FLSMIDTH

WE DISCOVER POTENTIAL

INTERIM REPORT Q1 2022

1 January –
31 March 2022
Company announcement no. 9

FLSmidth & Co. A/S
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FLSmidth Mission Zero

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HIGHLIGHTS

The first quarter of 2022 saw a strong momentum in order intake driven by both Mining and Cement. Despite the tragic war in Ukraine, activity and sentiment in the mining industry remains positive supported by high commodity prices and strong demand for minerals. Integration planning of the thyssenkrupp Mining business acquisition is progressing according to plan and important regulatory clearances have been received during the quarter. Our Cement business has continued its positive development on improving profitability, despite the cement market remains stable with overcapacity in many regions.

Strong organic revenue growth of 23%, mainly driven by Mining. Group EBITA increased by 59% compared to first quarter in 2021 despite increased inflationary pressure, supply chain challenges and negative impact from the war in Ukraine. Our key priority in this challenging time of war has been on the safety and well-being of our employees. We closely follow this tragic situation to ensure we take the right responsible decisions from a humanitarian, legal, and financial point of view.

- *Mikko Keto, Group CEO*

Mining highlights Q1 2022

Mining order intake increased 38% organically in Q1 2022 compared to Q1 2021. Capital order intake increased 60% and service order intake increased 30%.

The increase in capital orders was mainly related to the four large announced product orders received in the quarter, with a combined value of around DKK 1.4bn.

Mining revenue grew 30% organically, mainly driven by capital revenue. The increase in capital revenue was driven by the higher backlog and improved market conditions compared to Q1 2021, partly offset by negative impact from the war.

Service revenue increased by 13% driven by improved market conditions compared to Q1 2021.

The gross margin decreased to 23.5% due to the higher share of capital revenue, inflationary pressure and supply chain challenges. EBITA increased by 17% while the corresponding EBITA margin decreased to 7.7%.

EBITA was impacted by costs related to the acquisition of thyssenkrupp's Mining business of DKK 37m. Adjusted for these costs, the EBITA margin was 8.8%.

Cement highlights Q1 2022

Cement order intake increased 28% organically. Capital order intake increased 53% and service order intake increased 18%.

The increase in order intake in Cement was a result of improved service activity and market conditions compared to Q1 2021.

Cement revenue grew 10% organically. Capital revenue increased 25% and service revenue increased 6% compared to Q1 2021. Driven by the reshaping activities in 2021, gross margin increased to 23.6%.

Cement EBITA continued the positive trend seen in Q4 2021, driven by higher revenue in the quarter and improvements from the executed reshaping activities. EBITA margin increased to 3.6% in Q1 2022 compared to -1.7% in Q1 2021. Adjusted for the gain of DKK 23m from a sale of a property, the EBITA margin was 2.0%.

Group highlights Q1 2022

Group order intake increased 35% organically, driven by both Mining and Cement. Capital orders increased by 59% and service orders increased 26%.

Due to increased order intake from large orders, the order backlog increased to DKK 19.4bn, of which outstanding order backlog related to Russian and Belarusian contracts amounted to around DKK 2.6bn at the end of Q1 2022.

Organic revenue increased 23%. Gross profit increased by 18%. The corresponding gross margin decreased from 25.2% to 23.5% due to a higher share of capital revenue, inflationary pressure and supply chain challenges. EBITA increased by 59% and the EBITA margin increased to 6.4% from 5.1%.

Cash flow from operating activities and free cash flow were negative in the quarter. As expected, this was due to an increase in net working capital driven by an increase in inventories and net work in progress.

Financial guidance 2022

FLSmidth maintains its financial guidance for 2022. Due to the war in Ukraine, the Mining EBITA margin is expected to be in the low end of the guidance range.

Please see page 4 for detailed guidance for Mining, Cement and the Group, including the impact from the war in Ukraine.

FINANCIAL GUIDANCE 2022

FLSmidth maintains its financial guidance for 2022. Due to the war in Ukraine, the Mining EBITA margin is expected to be in the low end of the guidance range.

Mining

The outlook for the mining industry remains positive driven by global economic development and increased demand for minerals required for the green transition. For 2022, the Mining business revenue and EBITA is expected to grow.

Mining EBITA margin is expected to be impacted by a higher share of capital revenue, higher logistics costs and inflation. Guidance includes around DKK 110m in integration costs until closing of the thyssenkrupp Mining business transaction. The transaction is expected to close in the second half of 2022.

Due to the war in Ukraine, Mining revenue is expected to be negatively impacted by lower revenue in Russia, partly offset by mitigating actions. Due to costs related to wind down of activities in Russia and mitigating actions, the Mining EBITA margin is expected to be in the low end of the guidance range.

Cement

The short-term outlook for the cement industry remains impacted by overcapacity and slow recovery. Following a year of reshaping, we expect the Cement business to return to positive EBITA in 2022. Cement EBITA margin is expected to be impacted by higher logistics costs and inflation.

Mid-term recovery is expected in the cement industry driven by increased demand for sustainability solutions.

The war in Ukraine is expected to have an insignificant impact on Cement.

Group

The financial guidance for 2022 is for the FLSmidth Group standalone and excludes the impact from the combination with thyssenkrupp's Mining business. Guidance includes around DKK 110m in integration costs until closing of the thyssenkrupp Mining business transaction. We will publish a new financial guidance after the transaction closes. The transaction is expected to close in the second half of 2022.

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

Mining

	Q1 2022	Guidance 2022
Revenue (DKKbn)	3.2	12.0-13.0
EBITA margin	7.7%	8.5-9.5%

Cement

	Q1 2022	Guidance 2022
Revenue (DKKbn)	1.5	5.5-6.0
EBITA margin	3.6%	1-2%

Group

	Q1 2022	Guidance 2022
Revenue (DKKbn)	4.7	17.5-19.0
EBITA margin	6.4%	6-7%

Russia status

Exposure prior to 24 February 2022
- 4 sales offices with +80 employees
- No production assets
- Expected revenue of around DKK 1.5bn in Russia in 2022

Exposure at end Q1 2022
- Realised revenue of around DKK 380m in Q1 2022
- Outstanding order backlog from Russian and Belarusian activities of around DKK 2.6bn

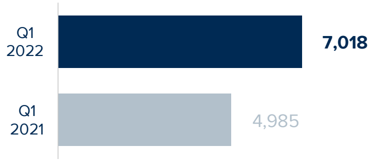
Actions taken by FLSmidth
- New business in Russia and Belarus suspended
- Wind down activities in Russia in a responsible manner
- Working on mitigating actions and efforts
- We are obliged to fulfil legal obligations with regards to ongoing activities to the extent possible
- Any net profit generated in 2022 from activities in Russia and Belarus will be donated to humanitarian purposes
- Donation of DKK 2m to Ukrainian conflict relief efforts

FINANCIAL HIGHLIGHTS

GROUP

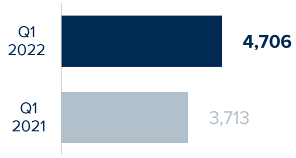
Order intake
DKKm

7,018
▲ 41%



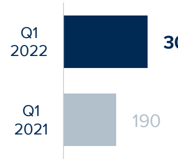
Revenue
DKKm

4,706
▲ 27%



EBITA & EBITA margin
DKKm - %

302 6.4%
▲ 59%



Cash flow from operating activities
DKKm (70) ▼ from DKKm 285 in Q1 2021

Earnings per share
DKK 2.3 ▲ from DKK 1.0 in Q1 2021

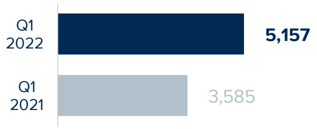
Net working capital ratio
7.3% ▼ from 10.7% end of Q1 2021

