, net + other receivables – other liabilities – trade payables.

Net working capital ratio, average
Net working capital, average as a percentage of last 12 months revenue.

Net working capital ratio, end
Net working capital as a percentage of last 12 months´ revenue.

Number of shares outstanding
The total number of shares, excluding FLSmidth's holding of treasury shares.

7.8 Definition of terms – continued

NIBD/EBITDA
Net interest-bearing debt (NIBD) divided by last 12 months' EBITDA.

Operational expenditure (OPEX)
External costs, personal cost and other income and costs.

Order backlog
The value of outstanding performance obligations on current contracts at end of year.

Order backlog / Revenue
Order backlog as a percentage of last 12 months´ revenue.

Order intake
Orders are included as order intake when an order becomes effective, meaning when the contract becomes binding for both parties dependent on the specific conditions of the contract.

Organic development
Development as a consequence of growth in already existing business, disregarding development from currency.

Other comprehensive income
All items recognised in equity other than those related to transactions with owners of the company.

Pay-out ratio
The total dividends for the year as a percentage of profit/(loss) for the year.

Return on equity
Profit/(loss) for the last 12 months´ as a percentage of equity ((Equity, end of year + equity, end of last year)/2).

ROCE (return on capital employed)
EBITA as a percentage of capital employed, average.

Sales, General & Administrative costs (SG&A costs)
Sales cost + Administrative cost ± other operating items.

Total shareholder return
Share price increase and paid dividend.

Parent company financial statements

Primary statements

Notes

Management's review

Parent company FLSmidth & Co. A/S' activities include holding of shares in Group enterprises and the Group's Treasury activities. Regarding the holding of treasury shares reference is made to section 5.1 in the consolidated financial statements.

Dividend from Group enterprises to the parent company, FLSmidth & Co. A/S, amounted to DKK 614m in 2024 (2023: DKK 17m) and the profit for the year amounted to DKK 597m (2023: DKK 116m).

Other operating costs amounted to DKK 61m primarily consisting of administrative costs and Management costs. An increase compared to 2023, which is mainly related to administrative costs and professional fees.

No impairment of investments in Group enterprises occurred in the year.

The decrease in net financials is caused by a decrease in costs related to finacial instruments. Net financial income is DKK 110m (2023: DKK 170m).

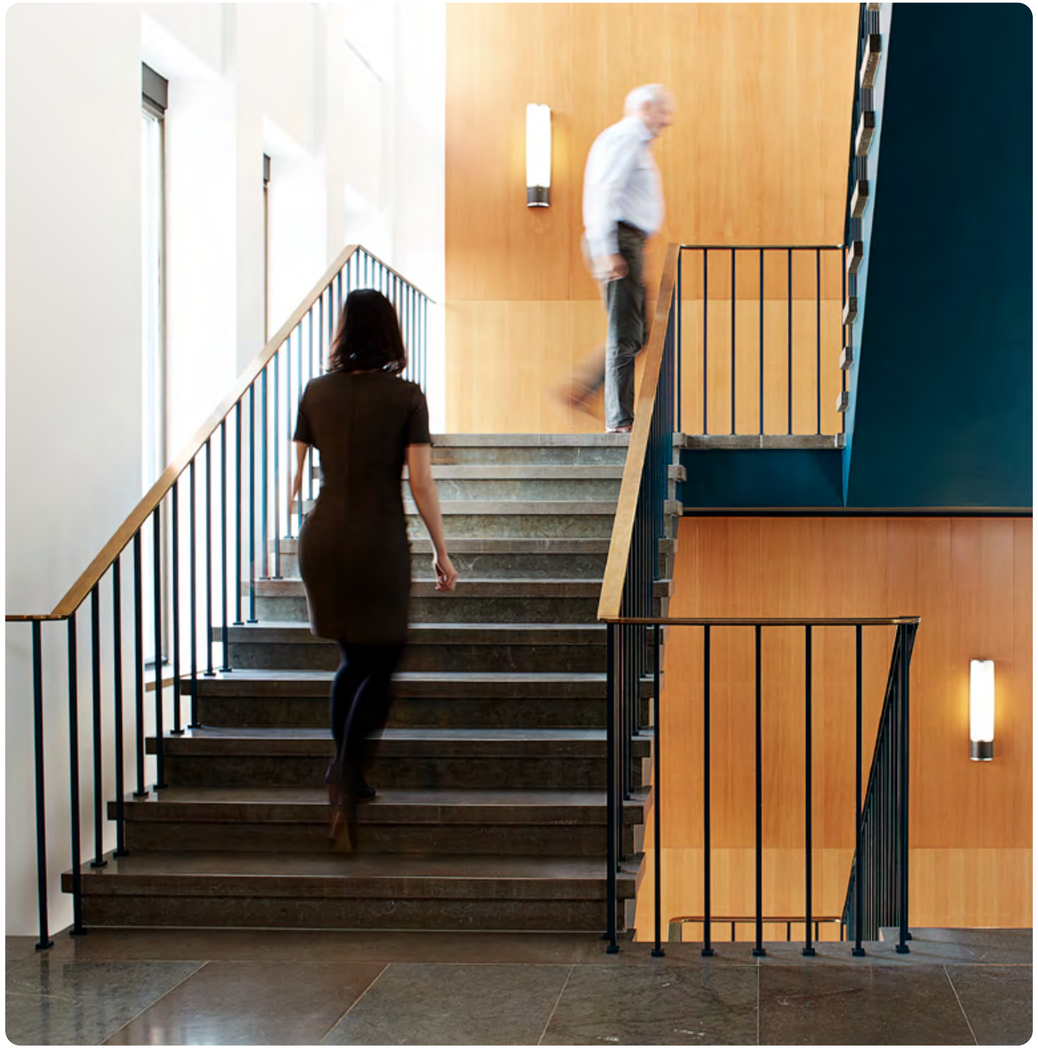
Total assets at year-end amounted to DKK 14,731m (2023: 11,712m) and the equity amounted to DKK 4,039m (2023: 3,688m).

