

ASM Q3 2023 results

October 24, 2023

Cautionary note regarding forward-looking statements

All matters discussed in this presentation, 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.

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Investment highlights

Investment highlights

→ Strong long-term prospects

- ASM is focused on enabling deposition technologies, with key strengths in innovation
- Leader in the ALD market, which is expected to grow by a CAGR of 10%-14% from 2022 to 2027
- Expanding our position in the Si Epi market (CAGR of 10%-15% from 2022 to 2027 for the leading-edge Epi segment)
- Selective growth in PECVD and Vertical Furnaces, and healthy growth in spares & services
- Have added a rapidly growing product line in SiC epitaxy with significant demand growth

→ A healthy profitability

- Q3 2023 normalized gross margin of 48.9% and operating margin of 25.3%

→ Strong balance sheet

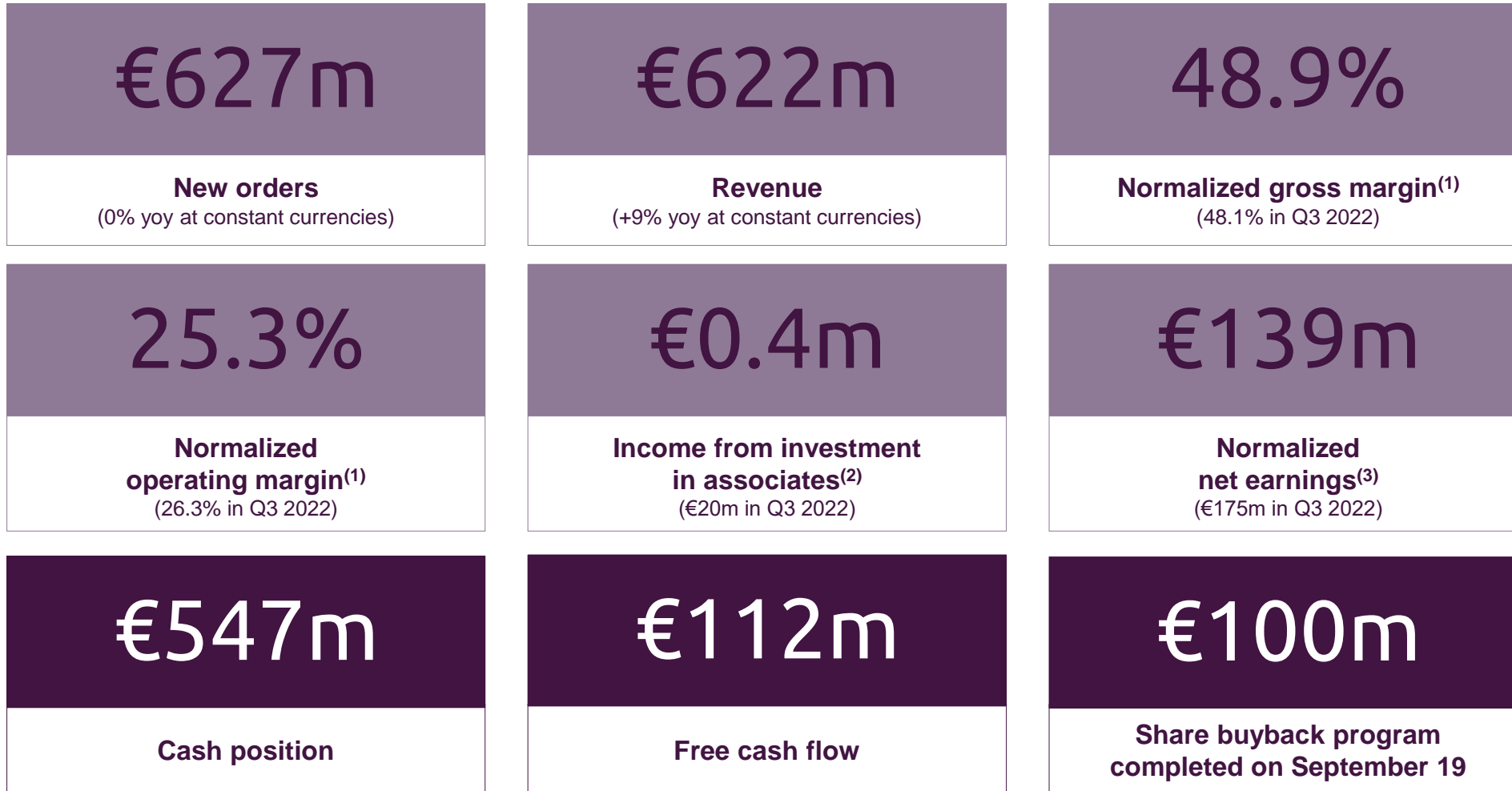
- Solid cash position of €547m at the end of Q3 2023, no debt
- Share buyback program of €100m started on April 27, and completed on September 19