NIBD/EBITDA
-0.6x ▼ from 1.4x end of Q1 2021

MINING

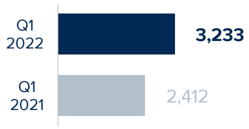
Order intake
DKKm

5,157
▲ 44%



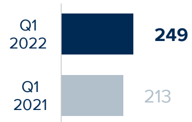
Revenue
DKKm

3,233
▲ 34%

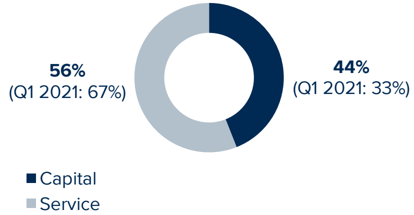


EBITA & EBITA margin
DKKm - %

249 7.7%
▲ 17%



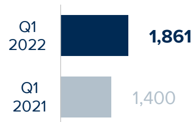
Revenue split by capital & service
%



CEMENT

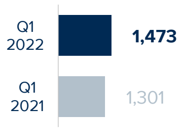
Order intake
DKKm

1,861
▲ 33%



Revenue
DKKm

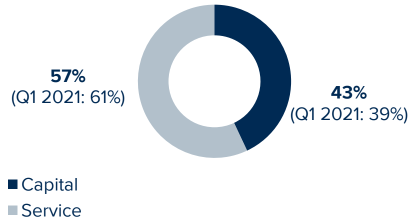
1,473
▲ 13%



EBITA & EBITA margin
DKKm - %

53 3.6%
▲ 330%

Revenue split by capital & service
%



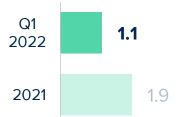
SUSTAINABILITY HIGHLIGHTS

Safety (TRIR)

Total Recordable Incident Rate/
million working hours

1.1

Target: zero harm; 2022 Target: <1.3



The year started with a significant reduction in TRIR compared to end of 2021 and closely reflects our position in the comparison period last year. Reporting of safety remains high, ensuring awareness and mitigation of risk are continuously being improved.

Women managers

%

14.6

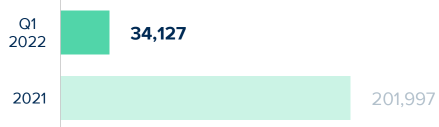
2022 Target: 15.7%

Our 2030 target is to have 25% of woman managers. Due to our active recruitment and career development strategy, we have seen a positive trend in the share of women managers that has continued into the first quarter of 2022.

Water withdrawal

m^3

34,127



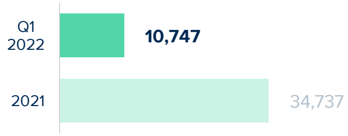
A good start to the year with lower water withdrawal compared to the same quarter last year and on track to improve versus last year's performance. This reflects our continued efforts in reducing freshwater consumption from our operations.

Scope 1 & 2 GHG Emissions

tCO_2e (market-based)

10,747

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



CO_2e emissions for the quarter is on track to meet annual targets. An increase in emissions compared to the same period last year reflects that in Q1 2021 many sites were closed temporarily due to the pandemic. In 2022 most sites are at full capacity for work and operations resulting in higher energy consumption.

MissionZero developments

Throughout 2022, we continue to integrate MissionZero into our core functions, accelerate customer partnerships and further translate environmental objectives into product development. Q1 2022 highlights the increased demand for MissionZero solutions and showed good execution on our partnership strategy.

Sustainable mining goes digital

We have entered into an agreement with Microsoft aimed at accelerating our digital journey, co-innovating and improving existing offerings, advancing our MissionZero sustainability ambition. The collaboration also seeks to increase our ability to demonstrate technological leadership in mining and cement in support of customers' sustainability and productivity goals.

Together with AVEVA, a global leader in industrial software driving digital transformation and sustainability, we have signed a global partnership to deliver cutting-edge digitally enabled solutions and services to the mining industry.

Providing the mining industry with water and energy efficiency solutions FLSmidth was chosen as the supplier of the rotary kiln and rotary dryer for the Araguaia Niquel Metais Ltda ferronickel mine in the state of Pará in the Northern region of Brazil. This will boost the supply of nickel to meet the growing demand from the electric vehicle market. We have already worked with Araguaia Niquel Metais Ltda to identify a pathway to further reduce carbon emissions in the future.

We will supply the mills and three CCD thickeners, two tailings thickeners and one filtrate thickener to a copper mine in Southeast Asia. The use of thickeners will also ensure greater water use efficiency at the site by decreasing the amount of fresh water needed by approximately 25%.

Driving leadership on clay calcination and fighting plastic waste

In late Q1 2022, the Cement Business announced the second record-breaking clay calcination order in a year in Ghana and one that is set to become the world's largest clay calcination installation. The new installation in Ghana will cut up to 20% of CO_2 emissions compared to current productions at CBI Ghana Ltd.'s cement production outside of Accra.

In Q1 2022, we entered into a new MissionZero partnership to tackle the growing challenge of non-recyclable plastic waste in Vietnam. Together with the waste handling start-up TONTOTON, we will act and as technical consultant and assist local cement producers in replacing fossil fuels with plastic waste.

KEY FIGURES

DKKm	Q1 2022	Q1 2021	2021
INCOME STATEMENT			
Revenue	4,706	3,713	17,581
Gross profit	1,107	935	4,180
EBITDA before special non-recurring items	382	287	1,401
EBITA	302	190	1,030
EBIT	222	101	668
Financial items, net	(29)	(9)	(81)
EBT	193	92	587
Profit for the period, continuing activities	123	57	374
Loss for the period, discontinued activities	0	(3)	(17)
Profit for the period	123	54	357
ORDERS			
Order intake (gross), continuing activities	7,018	4,985	19,233
Order backlog, continuing activities	19,358	16,251	16,592
EARNING RATIOS			
Gross margin	23.5%	25.2%	23.8%
EBITDA margin before special non-recurring items	8.1%	7.7%	8.0%
EBITA margin	6.4%	5.1%	5.9%
EBIT margin	4.7%	2.7%	3.8%
EBT margin	4.1%	2.5%	3.3%
CASH FLOW			
Cash flow from operating activities (CFFO)	(70)	285	1,449
Acquisitions of property, plant and equipment	(15)	(19)	(116)
Cash flow from investing activities (CFFI)	35	(51)	(273)
Free cash flow	(35)	234	1,176
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	(35)	232	1,185
BALANCE SHEET			
Net working capital	1,354	1,678	1,058
Net interest-bearing debt (NIBD)	864	(1,577)	889
Total assets	23,878	21,024	23,053
CAPEX	91	59	397
Equity	10,679	8,451	10,368
Dividend to shareholders, paid	0	83	101

DKKm	Q1 2022	Q1 2021	2021
FINANCIAL RATIOS			
CFFO / Revenue	-1.5%	7.7%	8.2%
Book-to-bill	149.1%	134.3%	109.4%
Order backlog / Revenue	104.2%	104.0%	94.4%
Return on equity	4.7%	2.6%	3.9%
Equity ratio	44.7%	40.2%	45.0%
ROCE, average	7.8%	4.8%	7.2%
Net working capital ratio, end	7.3%	10.7%	6.0%
NIBD / EBITDA	-0.6.x	1.4x	-0.6x
Capital employed, average	14,715	15,196	14,384
Number of employees	10,039	10,189	10,117
SHARE RATIOS			
Cash flow per share (CFPS), (diluted)	(1.2)	5.7	27.8
Earnings per share (EPS), (diluted)	2.3	1.0	6.9
Share price	177.5	243.1	244.3
Number of shares (1,000), end	57,650	51,250	57,650
Market capitalisation, end	10,233	12,459	14,084
SUSTAINABILITY KEY FIGURES			
Scope 1 & 2 GHG emissions (tCO_2e) market-based, SBT	10,747	10,267	34,737
Water withdrawal (m^3)	34,127	40,069	201,997
Safety, TRIR Total Recordable Injury Rate (including contractors)*	1.1	1.0	1.9
Women managers	14.6%	13.3%	14.3%
Quality, DIFOT Delivery In Full On Time	79.5%	85.3%	85.1%
Suppliers assessed for sustainability	173	212	641

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

*Starting in 2018, TRIR is including contractors, while comparison numbers are excluding contractors.

Use of alternative performance measures

Throughout the report we present financial measures which are not defined according to IFRS. We have included additional information in the 2021 Annual Report note 7.4 Alternative performance measures and 7.8 Definition of terms.

MINING MARKET DEVELOPMENTS

Aside from the tragic war in Ukraine, activity and sentiment in the mining market continues to be positive. The long-term outlook for minerals required to meet global economic development and drive the green transition remains positive.