The result for the Parent is above Management's expectations. The higher result is primarily caused by dividends from Group enterprises.

The financial guidance for 2025 for the Parent is that we expect to realise a loss for the year between DKK 0m and DKK 50m. The guidance for the year does not include any potential impairments of investments in Group enterprises.

Income statement

Notes	DKKm	2024	2023
	Dividend from Group enterprises	614	17
	Other operating income	1	1
1	Staff costs	(7)	(7)
	Other operating costs	(61)	(44)
7	Impairment of investments in Group enterprises	0	0
6	Depreciation, amortisation and impairment	0	(1)
	EBIT	**547**	**(34)**
2	Financial income	1,257	1,572
3	Financial costs	(1,147)	(1,402)
	EBT	**657**	**136**
4	Tax for the year	(60)	(20)
	Profit for the year	**597**	**116**
5	Distribution of profit for the year:		
	Retained earnings	136	(115)
	Proposed dividend	461	231
		597	**116**



Balance sheet

Notes	DKKm	31/12 2024	31/12 2023
	Assets		
6	Land and buildings	6	6
6	**Property, plant and equipment**	**6**	**6**
7	Investments in Group enterprises	4,211	3,629
7	Other securities and investments	9	12
	Financial non-current assets	**4,220**	**3,641**
	Total non-current assets	**4,226**	**3,647**
	Receivables from Group enterprises	10,107	7,665
	Deferred tax assets	4	45
	Other receivables	102	92
	Receivables	**10,213**	**7,802**
	Cash and cash equivalents	**292**	**263**
	Total current assets	**10,505**	**8,065**
	Total assets	**14,731**	**11,712**

Notes	DKKm	31/12 2024	31/12 2023
	Equity and liabilities		
	Share capital	1,153	1,153
	Retained earnings	2,425	2,304
	Proposed dividend	461	231
	Equity	**4,039**	**3,688**
11	Provisions	6	9
	Provisions	**6**	**9**
12	Bank loans	1,316	1,429
12	Other liabilities	0	2
	Total non-current liabilities	**1,316**	**1,431**
12	Bank loans	13	20
12	Debt to Group enterprises	9,217	6,364
12	Income tax liabilities	3	78
12, 13	Other liabilities	137	122
	Total current liabilities	**9,370**	**6,584**
	Total liabilities	**10,692**	**8,024**
	Total equity and liabilities	**14,731**	**11,712**

