Almere, The Netherlands
October 24, 2023, 6 p.m. CET

ASM International N.V. reports third quarter 2023

ASM International N.V. (Euronext Amsterdam: ASM) today reports its third quarter 2023 operating results (unaudited).

Robust results and orders amidst continued soft market conditions

Financial highlights

€ million	Q3 2022	Q2 2023	Q3 2023
New orders	675.5	485.8	627.4
YoY change % at constant currencies	1%	(48%)	0%
Revenue	609.8	669.1	622.3
YoY change % at constant currencies	33%	21%	9%
Normalized gross profit margin [1)]	48.1%	49.0%	48.9%
Normalized operating result [1)]	160.3	180.1	157.2
Normalized operating result margin [1)]	26.3%	26.9%	25.3%
Share in income of investments in associates (excluding amortization intangible assets resulting from the sale of ASMPT stake 2013)	19.6	9.2	0.4
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.6)	(0.2)	(0.1)
Impairment of investments in associates	(321.4)	0.0	0.0
Net earnings	(150.5)	151.2	129.6
Normalized net earnings [2)]	174.9	160.7	139.1

[1] Excluding amortization of fair value adjustments from purchase price allocations (before tax)

[2] Excluding amortization of fair value adjustments from purchase price allocations (net of tax), change in fair value of the contingent consideration (LPE earn-out) and impairment of ASMPT

- New orders of €627 million for the third quarter 2023 were about flat at constant currencies compared to the same period last year (decreased by 7% as reported).
- Year-on-year revenue growth for the third quarter 2023 was 9% at constant currencies (2% as reported).
- Normalized gross profit margin of 48.9%, improved compared to 48.1% in the same quarter last year, mainly explained by mix, including a continued solid contribution from China sales.
- Normalized operating result for the third quarter 2023, slightly decreased from €160 million last year to €157 million this year, with slightly higher sales and a higher normalized gross profit margin offset by increased R&D expenses.
- Normalized net earnings for the third quarter 2023 were €139 million, down from €175 million in Q3 last year, and included a translation gain of €3 million compared to a translation gain of €25 million in Q3 2022 and a translation gain of €8 million in Q2 2023.
- Net earnings included a negative impact of €10 million (net of tax) relating to PPA expenses. Details of (estimated) amortization and earn-out expenses (PPA expenses) relating to the 2022 acquisitions of LPE and Reno are found in Annex 2.

Comment

“ASM delivered robust results amidst continued soft market conditions,” said Benjamin Loh, President and CEO of ASM. “Revenue increased 9% at constant currencies compared to prior year to €622 million, which is at the top end of our previous guidance of €580-620 million. The gross margin was again relatively strong at around 49% in Q3, with a positive mix including again significantly higher contribution from the Chinese market. Slightly higher revenue and gross margin was offset by further increases in R&D investments resulting in an operating margin of 25.3% in Q3. For FY 2023 we expect an operating margin of at least 26%, somewhat better than the previous forecast of 26% or slightly lower.

Orders came in at €627 million in Q3, about flat compared to last year (at constant currencies), and up compared to the lower level in Q2 2023, despite the generally weaker market conditions. Against the backdrop of continued economic pressure and geopolitical tensions, large parts of the semiconductor end markets are still sluggish and the timing and strength of recovery is still uncertain. As a consequence, demand from our customers in the leading-edge logic/foundry segment remains relatively soft, and this also includes the earlier reported push outs due to delays in fab readiness. On the positive side, leading logic/foundry customers remain committed to transition to the next node which will be based on gate-all-around (GAA) technology. As previously communicated, we expect the first meaningful GAA orders in Q4 2023, of which part has now already been booked in Q3. Despite some advanced-technology investments in the DRAM segment, overall demand in memory is still low and not expected to recover in the near term. The power/analog market so far held up well but is now also showing signs of slowdown, including in the automotive and industrial segments. Traction in SiC Epi remains solid and we still expect revenues in excess of €130 million for this business this year.