In the first quarter of 2022, metals and energy markets were shaken by the tragic war in Ukraine. Many commodities are trading close to all-time highs and prices for most of the key Russian export metals have soared during March. Russia is a top ten producer of almost all major base metals, and the disruptions caused by the war have further squeezed the global supply of among other palladium, nickel, aluminium and cobalt. Inventories of some of the most important industrial metals traded on the London Metal Exchange have dropped by around 70% over the past year and supplies of most commodities have reached critically low levels.

Inflationary pressure increased during the first quarter driven by record high energy prices. This has been further inflated by the war in Ukraine. Bottlenecks in global supply chains continue to cause challenges across regions and newly imposed pandemic lockdowns in China have put additional pressure on already fragile supply chains in Asia.

In North America, we have seen significant supply chain disruptions and input cost inflation, specifically on inbound freight costs, as the region is particularly dependent upon imports from Asia.

Market activity in South America has been strong in the first quarter of 2022, despite political uncertainty in Peru, Chile and Brazil in relation to the elections. The high copper price leads miners to continuously focus on securing a high production up-time. This drives demand for operational improvement opportunities to increase the miners' throughput.

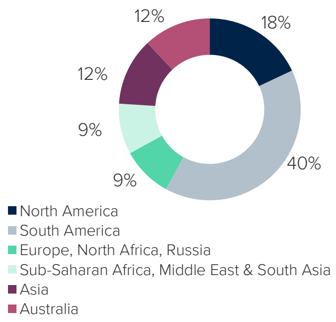
Despite supply chain challenges, market activity has been strong in Australia - especially in the aftermarket. New greenfield opportunities in Australia are primarily within gold and battery metals, while brownfield expansions mainly are in iron ore, gold and nickel.

Customers in Africa, Middle East and India are seeking to accelerate production via optimisation and debottlenecking projects to take advantage of the high commodity prices. This trend is seen across all commodities and across the region.

We see good activity and a healthy pipeline in Europe. Customers in the region remain optimistic, though with concerns around securing the supply chain due to cost volatility and increased uncertainty to lead times.

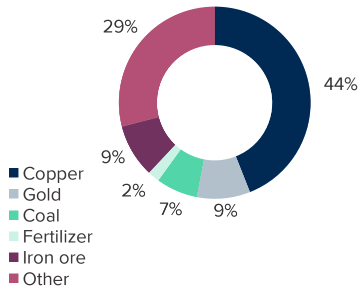
Mining order intake split per Region Q1 2022

%



Mining order intake split by commodity Q1 2022

%



MINING FINANCIAL PERFORMANCE

Q1 2022

The mining industry has continued to benefit from high commodity prices and high production rates driven by global economic recovery and increasing demand for minerals, despite increased inflationary pressure and supply chain challenges.

Mining order intake increased 38% organically in Q1 2022 compared to Q1 2021. Including currency effects, order intake increased by 44% to DKK 5,157m, comprising a 30% increase in service orders and a 60% increase in capital orders.

The increase in capital orders was mainly related to the four large announced product orders received in the quarter, with a combined value of around DKK 1.4bn. The comparison quarter in 2021 included one large order of DKK 200m. The increase in service order intake was a result of higher post-pandemic demand compared to Q1 2021.

During the quarter, service orders and capital orders represented 49% and 51% of Mining order intake respectively (Q1 2021: 54% and 46% respectively).

Revenue increased organically by 30% and by 34% including currency effects to DKK 3,233m. Growth was mainly driven by a 76% increase in capital revenue, partly offset by negative impact from the war.

The increase in capital revenue was driven by the higher backlog and improved market conditions compared to Q1 2021.

Service revenue increased by 13% driven by improved market conditions compared to Q1 2021. Service accounted for 56% of Mining revenue in Q1 2022 compared to 67% in Q1 2021, whereas capital accounted for 44% of Mining revenue in Q1 2022 compared to 33% in Q1 2021.

Gross profit increased by 20% to DKK 760m, from DKK 635m in Q1 2021. The corresponding gross margin decreased to 23.5% due to the higher share of capital revenue, increased inflationary pressure and supply chain challenges.

EBITA increased by 17% to DKK 249m in Q1 2022 as a result of the higher revenue. The corresponding EBITA margin decreased to 7.7% from 8.8% in Q1 2021. EBITA in Q1 2022 was impacted by costs related to the acquisition of thyssenkrupp's Mining business of DKK 37m. Adjusted for these costs, the EBITA margin was 8.8%.

Mining

(DKKm)	Q1 2022	Q1 2021	Change (%)
Order intake (gross)	**5,157**	**3,585**	**44%**
- Hereof service order intake	2,530	1,948	30%
- Hereof capital order intake	2,627	1,637	60%
Order backlog	**12,911**	**10,275**	**26%**
Revenue	**3,233**	**2,412**	**34%**
- Hereof service revenue	1,820	1,608	13%
- Hereof capital revenue	1,413	804	76%
Gross profit	**760**	**635**	**20%**
Gross margin	23.5%	26.3%	
EBITA	**249**	**213**	**17%**
EBITA margin	7.7%	8.8%	
EBIT	**192**	**152**	**26%**
EBIT margin	5.9%	6.3%	
Number of employees	6,305	6,006	5%

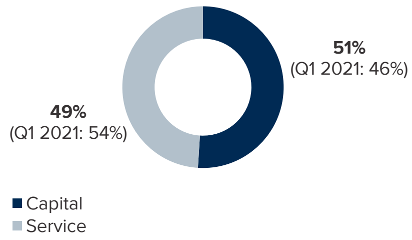
Starting from 1 January 2022, the Mining Industry's consumption of shared cost is directly attributed to the Industry and therefore included in the relevant lines of gross profit and EBITA. The comparison quarter Q1 2021 has been restated accordingly.

Growth in Mining in Q1 2022 (vs. Q1 2021)

	Order intake	Revenue
Organic	38%	30%
Acquisition	0%	0%
Currency	6%	4%
Total growth	**44%**	**34%**

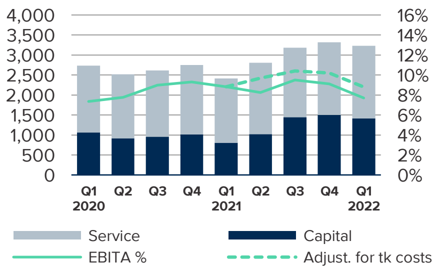
Order intake Q1 2022 split by capital & service

%



Revenue and EBITA margin

DKKm EBITA %



CEMENT MARKET DEVELOPMENTS

The cement market remains stable with continued overcapacity in many regions, however service activity is gradually improving. The soaring cost inflation and supply chain challenges create a difficult environment for many cement producers. At the same time, it drives increased interest for productivity and sustainability solutions.

Sanctions imposed on Russia during the first quarter of 2022 have exacerbated the inflationary pressure on energy costs and freight rates, creating additional challenges for many cement producers. Normally exports can provide a buffer for cement producers to unload excess supply and maximise capacity utilisation, but this has become increasingly difficult in many regions given supply chain challenges and recent hikes in freight costs.

The surge in energy prices represents both a risk and an opportunity. It has forced some cement producers to temporarily shut down production of older and inefficient cement plants. On the other hand, it has created increased interest in productivity enhancement solutions both within products and advanced services.

In North America, cement demand remains high and high production rates and production bottlenecks create good aftermarket activity. This includes continued interest in retrofits and upgrades. The challenging supply chain and increase in fuel costs is however a concern to many North American cement producers.

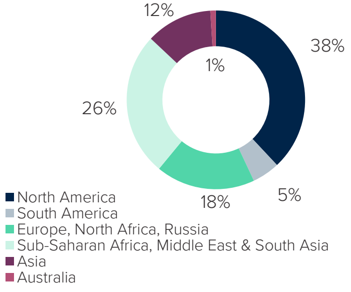
Demand for cement in many parts of Western Europe remains good. Increasing focus on emission regulations combined with high energy prices are driving increased interest in sustainability solutions. While a high utilisation in Europe is driving aftermarket activity, supply chain challenges are causing some delays.

The green transition is visible in many parts of the world, including in Asia, Africa and India as cement producers increasingly are looking for more environmentally friendly processes including alternative fuel substitutions.