Equity statement

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023	**1,153**	**2,414**	**173**	**3,740**
Profit for the year	0	116	0	116
Dividend paid	0	3	(173)	(170)
Proposed dividend	0	(231)	231	0
Share-based payment	0	2	0	2
Equity at 31 December 2023	**1,153**	**2,304**	**231**	**3,688**
Profit for the year	0	597	0	597
Dividend paid	0	3	(231)	(228)
Proposed dividend	0	(461)	461	0
Share-based payment	0	2	0	2
Acquisition of treasury shares	0	(20)	0	(20)
Equity at 31 December 2024	**1,153**	**2,425**	**461**	**4,039**

Number of shares (1,000)	2024	2023	2022	2021	2020
Share capital at 1 January	57,650	57,650	57,650	51,250	51,250
Issue of shares	0	0	0	6,400	0
Share capital at 31 December	**57,650**	**57,650**	**57,650**	**57,650**	**51,250**

Share capital is divided into 57,650,000 shares of DKK 20 each. Each share entitles its holder to 20 votes, and there are no special rights attached to the shares.

Profit for the year DKK 597m (2023: DKK 116m) is transferred to retained earnings, of which DKK 461m (2023: DKK 231m) is proposed as dividend.

1 Staff costs

DKKm	2024	2023
Salaries and other remuneration	3	3
Bonus	2	2
Share-based payment	2	2
	7	**7**
Average number of employees	**8**	**8**

The company pays remuneration to the Group's Board of Directors and the Group's Executive Management employed in Denmark, with the latter being an average of 8 employees (2023: 8).

Most of the compensation is allocated to other Group entities. Remuneration of the company's Board of Directors for 2024 amounts to DKK 7m (2023: DKK 7m), including DKK 0m (2023: DKK 0m) which was incurred by the parent company. The total remuneration of the Group's Executive Management amounted to DKK 117m (2023: DKK 77m), of which DKK 7m (2023: DKK 7m) was incurred by the parent company.

In respect to Group's Executive Management incentive programme (bonus and share-based payment) reference is made to sections 1.5 Staff costs and 6.1 Share-based payment in the consolidated financial statements.

2 Financial income

DKKm	2024	2023
Interest income	6	5
Interest income from Group enterprises	523	443
Foreign exchange gains	728	1,124
Total financial income	**1,257**	**1,572**

Foreign exchange gains and losses relate primarily to derivatives used to hedge the currency exposure for the Group.

3 Financial costs

DKKm	2024	2023
Interest cost	(110)	(99)
Interest cost to Group enterprises	(358)	(237)
Foreign exchange losses	(679)	(1,066)
Total financial costs	**(1,147)**	**(1,402)**

Foreign exchange gains and losses relate primarily to derivatives used to hedge the currency exposure for the Group.

4 Tax for the year

DKKm	2024	2023
Current tax on profit/loss for the year	(13)	(30)
Withholding tax	(1)	(1)
Adjustments of deferred tax	(3)	13
Adjustments regarding previous years, deferred taxes	(38)	(3)
Adjustments regarding previous years, current taxes	(5)	1
Tax for the year	**(60)**	**(20)**

5 Distribution of profit for the year

Proposed distribution of profit:

DKKm	2024	2023
Proposed dividend	461	231
Retained earnings	136	(115)
Profit for the year	**597**	**116**

6 Property, plant and equipment

	2024		
DKKm	**Land and buildings**	**Operating equipment, fixtures and fittings**	**Total**
Cost at 1 January	23	2	25
Cost at 31 December	**23**	**2**	**25**
Depreciation and impairment at 1 January	(17)	(2)	(19)
Depreciation	0	0	0
Depreciation and impairment at 31 December	**(17)**	**(2)**	**(19)**
Carrying amount at 31 December	**6**	**0**	**6**

	2023		
DKKm	**Land and buildings**	**Operating equipment, fixtures and fittings**	**Total**
Cost at 1 January	23	2	25
Cost at 31 December	**23**	**2**	**25**
Depreciation and impairment at 1 January	(16)	(2)	(18)
Depreciation	(1)	0	(1)
Depreciation and impairment at 31 December	**(17)**	**(2)**	**(19)**
Carrying amount at 31 December	**6**	**0**	**6**

7 Financial non-current assets

Financial non-current assets include investments in Group enterprises measured at cost less impairment and other securities and investments measured at fair value.

The additions and disposals for the year are related to our pure-play strategy which has resulted in regrouping of the ownership of specific entities within the group structure. By the end of 2024, the carrying amount of the investment is DKK 4,220m.

For specification of investments in Group enterprises see note 6.5 in the consolidated financial statements.