An important event during the quarter was our Investor Day 2023. Despite the current market weakness, we increased our revenue target for 2025 to €3.0-€3.6 billion[1], assuming recovery of the WFE market. We also issued new guidance for 2027, including further revenue growth to €4.0-5.0 billion[1], as we continue to execute our Growth through Innovation strategy. We also shared that we expect the ALD market to remain among the fastest growing segments with a CAGR of 10%-14% for the period 2022-2027, while in Si Epi we continue to target market share increases. In addition, with SiC Epi we have added a rapidly growing and highly synergistic product line. We are well placed to support our leading logic/foundry customers in the upcoming transition to gate-all-around (GAA), which we expect to increase ASM’s served available market (SAM) by an estimated US$400 million per 100k wafer starts per month.

During the Investor Day we also highlighted actions taken with respect to our commitment to sustainability, such as the recent SBTi verification of our Net Zero 2035 targets, and initiatives to increase the energy efficiency of our products in close collaborations with customers and suppliers.”

[1] Based on WFE market size assumption of $~100 billion in 2025 and $~120 billion in 2027.

Outlook

On a currency-comparable level, we project revenue of €600-640 million for Q4 2023. Our forecasts for the second half and the full year 2023 are largely unchanged. At constant currencies and taking into account the guidance for Q4, we expect revenue in the second half to drop by approximately 10% compared to the first half of the year, and for FY 2023, we expect revenue to show a year-on-year increase of close to 10%, including the consolidation of LPE.

On October 17, 2023, the US issued new export control measures. Based on our preliminary assessment, we do not expect any material additional impact, relative to what we previously communicated.

Wafer fab equipment (WFE) is now expected to drop by a high single-digit to low double-digit percentage in 2023. Memory WFE is still expected to show the sharpest drop. Compared to memory, leading-edge logic/ foundry is relatively resilient but also impacted by the weaker market conditions. The mature node markets are expected to be up this year, although, as mentioned, power/analog is showing signs of slowdown. We continue to expect to outperform the WFE market this year.

Share buyback program

On September 19, 2023, ASM completed the €100 million share buyback program that was started on April 27, 2023. In total, we repurchased 264,503 shares at an average price of €378.07, under the 2023 program.

ASM Investor Day 2023

On September 26, 2023, ASM held its Investor Day, where ASM's management provided an update on our business and financials, and discussed how new technology developments will drive expected market expansion, new growth opportunities and initiatives to improve sustainability. Highlights included:

- Revenue target for 2025 increased to €3.0-€3.6 billion[2], up from the previous 2021 Investor Day target of €2.8-€3.4 billion. Further growth in revenue to €4.0-€5.0 billion by 2027 (2022-2027 CAGR of 11%-16%).
- Gross margin of 46%-50% and operating margin of 26%-31% reiterated for 2023-2025, and also targeted for 2026-2027[3], with upward trend in operating margin expected in outer years.
- Annual capex of €100-€180 million (in 2024-2027), to support growth.
- Single-wafer ALD market forecast of \$3.1-\$3.7 billion by 2025 repeated, up from \$2.6 billion in 2022; with further expected growth to \$4.2-\$5.0 billion by 2027, with a continued leading targeted market share of >55%.
- Si Epi market 2025 forecast increased to \$1.9-\$2.3 billion, compared to market size of \$2.0 billion in 2022, with further growth to \$2.3-\$2.9 billion in 2027. We continue to target an increase in market share to >30% by 2025.
- SBTi's verification of ASM's net-zero 2035 targets.

[2] Based on WFE market size assumption of \$~100 billion in 2025 and \$~120 billion in 2027.

[3] On a normalized basis, excluding fair value adjustments of purchase price allocations.

About ASM International

ASM International N.V., headquartered in Almere, the Netherlands, and its subsidiaries design and manufacture equipment and process solutions to produce semiconductor devices for wafer processing, and have facilities in the United States, Europe, and Asia. ASM International's common stock trades on the Euronext Amsterdam Stock Exchange (symbol: ASM). For more information, visit ASM's website at www.asm.com.