Across regions, overall demand for new capacity remains low, but the growing interest in productivity and sustainability solutions creates good opportunities in the medium term.

Cement order intake split per Region Q1 2022

%



CEMENT FINANCIAL PERFORMANCE

Q1 2022

Cement order intake increased 28% organically compared to Q1 2021. Including currency effects, the order intake in Q1 2022 increased by 33% to DKK 1,861m, comprising an 18% increase in service orders and a 53% increase in capital orders.

The increase in order intake in Cement was a result of improved service activity and market conditions compared to Q1 2021, where order intake was impacted by subdued investment appetite and travel restrictions limited on-site technical services.

No large orders were announced during the quarter, however several MissionZero related orders were received. These include an order for installing the world's largest clay calcination system in Ghana and orders for alternative fuel firing products.

Service orders and capital orders represented 51% and 49% of cement order intake, respectively (Q1 2021: 57% and 43% respectively).

Revenue increased 10% organically compared to Q1 2021. Including currency effects, revenue increased by 13% to DKK 1,473m in Q1 2022. Impact from the war has been insignificant.

Cement service revenue increased by 6% and capital revenue increased by 25%. Service accounted for 57% of Cement revenue in Q1 2022, compared to 61% in Q1 2021.

Gross profit increased 16% to DKK 347m, compared to DKK 300m in Q1 2021. The corresponding gross margin increased to 23.6% as a result of the successful implementation of reshaping activities in 2021.

Cement EBITA continued the positive trend seen in Q4 2021, driven by higher revenue in the quarter and improvements from the executed reshaping activities in 2021. EBITA amounted to DKK 53m in Q1 2022 compared to DKK -23m in Q1 2021. The corresponding EBITA margin was positive at 3.6%, compared to -1.7% in Q1 2021. Adjusted for a gain of DKK 23m from a sale of a property related to the Cement business, the EBITA margin was 2.0%.

Cement

(DKKm)	Q1 2022	Q1 2021	Change (%)
Order intake (gross)	**1,861**	**1,400**	**33%**
- Hereof service order intake	944	802	18%
- Hereof capital order intake	917	598	53%
Order backlog	**6,447**	**5,976**	**8%**
Revenue	**1,473**	**1,301**	**13%**
- Hereof service revenue	838	793	6%
- Hereof capital revenue	635	508	25%
Gross profit	**347**	**300**	**16%**
Gross margin	23.6%	23.1%	
EBITA	**53**	**(23)**	**330%**
EBITA margin	3.6%	-1.7%	
EBIT	**30**	**(51)**	**159%**
EBIT margin	2.0%	-3.9%	
Number of employees	3,734	4,183	-11%

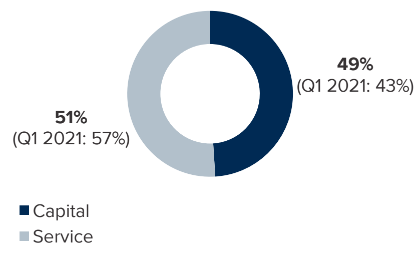
Starting from 1 January 2022, the Mining Industry's consumption of shared cost is directly attributed to the Industry and therefore included in the relevant lines of gross profit and EBITA. The comparison quarter Q1 2021 has been restated accordingly.

Growth in Cement in Q1 2022 (vs. Q1 2021)

	Order intake	Revenue
Organic	28%	10%
Acquisition	0%	0%
Currency	5%	3%
Total growth	**33%**	**13%**

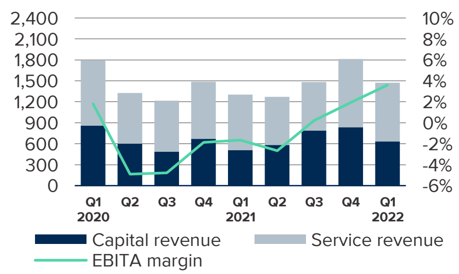
Order intake Q1 2022 split by capital & service

%



Revenue and EBITA margin

DKKm EBITA %



GROUP FINANCIAL PERFORMANCE

GROWTH

Group order intake increased 35% organically, driven by both Mining and Cement. Capital orders increased by 59%. Strong organic revenue growth of 23%, mainly driven by Mining. Capital revenue and service revenue grew 56% and 11%, respectively.

Order intake

Order intake in Q1 increased 41% to DKK 7,018m and by 35% organically, the highest order intake level since Q3 2018. Q1 2022 order intake included four large orders with a combined value of around DKK 1.4bn, whereas the comparison quarter in 2021 included one large order of DKK 200m.

Following a period of lower investments and service activity, demand has significantly increased as a result of post-pandemic recovery and improved market conditions. Capital orders increased by 59% and service orders increased 26% in Q1 2022 compared to Q1 2021.

Order backlog and maturity

Due to the increased order intake from large orders, the order backlog increased to DKK 19.4bn. The order backlog at the end of Q1 2022 was 19% above the level at the end of Q1 2021. 42% of the backlog is expected to be converted to revenue in the remainder of 2022. Outstanding order backlog related to Russian and Belarusian contracts amounted to around DKK 2.6bn at the end of Q1 2022 and is due to uncertainty included in the '2024 and beyond' maturity.

Backlog maturity	Mining	Cement	FLSmidth Group
2022	39%	48%	42%
2023	38%	33%	37%
2024 and beyond	23%	19%	21%

Revenue

Revenue increased 27% to DKK 4,706m in Q1 2022, driven primarily by a 56% increase in capital revenue. Service revenue accounted for 56% of the total revenue during the quarter, compared to 65% in Q1 2021.

Organic revenue increased 23% driven primarily by a 30% organic growth in Mining, partly offset by negative impact from the war. The increase was a result of a higher order backlog going into Q1 2022 compared to Q1 2021 and improved pandemic conditions compared to Q1 2021. During the quarter inflationary pressure and global supply chain have become more challenging. We have been able to partly mitigate the supply chain pressure due to our flexibility to switch between suppliers and use regional sourcing.

Group – continued activities

(DKKm)	Q1 2022	Q1 2021	Change (%)
Order intake (gross)	**7,018**	**4,985**	**41%**
- Hereof service order intake	3,474	2,750	26%
- Hereof capital order intake	3,544	2,235	59%
Order backlog	**19,358**	**16,251**	**19%**
Revenue	**4,706**	**3,713**	**27%**
- Hereof service revenue	2,658	2,401	11%
- Hereof capital revenue	2,048	1,312	56%
Gross profit	**1,107**	**935**	**18%**
Gross margin	23.5%	25.2%	
SG&A cost	**(725)**	**(648)**	**12%**
SG&A ratio	15.4%	17.5%	
EBITA	**302**	**190**	**59%**
EBITA margin	6.4%	5.1%	
EBIT	**222**	**101**	**120%**
EBIT margin	4.7%	2.7%	
Number of employees	10,039	10,189	-1%

Growth in order intake in Q1 2022 (vs. Q1 2021)

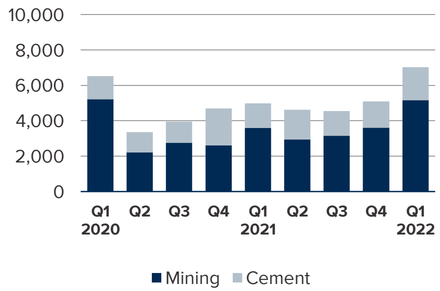
	Mining	Cement	FLSmidth Group
Organic	38%	28%	35%
Acquisition	0%	0%	0%
Currency	6%	5%	6%
Total growth	**44%**	**33%**	**41%**

Growth in revenue in Q1 2022 (vs. Q1 2021)

	Mining	Cement	FLSmidth Group
Organic	30%	10%	23%
Acquisition	0%	0%	0%
Currency	4%	3%	4%
Total growth	**34%**	**13%**	**27%**

Order intake

DKKm



PROFIT

Gross profit increased by 18% and EBITA increased by 59% compared to first quarter in 2021 as a result of higher revenue. The EBITA margin improved to 6.4%.

Gross profit and margin

Gross profit increased by 18% to DKK 1,107m, due to higher revenue. The gross margin decreased from 25.2% to 23.5% as a result of a higher capital revenue share in the quarter, increased inflationary pressure and supply chain challenges.