Result of annual impairment test
At the end of 2024, the cost price of the investments in subsidiaries was tested for impairment. The impairment test was based on value in use. The impairment test did not reveal an impairment loss or reversal of impairments recognised in prior years.

At the end of 2023, the impairment test did not reveal an impairment loss or reversal of impairments recognised in prior years.

Key assumptions
The impairment test has been based on a five year forecast for FLSmidth Cement A/S. The applied discount rate after tax is 10.5% (2023: 10.5%) and reflects the latest market assumptions for the risk-free rate based on a 10-year US government bond, the equity risk premium and the cost of debt. The long-term growth rate for the terminal period in the impairment test 2023 was based on the expected growth in the world economy as well as input from current long-term swaps. Based on these factors, a long-term annual growth rate for the terminal period of 2.0% was applied in 2023. In 2024, the long-term growth has remained unchanged.

	2024		
DKKm	**Investments in Group enterprises**	**Other securities and investments**	**Total**
Cost at 1 January	4,308	37	4,345
Additions	614	0	614
Disposals	(32)	0	(32)
Cost at 31 December	**4,890**	**37**	**4,927**
Impairment/fair value adjustments at 1 January	(679)	(25)	(704)
Reversal of prior year's impairment	0	0	0
Fair value adjustments	0	(3)	(3)
Impairment/fair value adjustments at 31 December	**(679)**	**(28)**	**(707)**
Carrying amount at 31 December	**4,211**	**9**	**4,220**

	2023		
DKKm	**Investments in Group enterprises**	**Other securities and investments**	**Total**
Cost at 1 January	3,245	37	3,282
Additions	2,026	0	2,026
Disposals	(963)	0	(963)
Cost at 31 December	**4,308**	**37**	**4,345**
Impairment/fair value adjustments at 1 January	(679)	(21)	(700)
Fair value adjustments	0	(4)	(4)
Impairment/fair value adjustments at 31 December	**(679)**	**(25)**	**(704)**
Carrying amount at 31 December	**3,629**	**12**	**3,641**

8 Deferred tax assets and liabilities

DKKm	2024	2023
Tangible assets	18	17
Liabilities	(14)	28
Net value of deferred tax assets	**4**	**45**

For impact from deferred taxes on the income statement, see note 4.

9 Other receivables

Other receivables mainly consist of foreign exchange rate derivatives with positive fair value of DKK 61m (2023: DKK 54m). The derivatives relate to Group Treasury's hedge of the currency exposure in the Group.

10 Derivatives

The currency exposure for the Group is hedged according to the Financial Policy, however at Parent company level, the hedges are treated as economic hedges, as no hedge accounting is applied. At 31 December 2024, the fair value of hedge agreements amounted to DKK 9m (2023: DKK -11m). More information on the background etc. for hedging of the currency exposure in FLSmidth Group can be found in note 5.5 Derivatives in the consolidated financial statements.

Economic hedge

	2024	
DKKm	Notional amount	Net fair value
Currency		
AUD	(40)	6
CAD	3	(7)
CLP	(1)	0
GBP	495	2
MXN	(16)	0
PLN	0	0
USD	1,162	10
Other		(2)
Total		**9**

A negative notional amount represents a sale of the currency

	2023	
DKKm	Notional amount	Net fair value
Currency		
AUD	127	(2)
CAD	509	11
CLP	(186)	1
GBP	412	1
MXN	276	3
PLN	129	1
USD	1,882	(26)
Other		0
Total		**(11)**

A negative notional amount represents a sale of the currency

11 Provisions

DKKm	2024	2023
Provisions at 1 January	9	9
Addition	0	0
Reversals	(3)	0
Provisions at 31 December	**6**	**9**

12 Other liabilities

Other liabilities mainly consist of foreign exchange rate derivatives with negative fair value of DKK 53m (2023: DKK 63m). The derivatives relate to Group Treasury's hedge of the currency exposure in the Group.

13 Maturity profile of current and non-current liabilities

Maturity profile of liabilities:

DKKm	2024	2023
Bank loans	13	20
Debt to Group enterprises	9,217	6,364
Income tax liabilities	3	78
Other liabilities	137	122
Within one year	**9,370**	**6,584**
Bank loans	1,316	1,429
Other liabilities	0	2
Within one to five years	**1,316**	**1,431**
After five years	**0**	**0**
Total	**10,686**	**8,015**

14 Audit Fee

In addition to statutory audit, EY Godkendt Revisionspartnerselskab, the Parent company auditors provided other assurance engagements to the Parent company.