Cautionary Note Regarding Forward-Looking Statements: All matters discussed in this press release, except for any historical data, are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to, economic conditions and trends in the semiconductor industry generally and the timing of the industry cycles specifically, currency fluctuations, corporate transactions, financing and liquidity matters, the success of restructurings, the timing of significant orders, market acceptance of new products, competitive factors, litigation involving intellectual property, shareholders or other issues, commercial and economic disruption due to natural disasters, terrorist activity, armed conflict or political instability, changes in import/export regulations, pandemics, epidemics and other risks indicated in the company's reports and financial statements. The company assumes no obligation nor intends to update or revise any forward-looking statements to reflect future developments or circumstances.

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Quarterly earnings conference call details

ASM will host the quarterly earnings conference call and webcast on Wednesday, October 25, 2023, at 3:00 p.m. CET.

Conference call participants should pre-register using this link to receive the dial-in numbers, passcode and a personal PIN, which are required to access the conference call.

A simultaneous audio webcast, and replay will be accessible at this link.

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Annex 1

Operating and financial review

Bookings

The following table shows the level of new orders for the third quarter of 2023 and the backlog at the end of the third quarter of 2023, compared to the previous quarter and the comparable quarter previous year:

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Backlog at the beginning of the period	1,408.3	1,584.1	1,399.9	811.3	1,669.2
New orders for the period	675.5	485.8	627.4	2,323.9	1,760.7
Revenue for the period	(609.8)	(669.1)	(622.3)	(1,686.2)	(2,001.4)
FX-effect for the period	50.8	(1.0)	(0.9)	75.7	(24.4)
Backlog at the end of the period	**1,524.8**	**1,399.9**	**1,404.2**	**1,524.8**	**1,404.2**
Book-to-bill ratio (new orders divided by revenue)	1.1	0.7	1.0	1.4	0.9

The backlog increased from €1,400 million at the end of the second quarter 2023 to €1,404 million as per September 30, 2023. New orders for the third quarter 2023 increased to €627 million, up 31% at constant currencies compared to previous quarter.

The book-to-bill ratio for Q3 was 1.0. In terms of customer segments, new orders in the third quarter 2023 were led by foundry followed by memory and logic.

Revenue

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Equipment revenue	511.6	565.8	515.1	1,406.4	1,684.5
Spares & service revenue	98.1	103.3	107.2	279.7	317.0
Revenue	**609.8**	**669.1**	**622.3**	**1,686.2**	**2,001.4**

Revenue for the third quarter 2023 increased to €622 million, up 9% year-on-year at constant currencies (2% as reported). Compared to the previous quarter, revenue decreased by 6% at constant currencies (7% as reported). Revenue in the third quarter was led by foundry followed by logic, then power/analog and memory.

Equipment revenue in the third quarter increased by 8% year-on-year at constant currencies (1% as reported). Compared to the previous quarter, equipment revenue decreased by 8% at constant currencies (9% as reported).

Spares & service revenue in the third quarter grew by 18% year-on-year at constant currencies (9% as reported). Compared to the previous quarter, spares & service revenue increased by 5% at constant currencies (4% as reported).

Normalized gross profit margin

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Normalized gross profit	293.3	327.8	304.6	806.4	995.2
Normalized gross profit margin	48.1%	49.0%	48.9%	47.8%	49.7%

Normalized gross profit margin of 48.9% in the third quarter 2023 improved compared to 48.1% in the same quarter last year, and in line with the second quarter 2023 margin. The gross margin was again supported by a positive mix, including higher sales in China.
At constant currencies, the normalized gross profit for the third quarter decreased by 6% (7% as reported) quarter-on-quarter and increased by 12% (4% as reported) year-on-year. Including PPA expenses, gross margin was 48.1% in Q3 2023.

Normalized selling, general and administrative expenses

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Normalized SG&A expenses	72.5	73.7	76.8	200.6	220.4

Normalized selling, general and administrative (SG&A) expenses increased by 4% compared to the level in the previous quarter and increased by 6% year-on-year. The increase in SG&A expenses is mainly explained by higher staff costs and some investments in the organization. As a percentage of revenue, normalized SG&A expenses increased to 12.3% compared to 11.9% in Q3 2022 and 11.0% in Q2 2023. The impact of currency changes for the third quarter was a decrease of 1% quarter-on-quarter and a decrease of 5% year-on-year.