In Q1 2022, total research and development costs (R&D) amounted to DKK 65m, representing 1.4% of revenue (Q1 2021: 1.4%).

R&D costs (DKKm)	Q1 2022	Q1 2021
Production costs	38	30
Capitalised	27	22
Total R&D	65	52

R&D costs in Q1 2022 amounted to DKK 65m compared to DKK 52m in Q1 2021. The increase in R&D costs mainly related to the development of new mining, cement and digital products to improve productivity, sustainability and safety. In addition, products and solutions continue to be developed on-site in cooperation with customers in the ordinary course of business.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items increased 2% compared to Q4 2021. Compared to Q1 2021 SG&A increased 12% due to wage inflation and higher travel costs, as well as administration costs related to the acquisition of thyssenkrupp's Mining business of DKK 37m. Other operating income include a gain of DKK 23m from a sale of a property related to the Cement business.

SG&A costs as a percentage of revenue declined to 15.4% in Q1 2022 compared to 17.5% in Q1 2021.

EBITA and EBITA margin

EBITA increased by 59% to DKK 302m, as a result of the higher revenue. The EBITA margin increased to 6.4% from 5.1% in Q1 2021, due to improvements from the executed reshaping activities in Cement in 2021. Adjusted for the costs related to the acquisition of thyssenkrupp's Mining business and the gain of DKK 23m from a sale of property, the EBITA margin was 6.7%.

Amortisations in Q1 2022 was DKK 80m (Q1 2021: DKK 89m) of which the effect of purchase price allocations amounted to DKK 14m (Q1 2021: DKK 22m) and other amortisation to DKK 66m (Q1 2021: DKK 67m).

Earnings before interest and tax (EBIT) increased 120% to DKK 222m.

Financial items

Net financial items amounted to DKK -29m (Q1 2021: DKK -9m), of which foreign exchange and fair value adjustments amounted to DKK -12m (Q1 2021: DKK 4m). Termination of hedging Russian Rubles had a negative impact of DKK 36m on foreign exchange adjustments. Net interest amounted to DKK -17m (Q1 2021: DKK -13m).

Tax

Tax for Q1 2022 totalled DKK -70m (Q1 2021: DKK -35m), corresponding to an effective tax rate of 36% (Q1 2021: 38%).

Profit for the period

Profit for the period increased to DKK 123m (Q1 2021: DKK 54m), equivalent to DKK 2.3 per share (Q1 2021: DKK 1.0). The increase resulted from the significantly higher EBIT, partly offset by higher net financial costs and higher tax.

Return on capital employed

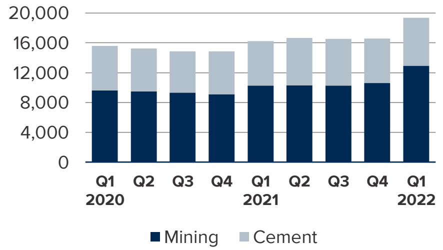
As a result of the higher EBITA in the quarter and lower average capital employed compared to Q1 2021, ROCE increased to 7.8% (Q1 2021: 4.8%).

Employees

The number of employees decreased to 10,039 at the end of Q1 2022, compared to 10,117 at the end of Q4 2021.

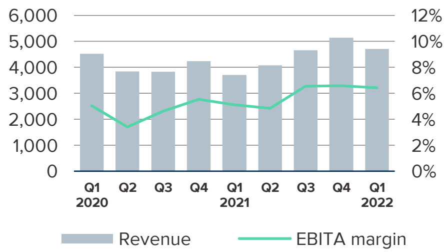
Backlog

DKKm



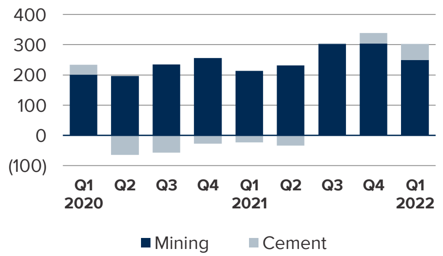
Revenue & EBITA margin

DKKm EBITA%



EBITA

DKKm



CAPITAL

Net working capital increased to DKK 1,354m, driven by an increase in inventories and net work in progress. The net working capital ratio increased from 6.0% in Q4 2021 to 7.3% in Q1 2022.

Net working capital

Net working capital increased to DKK 1,354m at the end of Q1 2022 (end of Q4 2021: DKK 1,058m). The increase related primarily to an expected increase in inventories to mitigate the supply chain challenges and an increase in net work in progress driven by the increase in execution of capital orders. The increase was partially offset by lower trade receivables. The net working capital ratio increased to 7.3% of 12-months trailing revenue (year end 2021: 6.0%).

Utilisation of supply chain financing increased slightly in the first quarter of 2022 to DKK 547m (year end 2021: DKK 490m).

Cash flow from operating activities

Despite the higher EBITDA, cash flow from operating activities (CFFO) declined in line with expectations to DKK -70m in Q1 2022 (Q1 2021: DKK 285m).

As expected, the main contributor to the negative CFFO was the net working capital outflow of DKK 219m as compared to a net working capital inflow of DKK 149m in Q1 2021. In addition, taxes paid increased compared to Q1 2021.

Cash flow from investing activities

Cash flow from investing activities resulted in a net cash inflow of DKK 35m in Q1 2022. The net cash inflow was caused by the proceeds from a property sale of DKK 91m.

Free cash flow

Free cash flow (cash flow from operating and investing activities) adjusted for business acquisitions and disposals amounted to DKK -35m in Q1 2022 (Q1 2021: DKK 232).

Net interest-bearing debt

As a result of the completed issue of new shares, raising proceeds of approximately DKK 1.4bn in 2021, the net interest-bearing debt (NIBD) remains at a net cash position. The net cash position was DKK 864m at the end of Q1 2022 (year end 2021: DKK 889 m) and corresponds to an unchanged financial gearing of -0.6x.

Financial position

By the end of Q1 2022, FLSmidth had DKK 6.8bn of available committed credit facilities of which DKK 6.0bn was undrawn. The committed credit facilities have a weighted average time to maturity of 4.2 years. DKK 1.6bn of credit facilities will mature in 2023 and DKK 5.0bn will mature in 2027. The remaining DKK 0.2bn matures in later years. In addition, FLSmidth has a credit facility commitment specifically for the purpose of funding the acquisition of thyssenkrupp's Mining business, in combination with the proceeds from the completed issue of new shares.

Equity ratio

Equity at the end of Q1 2022 increased to DKK 10,679m (year end 2021: DKK 10,368m), due to the positive profit for the period and the translation effect from foreign currencies. The equity ratio was largely stable at 44.7% (year end 2021: 45.0%).

At the Annual General Meeting held in March 2022, it was approved to pay a dividend of DKK 3 per share. Consequently, the corresponding pay out of DKK 170m was transferred from equity to other liabilities.

Acquisition of TK Mining

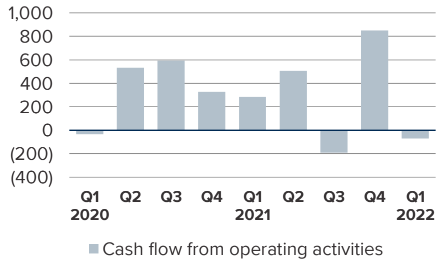
The announced agreement to acquire thyssenkrupp's Mining business is progressing according to plan.

During Q1 2022 FLSmidth has received regulatory clearances from the Australian, South African, Peruvian and Chilean authorities. This is in addition to approvals already received, including, but not limited to Canada and Morocco. All clearances to date have been without imposition of any competition related remedies.

Pending the remaining authority approvals and satisfaction of conditions in the sale and purchase agreement with thyssenkrupp, the transaction is expected to close during the second half of 2022.