DKKm	2024	2023
Statutory audit	5	5
Other assurance engagement	2	1
Total audit related services	**7**	**6**
Total fees to independent auditor	**7**	**6**

15 Contractual and contingent liabilities

The parent company has provided guarantees primarily to financial institutions at a total amount of DKK 11,137m (2023: DKK 11,941m) of which DKK 3,346m have been utilised in 2024 (2023: DKK 4,107m). Out of the total amount, DKK 9,994m are related to parent corporate guarantees issued for guarantee facilities with banks (2023: DKK 10,931m), out of which DKK 2,783m is utilised (2023: DKK 3,482m).

In connection with disposal of enterprises, normal guarantees, etc. are issued to the acquiring enterprise. Provisions are made for estimated losses on such items.

The parent company is the administration company of the Danish joint taxation. According to the Danish corporate tax rules, as of 1 July 2012, the Company is obliged to withhold taxes on interest, royalty and dividend for all companies subjected to the Danish joint taxation scheme.

The parent company has issued letter of support for a limited number of Group companies.

There are no significant contingent assets or liabilities apart from the above.

16 Related party transactions

Related parties include the parent company's Board of Directors and Group Executive Management and the Group companies and associates that are part of the Group.

There have been no transactions with related parties in 2024 and 2023, apart from Group Executive Management´s remuneration stated in note 1, dividend and Treasury activities as mentioned below. Capital transactions with subsidiaries are included in note 7 and balances are disclosed separately in the balance sheet. Dividends received are disclosed in the income statement.

Parent company's sales of services consist of managerial services and insurance services. The parent company´s purchase of services mainly consists of legal and tax assistance provided by the subsidiary FLSmidth A/S.

Financial income and costs are attributable to the FLSmidth Group's in-house Treasury function, which is performed by the parent company, FLSmidth & Co. A/S. Other receivables and other liabilities are mainly attributable to this activity.

For guarantees provided by the parent company for related parties, see note 15.

17 Shareholders

At 20 February 2025:

Two shareholders have reported a participating interest above 10%:
- Altor Invest 7 AS, Norway
- Lundbeckfond Invest A/S, Denmark

No other shareholders have reported a participating interest above 5%.

18 Events after the balance sheet date

For more information refer to note 6.4 Events after the balance sheet date in the consolidated financial statements.

We are not aware of any other subsequent matters, that could be of material importance to FLSmidth's financial position.

19 Accounting policies

The financial statements of the Parent company (FLSmidth & Co. A/S) are prepared in conformity with the provisions of the Danish Financial Statements Act for reporting class D enterprises.

To ensure uniform presentation, the terminology used in the consolidated financial statements has as far as possible been applied in the Parent company's financial statements.

The accounting policies for the Parent company are unchanged from 2023.

Income statement
The company's main activity, dividend income from Group enterprises, is presented first in the income statement.

Dividend from Group enterprises
Dividend from investments in Group enterprises is recognised as income in the parent company's income statement in the financial year in which the dividend is declared. This will typically be at the time of the approval by the Annual General Meeting of distribution from the company concerned. When the dividend distributed exceeds the accumulated earnings after the date of acquisition, the dividend is recognised in the income statement, however, this will trigger an impairment test of the investment.

Property, plant and equipment
Depreciation is charged on a straight-line basis over the estimated useful life of the assets until they reach the estimated residual value. In the parent company's financial statements, the depreciation period and the residual value are determined at the time of acquisition and are reassessed every year.

Estimated useful life is as follows:
- Buildings, 20-40 years
- Operating equipment and fixtures and fittings, 3-15 years
- Land is not depreciated.

Leases
The company has chosen IAS 17 as an interpretation for the accounting for leases. Operating leases are recognised in the income statement on a straight-line basis.

Investments in group enterprises
Investments in Group enterprises are measured at cost less impairment. Where the cost exceeds the recoverable amount, an impairment loss is recognised to this lower value. To the extent the distributed dividend exceeds the accumulated earnings after the date of acquisition, an impairment test of the investment is triggered.

Other securities and investments
Other securities and investments consist of shares in cement plants that are acquired in connection with the signing of contracts and are measured at fair value. Value adjustments are recognised in the income statement as financial items.