Normalized research and development expenses

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Normalized gross research and development expenses	78.0	100.4	98.1	207.7	288.9
Capitalization of development expenses	(26.7)	(37.5)	(38.6)	(77.6)	(105.3)
Amortization of capitalized development expenses	9.0	11.1	11.0	24.2	32.6
Impairment of capitalized development expenses	—	—	—	—	—
Normalized net research and development expenses	60.3	74.0	70.5	154.3	216.2

The normalized gross research and development (R&D) expenses decreased by 2% compared to the previous quarter and increased 26% year-on-year.

Normalized net R&D expenses decreased by 5% compared to the previous quarter and increased by 17% year-on-year. The year-on-year increase of €10 million was mainly due to increased staff costs, higher levels of R&D activities and continued investments in innovations to support growth. Normalized net R&D expenses were 11.3% of revenue in Q3 2023 compared to 11.1% in Q2 2023 and 9.9% in the same period in 2022. The impact of currency changes for the third quarter was a decrease of 1% quarter-on-quarter and a decrease of 6% year-on-year.

Normalized operating result

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Normalized operating result	160.3	180.1	157.2	451.3	558.5
Normalized operating result margin	26.3%	26.9%	25.3%	26.8%	27.9%

Normalized operating result of 25.3% was 1.0% points lower compared to the same period last year and 1.6% points lower compared to the previous quarter. At constant currencies, the normalized operating result for the third quarter decreased by 11% (13% as reported) quarter-on-quarter and increased by 8% (decreased by 2% as reported) year-on-year. Including PPA expenses, operating margin was 23.7% in Q3 2023.

Normalized financing income (expense)

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Normalized net interest income (expense)	0.7	2.8	3.2	0.4	7.4
Foreign currency exchange gains (losses)	25.0	7.6	3.0	60.6	3.8
Normalized financing income (expense)	**25.8**	**10.4**	**6.2**	**61.0**	**11.2**

Financing income is based on the currency translation results due to movements in the US dollar and interest income. A substantial part of ASM's cash position is denominated in US dollars. Financing expense was normalized for the impact from the LPE earn-out expense of €2 million.

Share in income of investments in associates

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Share in income of investments in associates (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	19.6	9.2	0.4	70.1	19.0
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.6)	(0.2)	(0.1)	(10.1)	(3.6)
Share in income of investments in associates	**16.0**	**9.0**	**0.4**	**60.0**	**15.4**

Share in income of investments in associates (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT), which reflects our approximate 25% shareholding in ASMPT, decreased by €9 million compared to the previous quarter. For further information on the Q3 results of ASMPT, please visit ASMPT's website www.asmpt.com.

Full year amortization of intangible assets resulting from the sale of the 12% stake of ASMPT in 2013, on a currency-comparable basis, is expected to amount to €4 million.

Impairment of investment in associates

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Impairment of investments in associates, at beginning of period	—	—	—	—	(215.4)
Impairment of investments	(321.4)	—	—	(321.4)	—
Reversal of impairments	—	—	—	—	215.4
Impairment of investments in associates, at end of period	**(321.4)**	**—**	**—**	**(321.4)**	**—**

The impairment charge of €321 million on investments in associates, recognized in Q3 2022, was completely reversed by Q1 2023 as a result of an increase in the recoverable amount.
The impairment reversal accounted for in the first quarter 2023 related to a non-cash adjustment of €215 million, reflecting an increase in the market valuation of our stake in ASMPT in that quarter.

The impairment reversal is in line with our accounting policy under which, at each reporting date, we will determine if there is any objective evidence for impairment. If the fair value of an investment is less than its carrying amount, the company determines whether the decline in value is significant or prolonged. The impairment charge will be subsequently reversed only to the extent that the recoverable amount of the investment increases.

Normalized income taxes

Normalized income taxes in the third quarter 2023 amounted to an expense of €25 million, down from €31 million the same period 2022.

