

FLSmidth Real Estate A/S

Vigerslev Allé 77

2500 Valby

CVR no. 60 97 89 13

Annual report for 2021

Adopted at the annual general
meeting on 19 May 2022

A handwritten signature in blue ink, appearing to read 'S. Maclean'.

Scott Gregory Marshall Maclean
chair

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Company details

The company

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CVR no.: 60 97 89 13

Reporting period: 1 January - 31 December 2021

Domicile: Copenhagen

Supervisory board

Scott Gregory Marshall Maclean, chair
Jakob Grünfeld
Sander Fynboe

Executive board

Mette Dobel, CEO

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of FLSmidth Real Estate A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Valby, 19 May 2022

Executive board



Mette Dobel
CEO

Supervisory board



Scott Gregory Marshall
Maclean
chair



Jakob Grünfeld



Sander Fynboe

Management's review

Business review

FLSmith Real Estate A/S is the owner of premises consisting of an undeveloped piece of land. The purpose with the ownership is to develop the premises in order to be sold.

Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of TDKK 16, and the balance sheet at 31 December 2021 shows equity of TDKK 15.337.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of FLSmidth Real Estate A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Administrative costs

Administration costs include expenses related to audit fee and indirect administrative costs.

Other operating costs

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Accounting policies

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Land & Buildings	25-70 years

Assets costing less than DKK 30.700 are expensed in the year of acquisition.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Receivables

Receivables are measured at amortised cost. Usually equalling nominal value less write downs for bad and doubtful debts.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 1 January 2021 - 31 December 2021

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Administrative costs		-6	-7
Operating profit/loss		-6	-7
Other operating costs		-51	-13
Profit/loss from ordinary activities before tax		-57	-20
Profit/loss before tax		-57	-20
Tax on profit/loss for the year	2	41	1.028
Net profit/loss for the year		-16	1.008
Retained earnings		-16	1.008
		-16	1.008

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Land and buildings		<u>0</u>	<u>0</u>
Fixet asset investments		<u>0</u>	<u>0</u>
Receivables from subsidiaries		15.773	15.781
Other receivables		7	0
Corporation tax		<u>13</u>	<u>0</u>
Receivables		<u>15.793</u>	<u>15.781</u>
Total current assets		<u>15.793</u>	<u>15.781</u>
Total assets		<u>15.793</u>	<u>15.781</u>

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		3.100	3.100
Retained earnings		<u>12.237</u>	<u>12.253</u>
Equity	3	<u>15.337</u>	<u>15.353</u>
Corporation tax		0	28
Other payables		<u>456</u>	<u>400</u>
Total current liabilities		<u>456</u>	<u>428</u>
Total liabilities		<u>456</u>	<u>428</u>
Total equity and liabilities		<u><u>15.793</u></u>	<u><u>15.781</u></u>
Contingent liabilities	4		
Related parties and ownership structure	5		

Notes

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
1 Staff		
Average number of employees	<u>0</u>	<u>0</u>
2 Tax on profit/loss for the year		
Current tax for the year	-13	-4
Adjustment of tax concerning previous years	<u>-28</u>	<u>-1.024</u>
	<u>-41</u>	<u>-1.028</u>

3 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK
Equity at 1 January 2021	3.100	12.253	15.353
Net profit/loss for the year	<u>0</u>	<u>-16</u>	<u>-16</u>
Equity at 31 December 2021	<u>3.100</u>	<u>12.237</u>	<u>15.337</u>

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK
Equity 1. januar 2020	3.100	11.245	14.345
Net profit/loss for the year	<u>0</u>	<u>1.008</u>	<u>1.008</u>
Equity 31. december 2020	<u>3.100</u>	<u>12.253</u>	<u>15.353</u>

Notes

4 Contingent liabilities

The company is a part of a Danish joint taxation scheme for which FLSmidth & Co A/S is the administrator. As part of the joint taxation, FLSmidth Real Estate A/S is liable with other companies in the joint taxation scheme for Danish corporate taxes on dividend, interest and royalties within the joint taxation group.

5 Related parties and ownership structure

FLSmidth & Co. A/S, Denmark owns 100% of the shares of FLSmidth Real Estate A/S.

FLSmidth Real Estate A/S is a fully consolidated subsidiary in the Parent's (largest group) consolidated financial statement, FLSmidth & Co. A/S, Valby Copenhagen, CVR no. 58180912.

The Group Annual Report 2021 is available on:

<https://www.flsmidth.com/en-gb/company/investors/reports-and-presentations>

Transactions with affiliated companies are carried out on market terms following the arms-length principle.

Cash pool accounts are legally owned by FLSmidth & Co. A/S. The accounts are therefore considered balances with related parties. In the balance sheet the cash pool accounts are recognised under receivables and payables to affiliated companies as part of assets and liabilities, respectively

Other matters of interest in relation to related parties are disclosed in the notes to the financial statements.