→ Stepping up our focus on sustainability

- Net Zero targets to 2035 for scope 1, 2, and 3 were recently verified by the SBTi
- We are targeting an increase in the female participation rate to 20% of the total workforce by 2025, up from 15% in 2021. In 2022, we made a first step by increasing it to 17%

Q3 2023 results

Financial highlights



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

(2) Excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013

(3) Excluding amortization of fair value adjustments from purchase price allocations (next of tax), change in fair value of the contingent consideration (LPE earn-out) and impairment reversal of ASMPT

Q3 2023 highlights (i)

Orders and revenue

- Q3 new orders came in at €627m about flat compared to last year (at constant currencies) and up compared to Q2 23, despite continued soft market conditions.
- Revenue up 9% yoy at constant currencies to €622m, at the top end of our previous guidance of €580-620 million.

Margins and profitability

- Gross margin relatively strong at 48.9%, thanks to a positive mix, including again significantly higher contribution from 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.

End-market demand and outlook

- 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.
- Demand from our customers in the leading-edge logic/foundry segment remains relatively soft, and this also includes earlier reported push outs due to delays in fab readiness.
- Leading logic/foundry customers remain committed to transition to the next node which will be based on GAA technology. We continue to 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.

Q3 2023 highlights (ii)

Investor Day 2023 held on September 26, 2023

- Revenue target for 2025 increased to €3.0-€3.6 billion, assuming recovery of the WFE market.
- New guidance for 2027, including further revenue growth to €4.0-5.0 billion¹, as we continue to execute our Growth through Innovation strategy.
- ALD market expected to remain among the fastest growing segments with a CAGR of 10%-14% for the period 2022-2027, and target continued market share increase in Si Epi. In addition, with SiC Epi we have added a rapidly growing and highly synergistic product line.
- Well placed to support leading logic/foundry customers in the upcoming transition to GAA, which is expected to increase ASM's SAM by an estimated US\$400 million per 100k wafer starts per month.