Net earnings

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Net earnings	(150.5)	151.2	129.6	152.5	661.1
Normalized for:					
Amortization intangible assets (resulting from the acquisitions of Reno and LPE)	(0.4)	(9.5)	(9.9)	(0.8)	(36.3)
Income taxes (realization of temporary differences)	0.1	2.6	2.7	0.2	10.1
Finance expense (earn-out)	—	(2.4)	(2.4)	—	(7.2)
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.6)	(0.2)	(0.1)	(10.2)	(3.6)
Impairment of investments in associates	(321.4)	—	—	(321.4)	—
Reversal of impairment of investments in associates	—	—	—	—	215.4
Normalized net earnings	**174.9**	**160.7**	**139.1**	**484.7**	**482.7**

Normalized net earnings in the third quarter 2023 decreased by €22 million to €139 million compared to previous quarter mainly due to lower operating results.

Cash flows

€ million	Q3 2022	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Net cash from operating activities	154.6	152.4	207.6	437.7	570.4
Net cash from investing activities	(32.4)	(66.5)	(95.2)	(134.1)	(217.3)
Cash flows from operating activities after investing activities	**122.1**	**85.9**	**112.5**	**303.6**	**353.0**
Net cash from financing activities	(2.9)	(176.3)	(52.7)	(129.8)	(231.6)
Total net cash provided (used)	**119.3**	**(90.4)**	**59.8**	**173.8**	**121.5**

The cash flow from operating activities increased compared to the level in the previous quarter mainly due to lower working capital, partly offset by lower operating results. Net cash used in investing activities in Q3 2023 is higher than previous quarter due to higher capex, including the purchase of a plot of land in Scottsdale, AZ, that was reported on August 21, 2023, while dividend income dropped by €16 million to €7 million. For capex, we still target a level of €150-200 million for 2023. We generated a quarterly cash flow from operating activities and after investing activities (free cash flow) of €112 million. Cash used in financing activities during Q3 2023 was mainly to complete the share buyback program (approximately €51 million) of a total €100 million in 2023.

Working capital

€ million	December 31, 2022 [1)]	June 30, 2023	September 30, 2023
Inventories	538.4	581.8	574.5
Accounts receivable	580.8	534.6	526.2
Other current assets	112.2	83.9	100.6
Accounts payable	(243.5)	(217.5)	(207.5)
Provision for warranty	(34.2)	(26.8)	(24.2)
Accrued expenses and other payables	(458.9)	(463.8)	(499.2)
Working capital	**494.8**	**492.1**	**470.3**

1) Comparatives have been restated for the effects of remeasurement adjustments to the acquisition of LPE in 2022. As a result of the remeasurement, other current assets have been decreased by €2.4 million and goodwill increased by €2.4 million.

Net working capital decreased to €470 million compared to €492 million per June 30, 2023 (€495 million per December 31, 2022), mainly explained by higher levels of current liabilities (- €23 million), while the sum of current assets remains in line with previous quarter.

The number of outstanding days of working capital, measured against quarterly sales, increased to 68 days on September 30, 2023, compared to 66 days on June 30, 2023 (61 days on December 31, 2022).

Sources of liquidity

As per September 30, 2023, the company's principal sources of liquidity consisted of €547 million in cash and cash equivalents and €150 million in undrawn bank lines.