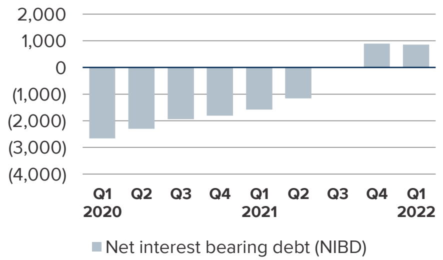
Cash flow

DKKm



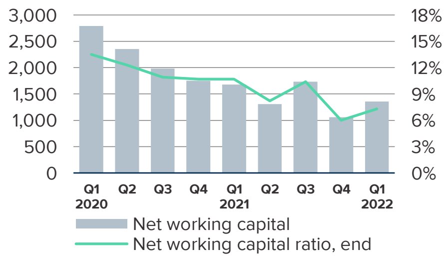
Net interest-bearing debt

DKKm



Net working capital

DKKm NWC%



CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

Notes	DKKm	Q1 2022	Q1 2021
3, 4	Revenue	4,706	3,713
	Production costs	(3,599)	(2,778)
	Gross profit	**1,107**	**935**
	Sales costs	(342)	(315)
	Administrative costs	(411)	(338)
	Other operating items	28	5
	EBITDA before special non-recurring items	**382**	**287**
	Special non-recurring items	0	(15)
	Depreciation and impairment of property, plant and equipment and lease assets	(80)	(82)
	EBITA	**302**	**190**
	Amortisation and impairment of intangible assets	(80)	(89)
	EBIT	**222**	**101**
	Financial income	337	299
	Financial costs	(366)	(308)
	EBT	**193**	**92**
	Tax for the period	(70)	(35)
	Profit for the period, continuing activities	**123**	**57**
3, 7	Loss for the period, discontinued activities	0	(3)
	Profit for the period	**123**	**54**
	Attributable to:		
	Shareholders in FLSmidth & Co. A/S	130	53
	Minority interests	(7)	1
		123	**54**
	Earnings per share (EPS):		
	Continuing and discontinued activities per share	2.3	1.0
	Continuing and discontinued activities per share, diluted	2.3	1.0
	Continuing activities per share	2.3	1.1
	Continuing activities per share, diluted	2.3	1.1

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q1 2022	Q1 2021
	Profit for the period	**123**	**54**
	Items that will not be reclassified to profit or loss:		
	Actuarial gains on defined benefit plans	27	7
	Items that are or may be reclassified subsequently to profit or loss:		
	Currency adjustments regarding translation of entities	315	358
	Cash flow hedging:		
	- Value adjustments for the period	0	(13)
	- Value adjustments transferred to work in progress	14	(8)
	Tax of total other comprehensive income	(5)	2
	Other comprehensive income for the period after tax	**351**	**346**
	Comprehensive income for the period	**474**	**400**
	Attributable to:		
	Shareholders in FLSmidth & Co. A/S	483	399
	Minority interests	(9)	1
		474	**400**

CASH FLOW STATEMENT

Notes	DKKm	Q1 2022	Q1 2021
	EBITDA before special non-recurring items	382	287
3	EBITDA, discontinued activities	(1)	(3)
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	(16)	(14)
	Adjusted EBITDA	**365**	**270**
	Change in provisions, pension and employee benefits	(32)	(13)
8	Change in net working capital	(219)	149
	Cash flow from operating activities before financial items and tax	**114**	**406**
	Financial items received and paid	(18)	(19)
	Taxes paid	(166)	(102)
	Cash flow from operating activities	**(70)**	**285**
	Acquisition of intangible assets	(36)	(32)
	Acquisition of property, plant and equipment	(15)	(19)
	Acquisition of financial assets	(5)	(3)
	Disposal of enterprises and activities	0	2
	Disposal of property, plant and equipment	91	1
	Cash flow from investing activities	**35**	**(51)**
	Dividend paid	0	(83)
	Exercise of share options	0	1
	Repayment of lease liabilities	(29)	(33)
	Change in net interest bearing debt	51	129
	Cash flow from financing activities	**22**	**14**
	Change in cash and cash equivalents	**(13)**	**248**
	Cash and cash equivalents at beginning of period	1,935	976
	Foreign exchange adjustment, cash and cash equivalents	32	32
	Cash and cash equivalents at 31 March	**1,954**	**1,256**

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

Free cash flow

DKKm	Q1 2022	Q1 2021
Free cash flow	(35)	234
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	(35)	232

BALANCE SHEET

Notes	DKKm	31/03 2022	31/12 2021	31/03 2021
	ASSETS			
	Goodwill	4,470	4,364	4,315
	Patents and rights	768	784	857
	Customer relations	394	401	458
	Other intangible assets	154	165	157
	Completed development projects	212	233	210
	Intangible assets under development	337	310	332
	Intangible assets	**6,335**	**6,257**	**6,329**
	Land and buildings	1,781	1,792	1,720
	Plant and machinery	370	383	374
	Operating equipment, fixtures and fittings	103	112	124
	Tangible assets in course of construction	31	21	126
	Property, plant and equipment	**2,285**	**2,308**	**2,344**
	Deferred tax assets	1,464	1,490	1,272
	Investments in associates	171	162	166
9	Other securities and investments	53	49	47
	Other non-current assets	**1,688**	**1,701**	**1,485**
	Non-current assets	**10,308**	**10,266**	**10,158**
	Inventories	2,782	2,464	2,476
	Trade receivables	3,848	4,112	3,282
	Work in progress	2,782	2,358	2,276
	Prepayments	921	871	485
	Income tax receivables	418	248	308
	Other receivables	865	799	783
	Cash and cash equivalents	1,954	1,935	1,256
	Current assets	**13,570**	**12,787**	**10,866**
	Total assets	**23,878**	**23,053**	**21,024**

Notes	DKKm	31/03 2022	31/12 2021	31/03 2021
	EQUITY AND LIABILITIES			
10	Share capital	1,153	1,153	1,025
	Foreign exchange adjustments	(348)	(665)	(773)
	Cash flow hedging	(40)	(54)	(25)
10	Retained earnings	9,926	9,937	8,229
	Shareholders in FLSmidth & Co. A/S	**10,691**	**10,371**	**8,456**
	Minority interests	(12)	(3)	(5)
	Equity	**10,679**	**10,368**	**8,451**
	Deferred tax liabilities	179	169	211
	Pension obligations	306	320	377
5	Provisions	467	450	411
	Lease liabilities	217	200	201
	Bank loans and mortgage debt	728	726	2,498
	Prepayments from customers	577	587	272
	Income tax liabilities	119	119	141
	Other liabilities	45	55	129
	Non-current liabilities	**2,638**	**2,626**	**4,240**
	Pension obligations	2	2	3
5	Provisions	657	697	612
	Lease liabilities	113	104	102
	Bank loans and mortgage debt	33	17	33
	Prepayments from customers	2,088	1,903	1,443
	Work in progress	2,420	2,373	1,833
	Trade payables	3,407	3,367	2,800
	Income tax liabilities	225	193	219
10	Other liabilities	1,616	1,403	1,288
	Current liabilities	**10,561**	**10,059**	**8,333**
	Total liabilities	**13,199**	**12,685**	**12,573**
	Total equity and liabilities	**23,878**	**23,053**	**21,024**

EQUITY STATEMENT

DKKm	Q1 2022 Share capital	Q1 2022 Currency adjust-ments	Q1 2022 Cash flow hedging	Q1 2022 Retained earnings	Q1 2022 Share-holders in FLSmidth & Co A/S	Q1 2022 Minority interests	Q1 2022 Total	Q1 2021 Share capital	Q1 2021 Currency adjust-ments	Q1 2021 Cash flow hedging	Q1 2021 Retained earnings	Q1 2021 Share-holders in FLSmidth & Co A/S	Q1 2021 Minority interests	Q1 2021 Total
Equity at 1 January	**1,153**	**(665)**	**(54)**	**9,937**	**10,371**	**(3)**	**10,368**	**1,025**	**(1,131)**	**(4)**	**8,246**	**8,136**	**(6)**	**8,130**
Comprehensive income for the period														
Profit/loss for the period				130	130	(7)	123				53	53	1	54
Other comprehensive income														
Actuarial gains/(losses) on defined benefit plans				27	27		27				7	7		7
Currency adjustments regarding translation of entities		317			317	(2)	315		358			358		358
Cash flow hedging:														
- Value adjustments for the period			0		0		0			(13)		(13)		(13)
- Value adjustments transferred to work in progress			14		14		14			(8)		(8)		(8)
Tax on other comprehensive income				(5)	(5)		(5)				2	2		2
Other comprehensive income total	**0**	**317**	**14**	**22**	**353**	**(2)**	**351**	**0**	**358**	**(21)**	**9**	**346**	**0**	**346**
Comprehensive income for the period	**0**	**317**	**14**	**152**	**483**	**(9)**	**474**	**0**	**358**	**(21)**	**62**	**399**	**1**	**400**
Transactions with owners:														
Dividend paid				0	0		0				(83)	(83)		(83)
Dividend transferred to other liabilities				(170)	(170)		(170)				0	0		0
Share-based payment				7	7		7				3	3		3
Exercise of share options				0	0		0				1	1		1
Equity at 31 March	**1,153**	**(348)**	**(40)**	**9,926**	**10,691**	**(12)**	**10,679**	**1,025**	**(773)**	**(25)**	**8,229**	**8,456**	**(5)**	**8,451**