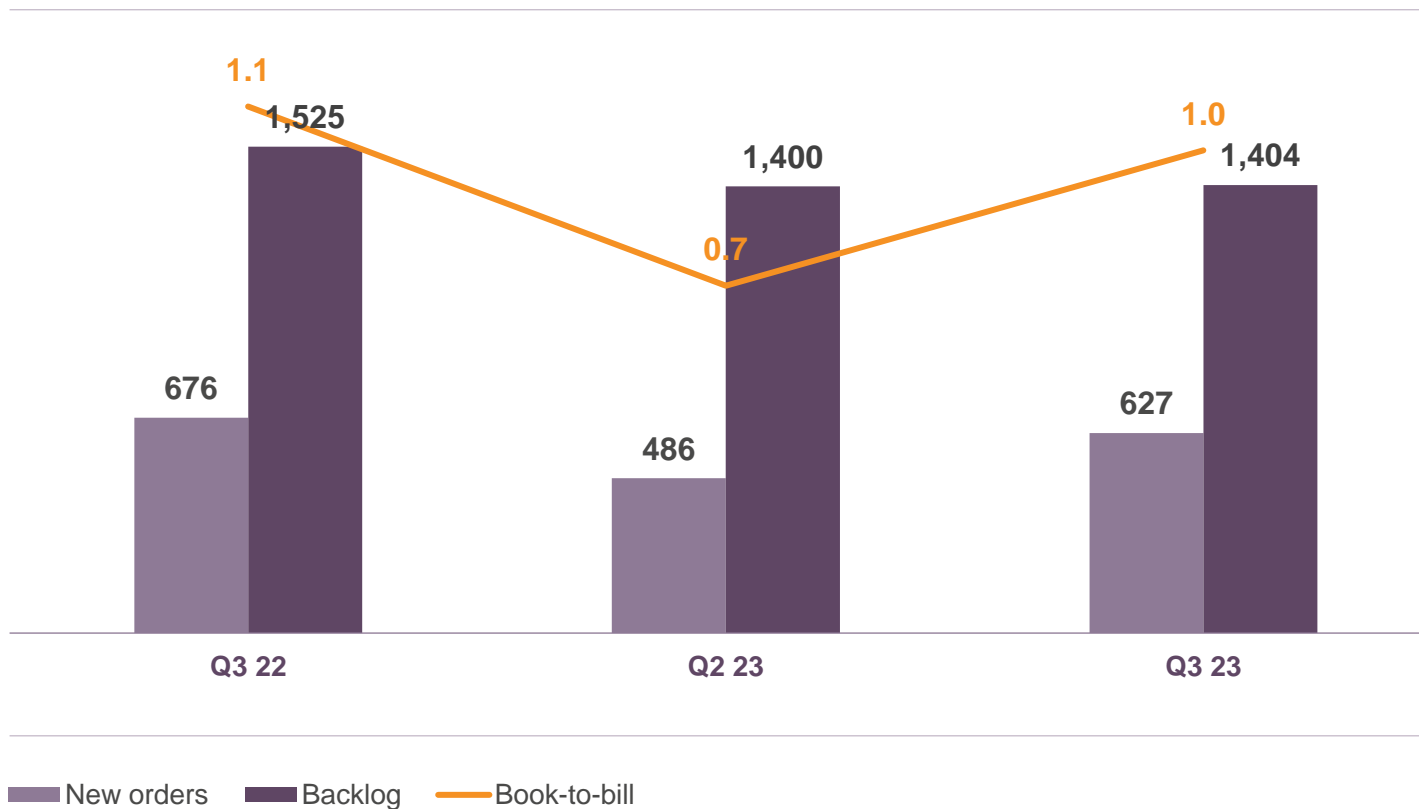
Sustainability

- Last August SBTi verified ASM's Net zero science-based targets by 2035. ASM is the first company in the semiconductor sector to receive SBTi's verification of its Net Zero target, the most ambitious target designation available through the SBTi process.

(1) Based on WFE market size assumption of \$~100 billion in 2025 and \$~120 billion in 2027.

New orders flat yoy & +31% qoq at cc, backlog €1.4b

Orders and backlog (€m)



Q3 2023 new orders came in at €627m, about flat yoy at constant currencies (cc), and up 31% at cc compared to Q2, despite continued soft market conditions.