Receivables and financial liabilities
Receivables from Group enterprises are measured at amortised cost. The company has chosen IAS 39 as interpretation for impairment of financial assets. Therefore, an impairment loss on a receivable is recognised if it is expected that the receivable will not be collected in full.

Financial liabilities other than derivatives, are measured at amortised cost.

Derivatives are measured at fair value on a recurring basis with value adjustments recognised in the income statement as financial items. Derivatives with a positive fair value are presented in the line item Other receivables and derivatives with a negative fair value are presented in the line item Other liabilities.

Cash flow statement
As the consolidated financial statements include a cash flow statement for the whole Group, no individual statement for the parent company has been included, see the exemption provision, section 86(4) of the Danish Financial Statements Act.

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the Annual Report for the financial year 1 January – 31 December 2024.

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU. The Parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Further, the Annual Report is prepared in accordance with additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent company financial statements give a true and fair view of the Group's and the Parent company's financial position at 31 December 2024 as well as of the results of their operations and the consolidated cash flows for the financial year 1 January – 31 December 2024.

The sustainability statement is prepared in accordance with the European Sustainability Reporting Standards ESRS as required by the Danish Financial Statements Act paragraph 99a as well as article 8 in the EU Taxonomy regulation.

In our opinion, the management's review gives a fair review of the development in the Group's and the Parent company's activities and financial matters, results of operations, consolidated cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent company face.

In our opinion, the annual report for the financial year 1 January – 31 December 2024 with the file name 213800MXXDGQ3ITPXI41-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the Annual report for adoption at the Annual General Meeting.

Valby, 20 February 2025

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

Thrasyvoulos Moraitis

Daniel Reimann

Anna Kristiina Hyvönen

Claus Østergaard

Leif Gundtoft

Carsten Hansen

Independent auditor's report

To the shareholders of FLSmidth & Co. A/S

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion
We have audited the consolidated financial statements and the parent company financial statements of FLSmidth & Co. A/S for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2024 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2024 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

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

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor
We were initially appointed as auditor of FLSmidth & Co. A/S on 30 March 2017 for the financial year 2017. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 8 years up until the financial year 2024.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2024. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue from contracts with customers recognised over time
The material accounting policy information and disclosures about revenue recognition, trade receivables, work in progress and provisions related to revenue from contracts with customers recognised over time are included in notes 1.4, 2.7, 3.3 and 3.4 to the consolidated financial statements.

FLSmidth's Mining and Cement segments deliver customised equipment (projects in the form of more complex product bundles with engineering), which usually have a significant contract price and typically extends over more than one financial year. Due to the nature of these projects and in accordance with the accounting policy, FLSmidth recognises and measures revenue from such long-term projects over time based on the cost-to-cost method.

Accounting for revenue with customers recognised over time involve significant management judgments in respect of estimating the cost to complete the projects, including risk contingencies, warranties, liquidated damages, claims and the expected time to completion as well as the risk of credit losses related to such recognised projects and related customer receivables. Together with the impact from executing projects in parts of the world where macro-economic and geopolitical factors as well as various on-going conflicts may have an adverse effect, changes in these estimates during the execution of projects can significantly impact the revenue, cost and contribution recognised. Accordingly, we considered the accounting for revenue with customers recognised over time to be a key audit matter for the consolidated financial statements.

How our audit addressed the key audit matter
As part of our procedures, we assessed the judgments made by management regarding the estimated costs to complete the projects and the assumptions made in assessment of warranty provisions by comparing these on a sample basis to underlying accounting records and supporting documentation. We assessed the changes in estimated project cost and risk contingencies by comparing these to budgets, latest estimates and underlying documentation on a sample basis, and discussed these with project accounting, project management and group management. We further assessed management's judgements regarding exposures related to claims and liquidated damages for projects and provisions to mitigate contract-specific financial risks as well as the risk of credit losses on such recognised projects and related customer receivables. For those balances subject to claims, we made inquiries of external and internal legal counsel.

Valuation of inventories
The material accounting policy information and disclosures about inventories are included in note 3.2 to the consolidated financial statements.

FLSmidth carries inventories in the balance sheet at the lower of cost and net realisable value. The inventories include strategic items, which are held in inventory, even if slow moving, because they are considered key equipment for the customers that FLSmidth needs to be able to deliver with short notice. The valuation of inventories involves management judgements to determine whether inventories are still technically relevant when demand for the inventory items is expected. The current market conditions are also considered. Accordingly, we considered this to be a key audit matter for the consolidated financial statements.