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements, we are required to make several estimates and judgements. The estimates and judgements that can have a significant impact on the financial statements are categorised as key accounting estimates and judgements. Key accounting estimates and judgements are regularly assessed to adapt to market conditions and changes in political and economic factors. In general, key accounting judgements are made in relation to the accounting of revenue when determining the performance obligations and the recognition method, while key accounting estimates relate to the estimation of warranty provisions, valuation of inventories, trade receivables, work in progress and deferred tax. For further details, reference is made to The Annual Report 2021, Key accounting estimates and judgements, pages 57-58 and to specific notes.

In the first quarter of 2022, the geopolitical situation was on top of the agenda following the war in Ukraine. Sanctions are continuously being imposed on Russian and Belarusian entities and individuals resulting in restrictions on imports and exports. We are closely monitoring the impact from the war and the sanctions imposed by EU, US and other western countries. Although the mining and cement industries are not subject to sanctions, we have suspended new business in Russia and Belarus and will – in a responsible manner - wind down our activities in Russia. We are, however, obliged to fulfil our legal obligations with regards to ongoing activities to the extent possible.

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

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

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

The change in estimates had no material impact on the financial statements in the first quarter of 2022. By nature, the updated key accounting estimates contain uncertainties, and it is possible that the outcomes in the next financial period can differ from those on which management's estimates are based.

2. INCOME STATEMENT BY FUNCTION

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

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

Income Statement by function

DKKm	Q1 2022	Q1 2021
Revenue	4,706	3,713
Production costs	(3,682)	(2,861)
Gross profit	**1,024**	**852**
Sales costs, including depreciation and amortisation	(351)	(330)
Administrative costs, including depreciation and amortisation	(479)	(426)
Other operating income	28	5
EBIT	**222**	**101**
Special non-recurring items, depreciation, amortisation and impairment consist of:		
Special non-recurring items	0	(15)
Depreciation and impairment of property, plant and equipment and lease assets	(80)	(82)
Amortisation and impairment of intangible assets	(80)	(89)
	(160)	**(186)**
Special non-recurring items, depreciation, amortisation and impairment are divided into:		
Production costs	(83)	(83)
Sales costs	(9)	(15)
Administrative costs	(68)	(88)
	(160)	**(186)**

3. SEGMENT INFORMATION

			Q1 2022				Q1 2021	
			FLSmidth Group				FLSmidth Group	
DKKm	Mining	Cement	Continuing activities	Discontinued activities [2]	Mining [1]	Cement [1]	Continuing activities	Discontinued activities [2]
Revenue	**3,233**	**1,473**	**4,706**	**0**	**2,412**	**1,301**	**3,713**	**0**
Production costs	(2,473)	(1,126)	(3,599)	0	(1,777)	(1,001)	(2,778)	0
Gross profit	**760**	**347**	**1,107**	**0**	**635**	**300**	**935**	**0**
SG&A costs	(457)	(268)	(725)	(1)	(360)	(288)	(648)	(3)
EBITDA before special non-recurring items	**303**	**79**	**382**	**(1)**	**275**	**12**	**287**	**(3)**
Special non-recurring items	0	0	0	0	(7)	(8)	(15)	0
Depreciation and impairment of property, plant and equipment and lease assets	(54)	(26)	(80)	0	(55)	(27)	(82)	0
EBITA	**249**	**53**	**302**	**(1)**	**213**	**(23)**	**190**	**(3)**
Amortisation and impairment of intangible assets	(57)	(23)	(80)	0	(61)	(28)	(89)	0
EBIT	**192**	**30**	**222**	**(1)**	**152**	**(51)**	**101**	**(3)**
Order intake (gross)	5,157	1,861	7,018	0	3,585	1,400	4,985	0
Order backlog	12,911	6,447	19,358	0	10,275	5,976	16,251	0
Gross margin	*23.5%*	*23.6%*	*23.5%*		*26.3%*	*23.1%*	*25.2%*	
EBITDA margin before special non-recurring items	*9.4%*	*5.4%*	*8.1%*		*11.4%*	*0.9%*	*7.7%*	
EBITA margin	*7.7%*	*3.6%*	*6.4%*		*8.8%*	*-1.7%*	*5.1%*	
EBIT margin	*5.9%*	*2.0%*	*4.7%*		*6.3%*	*-3.9%*	*2.7%*	
Number of employees at 31 March	**6,305**	**3,734**	**10,039**	**0**	**6,006**	**4,183**	**10,189**	**0**
Reconciliation of profit for the period								
EBIT			222	(1)			101	(3)
Financial income			337	0			299	0
Financial costs			(366)	0			(308)	0
EBT			**193**	**(1)**			**92**	**(3)**

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

3. SEGMENT INFORMATION – CONTINUED

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

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

The table below shows the impact on the line items and margins in the segment information in Q1 2021 for the two industries.

Restated segment information for Q1 2021, shared costs

DKKm	Mining	Cement	Shared costs
Production cost	(13)	(6)	19
SG&A costs	(154)	(117)	271
Depreciation and impairment of property, plant and equipment and lease assets	(23)	(7)	30
Gross profit	**(190)**	**(130)**	**320**
Gross margin	*-0.5%*	*-0.5%*	
EBITDA margin before special non-recurring items	*-6.9%*	*-9.5%*	
EBITA margin before allocation of shared costs	*-7.9%*	*-10.0%*	
EBITA margin	*0.0%*	*0.0%*	
EBIT margin	*0.0%*	*0.0%*	
Number of employees at 31 March	**843**	**530**	**1,373**

4. REVENUE

Revenue arises from sale of life cycle offerings to our customers. We sell a broad range of goods and services within the Mining and Cement Industries.

Six Regions support the sales within the Mining and Cement Industries. Revenue is presented in the Regions in which delivery takes place. In the first quarter of 2022, both North America and Europe, North Africa and Russia regions picked up a higher share of the Group revenue than the same period last year. South America and Australia regions each represented a 3%-point lower share of Group revenue in the first quarter of 2022 compared to same period in 2021.

Backlog

The order backlog at 31 March 2022 amounts to DKK 19,358m (Q1 2021: DKK 16,251m) and represents the value of outstanding performance obligations on current contracts. The value of outstanding performance obligations on current contracts is a combination of value from contracts where we will transfer control at a future point in time and the value of the remaining performance obligations on contracts where we transfer control over time.

42% of the backlog is expected to be converted to revenue in the remainder of 2022. Outstanding backlog related to Russian and Belarusian contracts amounted to around DKK 2.6bn at the end of Q1 2022 and is due to uncertainty included in the '2024 and beyond' maturity.