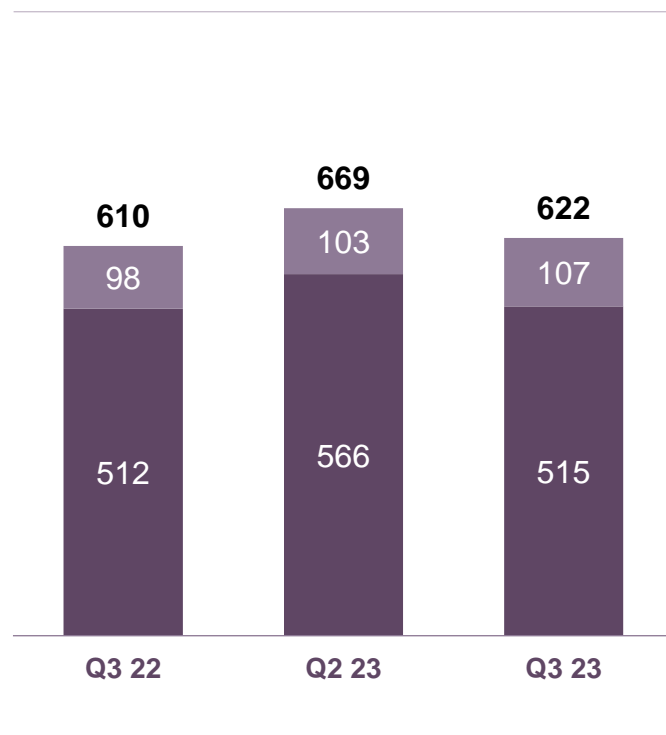
Demand from leading-edge logic/foundry customers still relatively soft, and also included earlier reported push outs due to delays in fab readiness.

New orders were led by foundry, followed by memory and logic.

Backlog decreased to €1,404m compared to €1,525m at the end of Q3 2022, and slightly improved compared to €1,400m at the end of Q2 2023.

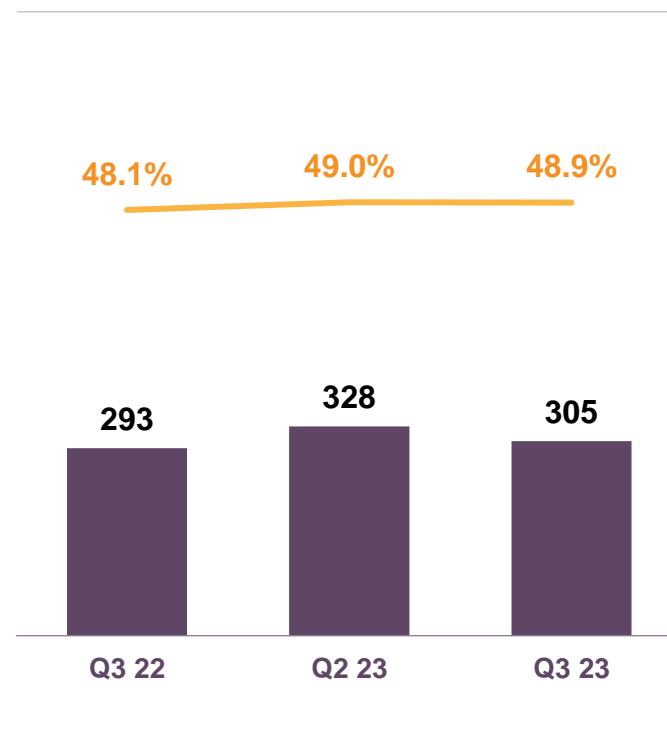
Revenues +9% yoy at cc, gross margin at 48.9%

Revenue (€m)



■ Equipment revenue ■ Spares & services revenue

Normalized gross profit (€m)



■ Gross profit — Gross profit margin

Revenue

Q2 2023 revenue increased to €622 million, +9% yoy at cc (2% as reported) and decreased 6% qoq (-7% as reported). Revenue was led by foundry followed by logic, then power/analog and memory.

Equipment revenue was up 8% yoy at cc. Spares & services grew 18% yoy at cc.