How our audit addressed the key audit matter
As part of our procedures, we analysed the ageing of inventories recorded and obtained on a sample basis supporting documentation regarding valuation of slow-moving items. Further, we assessed management's judgements in respect of the expected market demand and expected sales price for significant aged items by comparing these on a sample basis to available supporting documentation.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not as part of our audit express any assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations. This does not include the requirements in paragraph 99a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the parent company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation
As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of FLSmidth & Co. A/S, we performed procedures to express an opinion on whether the annual report of FLSmidth & Co. A/S for the financial year 1 January – 31 December 2024 with the file name (213800MXXDGQ3ITPXI41-2024-12-31-en.zip) is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of FLSmidth & Co. A/S for the financial year 1 January – 31 December 2024 with the file name (213800MXXDGQ3ITPXI41-2024-12-31-en.zip) is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 20 February 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen	Claus Kronbak
State Authorised Public Accountant	State Authorised Public Accountant
mne33717	mne28675

Independent auditor's limited assurance report on sustainability statement

To the shareholders of FLSmidth & Co. A/S

Limited assurance conclusion
We have conducted a limited assurance engagement on the sustainability statement of FLSmidth & Co. A/S (the group) included in the Annual Report 2024, pages 66-134 (the sustainability statement) for the financial year 1 January – 31 December 2024 including disclosures incorporated by reference listed on pages 76-80.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the sustainability statement (the process) is in accordance with the description set out in the section Double materiality assessment on pages 70-71 and

- compliance of the disclosures in the section EU Taxonomy within the environmental section on pages 91-95 of the sustainability statement with Article 8 of EU Regulation 2020/852 (the Taxonomy Regulation).

Basis for conclusion
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information (ISAE 3000 (Revised)) and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's responsibilities for the assurance engagement section of our report.

Our independence and quality management
We are independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations in preparing the sustainability statement
In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Management's responsibilities for the sustainability statement
Management is responsible for designing and implementing a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this Process in the sections Double materiality assessment on pages 70-71 of the sustainability statement. This responsibility includes:

- understanding the context in which the group's activities and business relationships take place and developing an understanding of its affected stakeholders;

- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;

- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and

- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the sustainability statement, in accordance with the Danish Financial Statements Act paragraph 99a, including:

- compliance with the ESRS;

- preparing the disclosures in in the section EU Taxonomy within the environmental section on pages 91-95 of the sustainability statement, in compliance with Article 8 of the Taxonomy Regulation;

- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error; and

- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Auditor's responsibilities for the assurance engagement
Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the process include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;

- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS, and

- Designing and performing procedures to evaluate whether the process is consistent with the group's description of its process, as disclosed in the sections Double materiality assessment on pages 70-71.

Our other responsibilities in respect of the sustainability statement include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and

- Designing and performing procedures responsive to disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed
A limited assurance engagement involves performing procedures to obtain evidence about the sustainability statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability statement.

In conducting our limited assurance engagement, with respect to the process, we:

- Obtained an understanding of the process by performing inquiries to understand the sources of the information used by management; and reviewing the group's internal documentation of its process; and

- Evaluated whether the evidence obtained from our procedures about the Process implemented by the group's was consistent with the description of the Process set out in the sections Double materiality assessment on pages 70-71.

In conducting our limited assurance engagement, with respect to the sustainability statement, we:

- Obtained an understanding of the group's reporting processes relevant to the preparation of its sustainability statement by obtaining an understanding of the group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Evaluated whether material information identified by the process is included in the sustainability statement;

- Evaluated whether the structure and the presentation of the sustainability statement are in accordance with the ESRS;

- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;

- Performed substantive assurance procedures on selected information in the sustainability statement;

- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;

- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the sustainability statements;

- Evaluated compliance processes, methods, and data for covered activities, assessed minimum safeguards compliance through personnel inquiries, and conducted analytical procedures on EU taxonomy aligned disclosures

- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;

- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

Copenhagen, 20 February 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen	Margrethe B. Bergkvist
State Authorised Public Accountant	State Authorised Public Accountant
mne33717	mne34312

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, Products 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 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.

Annual Report
1 January – 31 December 2024

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