Annex 2

Consolidated statement of profit or loss

€ thousand, except per share data	Three months ended September 30, 2022	2023	Nine months ended September 30, 2022	2023
Revenue	609,761	622,265	1,686,162	2,001,436
Cost of sales	(316,490)	(322,876)	(879,785)	(1,028,432)
Gross profit	**293,271**	**299,389**	**806,377**	**973,004**
Other income	(78)	(78)	(143)	(82)
Operating expenses:				
Selling, general and administrative	(72,531)	(78,028)	(200,621)	(224,012)
Research and development	(60,719)	(73,982)	(155,102)	(226,717)
Total operating expenses	**(133,250)**	**(152,010)**	**(355,723)**	**(450,729)**
Operating result	**159,943**	**147,301**	**450,511**	**522,193**
Net interest income (expense)	728	819	440	144
Foreign currency exchange gain (loss)	25,039	2,971	60,583	3,839
Share in income of investments in associates	16,025	418	59,984	15,421
Impairment of investments in associates	(321,440)	—	(321,440)	—
Reversal of impairment of investments in associates, net	—	—	—	215,389
Earnings before income taxes	**(119,705)**	**151,509**	**250,078**	**756,986**
Income taxes	(30,760)	(21,936)	(97,603)	(95,851)
Net earnings	**(150,465)**	**129,573**	**152,475**	**661,135**
Per share data:				
Basic net earnings	(3.09)	2.63	3.13	13.41
Diluted net earnings 1)	(3.09)	2.62	3.12	13.33
Weighted average number of shares used in computing per share amounts (in thousand):				
Basic	48,688	49,258	48,649	49,314
Diluted 1)	48,688	49,538	48,922	49,594
Outstanding shares:	48,688	49,191	48,688	49,191
Treasury shares:	609	238	609	238

1) The calculation of diluted net earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings of the company. Only instruments that have a dilutive effect on net earnings are included in the calculation. The calculation is done for each reporting period individually. The possible increase of common shares caused by employee stock options and restricted shares for the three months ended September 30, 2023, is 280,510 common shares, and for nine months ended September 30, 2023, the possible increase is 280,510 common shares. Adjustments have been reflected in the diluted weighted average number of shares and net earnings per share for this period.

Consolidated statement of financial position

€ thousand	December 31, 2022 1)	September 30, 2023
Assets		
Right-of-use assets	31,663	35,562
Property, plant and equipment	312,053	384,090
Evaluation tools at customers	68,676	70,877
Goodwill	320,818	320,945
Other intangible assets	646,104	695,577
Investments in associates	686,341	885,556
Other investments	5,814	10,808
Deferred tax assets	181	232
Other non-current assets	9,627	14,563
Total non-current assets	**2,081,277**	**2,418,210**
Inventories	538,425	574,455
Accounts receivable	580,823	526,210
Income taxes receivable	18,778	5,721
Other current assets	112,171	100,563
Cash and cash equivalents	419,315	547,229
Total current assets	**1,669,512**	**1,754,178**
Total Assets	**3,750,789**	**4,172,388**
Equity and liabilities		
Equity	**2,749,319**	**3,181,024**
Lease liabilities	18,604	22,175
Contingent consideration payable	78,649	85,890
Deferred tax liabilities	123,803	118,269
Total non-current liabilities	**221,056**	**226,334**
Accounts payable	243,499	207,548
Provision for warranty	34,219	24,167
Income taxes payable	43,785	34,126
Accrued expenses and other payables	458,911	499,189
Total current liabilities	**780,414**	**765,030**
Total Liabilities	**1,001,470**	**991,364**
Total Equity and Liabilities	**3,750,789**	**4,172,388**

1) Comparatives have been restated for the effects of remeasurement adjustments to the acquisition of LPE in 2022. As a result of the remeasurement, other current assets have been decreased by €2.4 million and goodwill increased by €2.4 million.