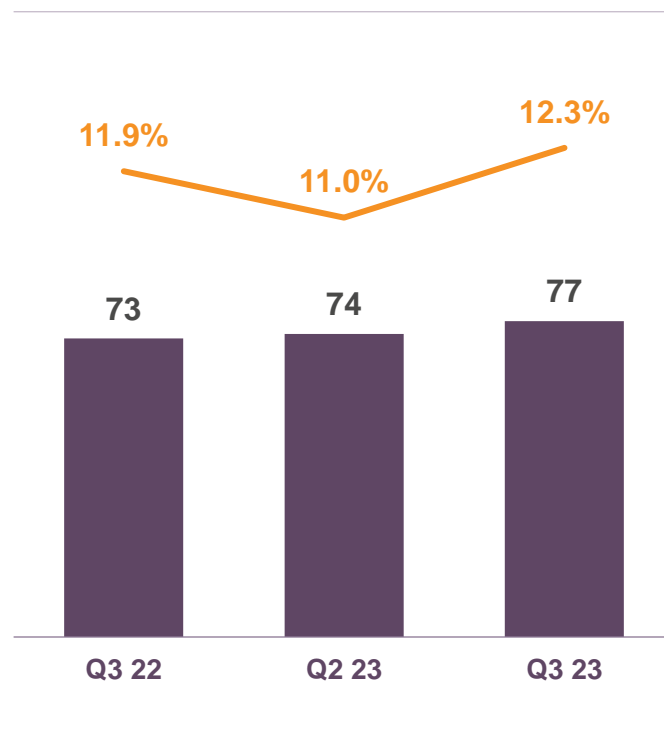
Normalized gross margin

Normalized gross margin remained healthy at 48.9% and substantially in line with the Q2 23 results, thanks to a positive mix including again significantly higher contribution from the Chinese market.

Normalized gross profit excludes amortization of fair value adjustments from respective purchase price allocations (before tax)

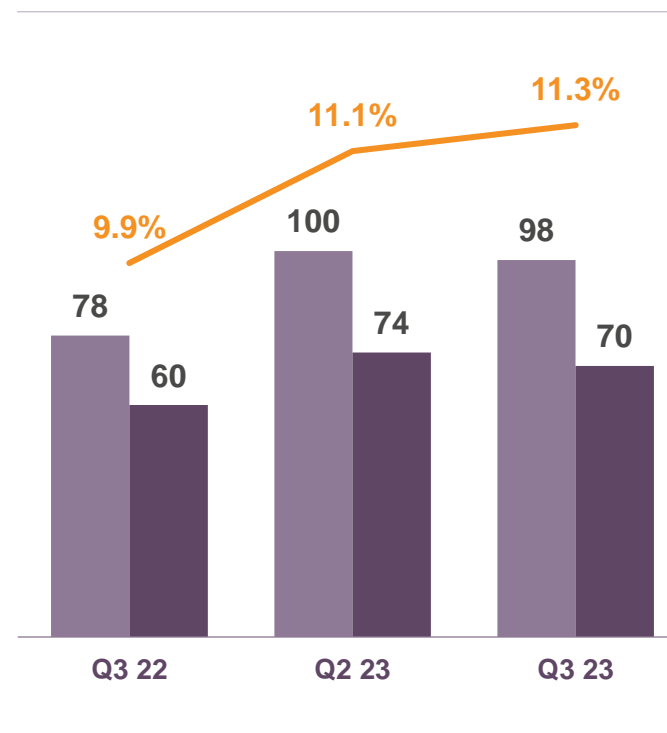
OpEx up due to higher staff costs & continued R&D focus

Normalized SG&A (€m)



■ Normalized SG&A
— Normalized SG&A as % of revenues

Normalized R&D (€m)



■ Normalized gross R&D
■ Normalized net R&D
— Normalized net R&D as % of revenue

Normalized SG&A

Normalized SG&A increased 6% yoy and 4% qoq, mainly explained by higher staff costs and some investments in the organization.

The impact of currency changes was a decrease of 1% qoq and a decrease of 5% yoy.

Normalized R&D

Normalized gross R&D increased 26% yoy and decreased 2% qoq. Normalized net R&D increased 17% yoy and decreased 5% qoq.

