

1 January –
31 December 2023
Tax Report 2023

FLSmith & Co. A/S
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Tax Report 2023

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2023 FLSmidth reports



Annual Report 2023

In our Annual Report for the FLSmidth Group we provide financial and operational information about the Group's performance in 2023, and we describe the Group's strategic plans and future goals.



Sustainability Report 2023

In our Sustainability Report 2023, we disclose our progress towards achieving our sustainability ambitions.



Corporate Governance Statement 2023

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 2023

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

Our approach to taxes

Tax is a material topic for FLSmidth and this report in combination with our published Group Tax Policy provides insight into our approach to taxes generally and into certain tax data for the year ended 31 December 2023 of our global footprint.

A copy of our Group Tax Policy can be found at flsmidth.com¹. The Policy is reviewed by the Board of FLSmidth annually and is mandatory for all companies and employees within the FLSmidth Group.

Wherever we operate around the globe, FLSmidth is committed to support community development and sustainable growth. FLSmidth contributes with products and services that enable our customers and partners to extract natural resources and build societies with the lowest possible environmental impact.

FLSmidth's 2030 goals and targets support the UN Sustainable Development Goals (SDGs). Specifically, through our approach to and the payment of taxes FLSmidth contributes to SDG target 16.6, the development of effective, accountable, and transparent institutions.

We acknowledge that direct and indirect taxes contribute significantly to government budgets. Being a responsible taxpayer is therefore of utmost importance to us.

Responsibility means paying the correct amount of taxes at the right time in all countries where we operate.

We are committed to build trust through transparency. We believe that providing available information about our corporate tax position to a broad range of stakeholders plays an important role in maintaining transparency and public trust. We endorse global initiatives for responsible tax and support the OECD international tax reform work on Base Erosion and Profit Shifting (BEPS) including Pillars 1 and 2.

The business structures within the FLSmidth Group are driven by commercial considerations and aligned to our tax policy

Tax disclosures and Transparency

In our commitment to transparency, we rigorously review all tax disclosures. This process involves input from relevant internal and external stakeholders. Our Group annual report contains consolidated financial tax disclosures, audited by our independent external auditor, EY. We actively engage in dialogue with various stakeholders, both directly and through industry associations.

Within our Group, we primarily utilize wholly owned corporate subsidiaries as our legal business structures. Notably, our project business in the Mining and Cement industries involve the use of permanent establishments or branches in countries outside Denmark. This approach is aligned with the commercial activity and substance of these projects.

Importantly, the Group refrains from utilizing tax havens or non-cooperative jurisdictions to generate tax outcomes. Our limited presence in non-cooperative jurisdictions arises naturally from ordinary commercial trading activities. The financial tax information for these countries is included in the disclosures provided below.

Seeking and accepting tax incentives

We only claim government provided tax incentives where they are transparent, consistent with regulatory frameworks and directly connected to the commercial substance of our business in the country offering the incentive. The FLSmidth companies in Denmark undertake research and development activities which are eligible for a tax incentive in the form of additional tax deductions.

The value of the additional deductions in 2023 were DKK 10m. This incentive is not unique to FLSmidth and is generally available under the Danish tax legislation.

EU non-cooperative jurisdiction and low taxed (<15%) countries

Of the 16 countries included in the EU's list of non-cooperative jurisdictions published in October 2023² FLSmidth has commercial activity in Panama in 2023. Our business operations in Panama consists of sales related business development activities undertaken by an average of 5 employees. Further, FLSmidth has 3 companies in Russia that are all under wind down as we have no commercial activities related to these companies.

During 2023, FLSmidth operated in 1 country whose base corporate income tax rate is less than 15% which is Paraguay (10%). Our business operation in Paraguay is sales and service to Cement customers.

1) <https://www.flsmidth.com/en-gb/company/sustainability/policies>.

2) <https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/>

Our Country-by-Country reporting

Introduction

The ultimate parent company of the group is FLSmidth & Co. A/S, located in Denmark.

To provide improved transparency of our tax data, we detail below key figures for our global footprint, meaning the countries where we have commercial presence, incorporated a company³ and revenue exceeding DKK 50m, representing 99.9% of our total external revenue. The remaining companies, incl. dormant companies and companies under wind-down/liquidation are categorized as “Other” in the Country-by-Country overview.

Data related to permanent establishments and branches is registered in the country of the parent company.

The reporting period is 1 January 2023 to 31 December 2023 for all countries irrespective that the fiscal year in a few countries is different. The data is sourced from the Group’s consolidation system, adhering to International Financial Reporting Standard (IFRS) and all amounts are in Danish Kroner (DKK).

This Country-by-Country report is not subject to an external audit process.

Definitions

Business activities

The primary activity carried out in that country, which includes “Customer Sales & Service”, “Manufacturing or Service Centers”, “Industry & Regional HQ services”, “Group HQ” and “Group Shared Service”.

Revenue unrelated party

Represents external revenue.

Revenue related party

Revenue related party is eliminated for the purposes of the Annual Report.

Income tax paid

Includes cash tax prepayments for current year and tax payments for prior years of corporate income tax, local tax, incl. withholding tax, and tax

credits. The taxes are booked under the country where the paying entity is located, also if the tax is paid abroad.

Current income tax on profit for the year

The calculated tax on the expected profit for the year based on local accounting standards adjusted for differences between local accounting rules and tax legislation.

Tangible assets, excl. cash

Booked value of tangible assets, incl. buildings, plants, machinery, and operating equipment.

Employees (FTEs)

Average number of full-time employees during the year.



3) A list of all companies within the FLSmidth Group as of 31 December 2023 is provided in 2023 Annual Report..

FLSmidth Group Country-by-Country reporting 2023

DKKkm

2023

Country	Business activities	Revenue Unrelated Party	Revenue Related Party	Income Tax Paid	Current Income Tax for the year	Tangible Assets excl Cash	Employees
Australia	● ● ●	2,383	213	60	66	388	565
Austria	●	856	176	1	8	4	61
Brazil	● ●	1,352	9	87	82	71	359
Canada	● ●	565	144	2	11	48	157
Chile	● ● ●	2,254	50	153	44	202	1,207
China	● ●	739	603	30	27	70	366
Czech Republic	● ●	29	78	0	0	6	101
Denmark	● ● ● ●	2,282	266	203	228	442	882
Germany	● ●	1,556	690	28	(0)	49	560
Ghana	●	144	1	31	15	2	24
India	● ● ●	1,117	270	10	5	139	1,746
Indonesia	●	297	0	19	12	5	40
Italy	● ●	497	186	10	23	38	222
Kazakhstan	● ●	541	0	32	12	44	113
Mexico	● ● ●	394	4	60	36	15	119
Mongolia	●	117	7	6	7	5	32
Panama	●	0	0	0	(0)	0	5
Paraguay	●	15	0	2	0	0	0
Peru	● ●	1,193	6	42	92	141	281
Poland	● ●	142	151	7	0	85	208
South Africa	● ● ●	1,124	58	34	29	72	580
Spain	●	80	2	3	4	15	21
Thailand	●	54	6	1	(1)	2	17
Turkey	● ●	82	25	0	1	7	62
United States	● ● ●	6,269	1,137	14	159	870	1,478
Other		24	25	14	(26)	(331)	171
Total		24,106		850		2,389	9,377

- Customer Sales & Service
- Manufacturing or Service Centres
- Industry & Regional HQ Services
- Group HQ
- Group Shared Services

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