Consolidated statement of cash flows

€ thousand	Three months ended September 30, 2022	Three months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Cash flows from operating activities:				
Net earnings from operations	(150,465)	129,573	152,475	661,135
Adjustments to reconcile net earnings to net cash from operating activities				
Depreciation, amortization and impairments	31,543	43,564	84,138	129,177
Net loss (gain) on sale of property, plant and equipment	78	78	143	82
Share-based compensation	8,013	9,964	20,271	26,581
Net finance (income) costs	90	(1,238)	(4,024)	(12,653)
Share in income of investments in associates	(16,025)	(418)	(59,984)	(15,421)
(Reversal of) impairment of investments in associates, net	321,440	—	321,440	(215,389)
Income tax	30,760	21,936	97,603	95,851
Changes in evaluation tools at customers	(14,805)	(3,723)	(22,749)	(17,460)
Changes in employee benefits pension plans	60	34	181	96
Income tax paid	(25,376)	(27,759)	(67,145)	(95,502)
Operating cash flows before changes in working capital	**185,313**	**172,012**	**522,349**	**556,497**
Decrease (increase) in working capital:				
Accounts receivable	(23,895)	16,065	(57,060)	37,101
Other current assets	(17,024)	(16,189)	(26,624)	8,261
Inventories	(114,057)	15,102	(230,559)	(45,617)
Provision for warranty	2,551	(2,970)	4,809	(9,186)
Accounts payable, accrued expenses and other payables	121,677	23,608	224,781	23,311
Net cash from operating activities	**154,565**	**207,628**	**437,696**	**570,366**
Cash flows from investing activities				
Capital expenditures of property, plant and equipment	(21,399)	(58,527)	(64,402)	(129,100)
Proceeds from sale of property, plant and equipment	234	2,180	514	3,589
Capitalized development expenditure	(26,676)	(38,554)	(77,578)	(105,275)
Capital expenditures of intangible assets	(1,638)	(6,616)	(2,831)	(12,445)
Dividend received from associates	17,061	7,370	48,919	30,753
Acquisitions of subsidiaries, net of cash acquired	—	—	(38,733)	—
Other investments	—	(1,017)	—	(4,848)
Net cash used in investing activities	**(32,418)**	**(95,164)**	**(134,111)**	**(217,326)**
Cash flows from operating activities after investing activities	**122,147**	**112,464**	**303,585**	**353,040**
Cash flows from financing activities				
Payment of lease liabilities	(2,839)	(2,737)	(7,508)	(8,135)
Purchase of treasury shares	—	(50,839)	—	(100,928)
Proceeds from issuance of treasury shares	—	864	—	864
Credit facility renewal fee paid	(44)	—	(660)	(4)
Dividends to common shareholders	—	—	(121,650)	(123,383)
Net cash used in financing activities	**(2,883)**	**(52,711)**	**(129,819)**	**(231,587)**
Foreign currency translation effect	(1,056)	(2,871)	4,987	6,462
Net increase (decrease) in cash and cash equivalents	**118,208**	**56,882**	**178,753**	**127,914**
Cash and cash equivalents at beginning of period	552,052	490,347	491,507	419,315
Cash and cash equivalents at end of period	670,260	547,229	670,260	547,229

(Estimated) amortization and earn-out expenses

(Estimated) purchase price allocation amortization and earn-out expenses relating to the 2022 acquisitions of Reno and LPE are as follows:

€ million	Q3 2022 Actual	Q2 2023 Actual	Q3 2023 Actual	Full year 2023 Estimate	2024 Estimate	2025 Estimate
Cost of sales	—	(4.7)	(5.2)	(27.0)	—	—
Net research and development expenses	(0.4)	(3.5)	(3.5)	(14.0)	(14.0)	(14.0)
Selling, general and administrative expenses	—	(1.2)	(1.2)	(4.8)	(4.9)	(4.9)
Total impact on operating results	**(0.4)**	**(9.4)**	**(9.9)**	**(45.8)**	**(18.9)**	**(18.9)**
Finance expense [1]	—	(2.4)	(2.4)	(9.7)	(8.7)	(2.8)
Income taxes (realization temporary differences)	0.1	2.6	2.7	12.7	5.2	5.2
Total impact on net earnings	**(0.3)**	**(9.2)**	**(9.6)**	**(42.8)**	**(22.4)**	**(16.5)**

1) Finance expenses include the change in fair value of the contingent consideration (LPE earn-out).

Notes to the consolidated financial statement

Basis of presentation

ASM's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2022 ASM International N.V. consolidated annual accounts.

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

All reported data is unaudited.

Principles of consolidation

The Consolidated Financial Statements include the accounts of ASM and its subsidiaries, where ASM holds a controlling interest. All unrealized intercompany profits, transactions and balances have been eliminated in consolidation. Associates are investments in entities in which ASM can exert significant influence but which ASM does not control, generally by ASM having between 20% and 50% of the voting rights. These entities are accounted for using the equity method.