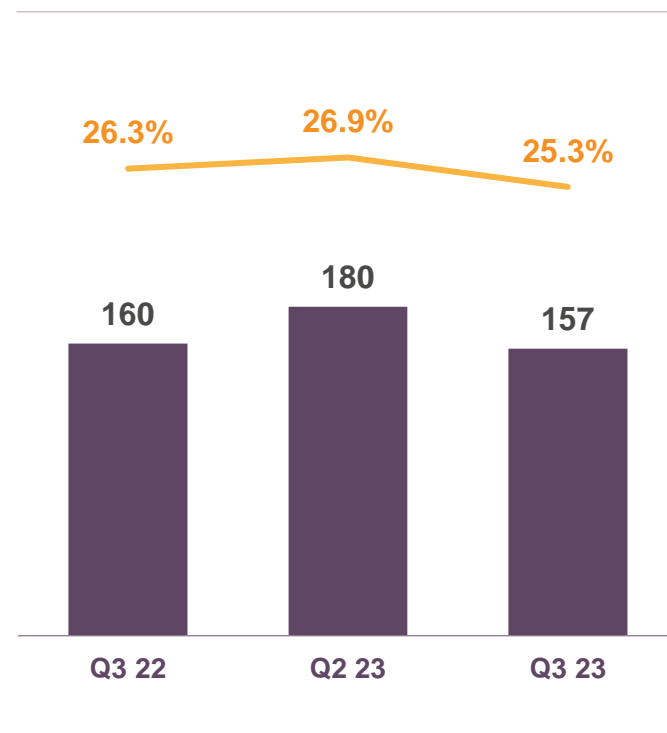
The increase in R&D is mainly due to increased staff costs, higher levels of R&D activities and continued investments in innovations to support growth.

The impact of currency changes was a decrease of 1% qoq and a decrease 6% yoy.

Normalized SG&A and R&D exclude amortization of fair value adjustments from respective purchase price allocations (before tax)

Operating result at 25.3% due to lower revenue levels

Normalized operating result (€m)



■ Normalized operating result
— Normalized operating margin

Normalized finance income & investment in associates (€m)

	Q3 22	Q2 23	Q3 23
Normalized net interest income (expense)	0.7	2.8	3.2
Foreign currency exchange gains (losses)	25.0	7.6	3.0
Share in income of investments in associates	19.6	9.2	0.4

Normalized operating result

Normalized operating result of 25.3% was lower both yoy and qoq. Expected operating margin for 2023 of at least 26%, somewhat better than the previous forecast of 26% or slightly lower.

Normalized finance income

Financing costs are mainly related to currency translation results, mostly driven by movements in the US dollar. A substantial part of ASM's cash position is denominated in US dollar. Finance expense was normalized for the impact from the LPE earn-out expense of €2 million.

Income from investments in associates (25% shareholding in ASMPT)

Income from investments in associates decreased by €9 million qoq. Full year amortization of intangible assets is expected to amount to €4 million.

Normalized operating result excludes amortization of fair value adjustments from respective purchase price allocations (before tax)
 Normalized finance income excludes the impact of LPE earn-out expense of €2 million.
 Amortization of intangible assets results from the sale of the 12% stake of ASMPT in 2013

Earnings slightly down due to lower operating results

Normalized net earnings

(€m)

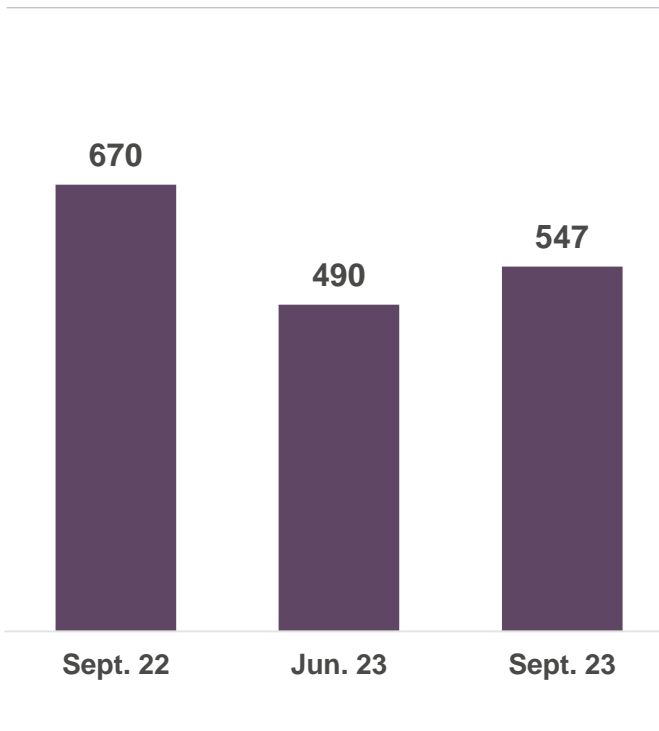
	Q3 22	Q2 23	Q3 23
Net earnings	(150.5)	151.2	129.6
Amortization intangible assets (resulting from the acquisitions of Reno and LPE)	(0.4)	(9.5)	(9.9)
Income taxes (realization of temporary differences)	0.1	2.6	2.7
Finance expense (earn-out)	-	(2.4)	(2.4)
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.6)	(0.2)	(0.1)
Impairment of investments in associates	(321.4)	-	-
Reversal of impairment of investments in associates	-	-	-
Normalized net earnings	174.9	160.7	139.1