Revenue split by recognition principle

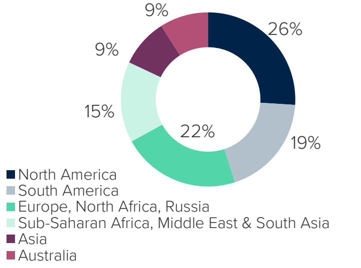
	Q1 2022			Q1 2021		
DKKm	**Mining**	**Cement**	**Group**	**Mining**	**Cement**	**Group**
Point in time	1,616	606	2,222	1,371	435	1,806
Percentage of completion	1,617	867	2,484	1,041	864	1,905
Cash	0	0	0	0	2	2
Total revenue	**3,233**	**1,473**	**4,706**	**2,412**	**1,301**	**3,713**

Revenue split by industry and category

	Q1 2022			Q1 2021		
DKKm	**Mining**	**Cement**	**Group**	**Mining**	**Cement**	**Group**
Projects	1,057	258	1,315	488	179	667
Products	356	377	733	316	329	645
Capital business	**1,413**	**635**	**2,048**	**804**	**508**	**1,312**
Service business	**1,820**	**838**	**2,658**	**1,608**	**793**	**2,401**
Total revenue	**3,233**	**1,473**	**4,706**	**2,412**	**1,301**	**3,713**

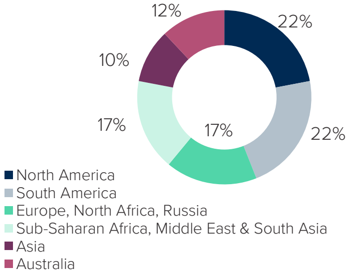
Revenue split by Regions Q1 2022

%



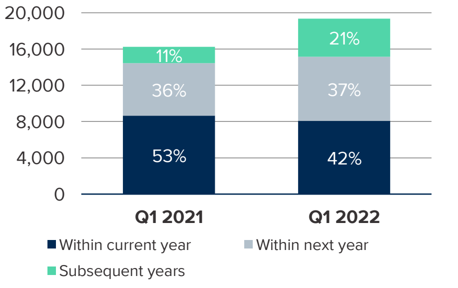
Revenue split by Regions Q1 2021

%



Backlog

DKKm



5. PROVISIONS

Additions to provisions amounted to DKK 114m in Q1 2022, compared to DKK 108m in Q1 2021. The minor increase in additions arise from warranty provisions and follows the level of activity.

Used provisions amounted to DKK 117m in Q1 2022, compared to DKK 78m in Q1 2021. The primary driver for this increase is the use of provisions related to discontinued activities and to the cancellation of the conditional agreement to sell and lease back parts of the current headquarter in Valby.

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

Provisions

DKKm	31/03 2022	31/12 2021	31/03 2021
Provisions at 1 January	1,147	1,015	1,015
Foreign exchange adjustments	7	27	16
Additions	114	641	108
Used	(117)	(384)	(78)
Reversals	(27)	(152)	(38)
Provisions	**1,124**	**1,147**	**1,023**
The split of provisions is as follows:			
Warranties	567	543	508
Restructuring	19	47	47
Other provisions	538	557	468
	1,124	**1,147**	**1,023**
The maturity of provisions is specified as follows:			
Current liabilities	657	697	612
Non-current liabilities	467	450	411
	1,124	**1,147**	**1,023**

6. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities at 31 March 2022 amounted to DKK 3.2bn (31 December 2021: DKK 3.1bn). Contingent liabilities primarily relate to performance and payment guarantees issued to cover project-related risks, such as performance, payment, quality, and delay. The volume of such guarantees amounted to DKK 2.4bn (31 December 2021: DKK 2.3bn). In the event a guarantee is expected to materialise, a provision is recognized to cover the risk. The remaining contingent liabilities relate to our involvement in legal disputes, which are already pending with courts or other authorities and other disputes which may or may not lead to formal legal proceedings being initiated against us.

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

Provisions related to continued activities

DKKm	31/03 2022	31/12 2021	31/03 2021
Provisions at 1 January	999	833	833
Foreign exchange adjustments	7	27	16
Additions	114	641	108
Used	(108)	(350)	(75)
Reversals	(27)	(152)	(38)
Provisions	**985**	**999**	**844**

7. DISCONTINUED ACTIVITIES

Discontinued activities include the remaining responsibilities to finalise legacy projects, handling of claims, etc. retained on the sale of the non-mining bulk material handling business in 2019. Progress on projects has been delayed, amongst others, due to the COVID-19 pandemic and most recently with the war in Ukraine. For further information on discontinued activities, please refer to note 2.11 of Annual report 2021.

In addition to provisions of DKK 139m shown in the table below, discontinued activities accounts for DKK 357m (31 December 2021: DKK 350m) of the Group's net working capital shown in note 8.

Discontinued activities effect on cash flow from operating activities

DKKm	Q1 2022	2021	Q1 2021
EBITDA	(1)	(19)	(3)
Change in provisions	(9)	(34)	(3)
Change in net working capital	(5)	(134)	(3)
Cash flow from operating activities before financial items and tax	**(15)**	**(187)**	**(9)**
Financial items received and paid	0	(1)	0
Taxes paid	0	0	0
Cash flow from operating activities	**(15)**	**(188)**	**(9)**

Discontinued activities share of Group provisions disclosed in note 5

DKKm	31/03 2022	31/12 2021	31/03 2021
Provisions at 1 January	148	182	182
Reclassification to beginning balance, continued/discontinued business	0	0	0
Foreign exchange adjustments	0	0	0
Additions	0	0	0
Used	(9)	(34)	(3)
Provisions	**139**	**148**	**179**

8. NET WORKING CAPITAL

Net working capital as at 31 March 2022 has increased DKK 0.3bn compared to 31 December 2021. The reduction of trade receivables only partially offset the increase in inventories and net work in progress at 31 March 2022.

Impact from currencies accounted for 40% of the increase compared to 31 December 2021.

Utilisation of supply chain financing increased slightly in the first quarter of 2022 to DKK 547m (31 December 2021: DKK 490m).

Net working capital

DKKm	31/03 2022	31/12 2021	31/03 2021
Inventories	2,782	2,464	2,476
Trade receivables	3,848	4,112	3,282
Work in progress, assets	2,782	2,358	2,276
Prepayments	921	871	485
Other receivables	781	709	678
Derivative financial instruments	24	31	47
Prepayments from customers	(2,665)	(2,490)	(1,715)
Trade payables	(3,407)	(3,367)	(2,800)
Work in progress, liability	(2,420)	(2,373)	(1,833)
Other liabilities	(1,240)	(1,224)	(1,183)
Derivative financial instruments	(52)	(33)	(35)
Net working capital	**1,354**	**1,058**	**1,678**
Change in net working capital	(296)	694	74
Financial instruments and foreign exchange effect on cash flow	77	12	75
Cash flow effect from change in net working capital	**(219)**	**706**	**149**

9. FAIR VALUE MEASUREMENT

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

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

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

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

There have been no significant transfers between the levels in the first quarter of 2022 or during 2021.

Financial instruments

				Q1 2022
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	6	0	47	53
Hedging instruments asset	0	24	0	24
Hedging instruments liability	0	(52)	0	(52)
	6	**(28)**	**47**	**25**

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

10. SHAREHOLDERS' EQUITY

At the Annual General Meeting 30 March 2022, a dividend of DKK 3 per share was declared. The dividend is paid out in April and is included at an amount equal to DKK 170m in Other liabilities in the balance sheet 31 March 2022.

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

11. EVENTS AFTER THE BALANCE SHEET DATE

We are not aware of any subsequent matters that could be of material importance to the Group's financial position at 31 March 2022.

12. ACCOUNTING POLICIES

The condensed interim report of the Group for the first quarter of 2022 is presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those applied in the 2021 Annual Report. Reference is made to note 7.5, Accounting policies, note 7.6, Impact from new IFRS, note 7.7, New IFRS not yet adopted and to specific notes in the 2021 Annual Report for further details.

Alternative Performance Measures (APM) are unchanged from those applied in the 2021 Annual Report, refer to note 7.4 in the 2021 Annual Report for a description of used APM.

Changes in accounting policies

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

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

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the consolidated condensed interim financial statements for the period 1 January – 31 March 2022.

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

In our opinion, the consolidated condensed interim financial statements give a true and fair view of the Group's financial position at 31 March 2022 as well as of the results of its operations and cash flows for the period 1 January – 31 March 2022.

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

Valby, 5 May 2022

Executive management

Mikko Juhani Keto
Group CEO

Roland M. Andersen
Group CFO

Board of directors

Tom Knutzen
Chair

Mads Nipper
Vice chair

Anne Louise Eberhard

Gillian Dawn Winckler

Richard Robinson Smith

Thrasyvoulos Moraitis

Carsten Hansen

Claus Østergaard

Leif Gundtoft

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

Interim Report
1 January –
31 March 2022

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