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

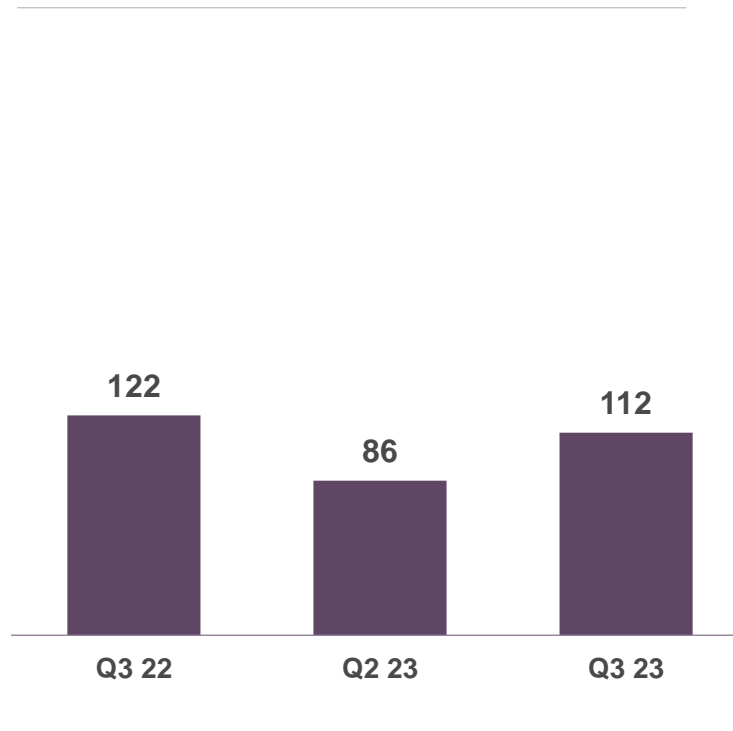
Normalized net earnings in the third quarter 2023 decreased by €22 million to €139 million compared to previous quarter mainly due to lower operating results.

Solid cash of €547m, robust FCF despite higher CapEx

Cash (€m)



Free cash flow (€m)

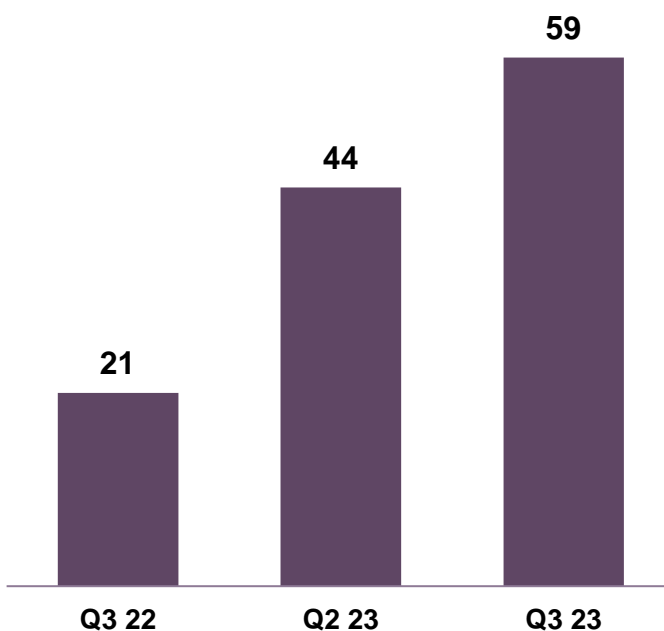


Cash increased to €547m at the end of September 2023, up from €490m at the end of June, as FCF was more than offset by cash used in financing activities for the payment of the dividend (€123m) and share repurchases (€50m).

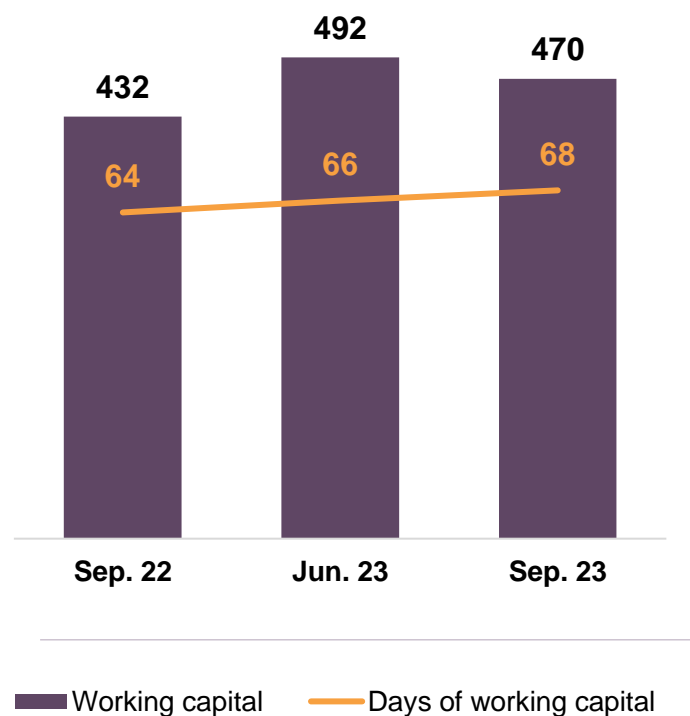
Free cash flow (FCF) slightly decreased to €112m, down from €122m in Q3 22, as a result of higher CapEx and capitalized development expenditure, including the purchase of a plot of land in Scottsdale, AZ (reported on August 21, 2023) as well as lower dividend income.

FY23 CapEx guidance is €150-€200m

Capital expenditures (€m)



Working capital (€m)



CapEx increased to €59 million. FY23 CapEx is still expected to be between €150-200m, with the majority of it related to expanding and upgrading R&D infrastructure.

Net working capital decreased to €470m (from €492m at the end of June 2023).

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.

Financial outlook

As included in the Q3 2023 press release published on October 24, 2023:

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.

Investor day 2023 highlights

Investor Day 2023 key takeaways

- 1 Semiconductor growth continues despite a downturn in 2023; long-term secular trends remain solid and in the case of AI and electrification of vehicles, even accelerating.
- 2 ASM's Growth through Innovation strategy showing results. Revenue increased with a CAGR of 35% in 2020 - 2022 and has significantly outperformed WFE during the period 2016 - 2022.
- 3 ASM is well positioned to meet the forthcoming technology advances especially in GAA and advanced memory, and we continue to grow in our key products of ALD and Si epitaxy with a leading market share in ALD and a growing share in Si epitaxy.
- 4 Have added a rapidly growing product line in SiC epitaxy with significant demand growth over the next few years due to electrification of vehicles and other power applications.
- 5 Our focus on sustainability continues with our Net Zero 2035 targets now verified by SBTi.
- 6 We upgrade our revenue target for 2025 to €3.0 – 3.6 billion. For 2027 we target to grow revenue to €4.0 – 5.0 billion (CAGR 2022-2027 of 11 - 16%) with an operating margin of 26 – 31%.

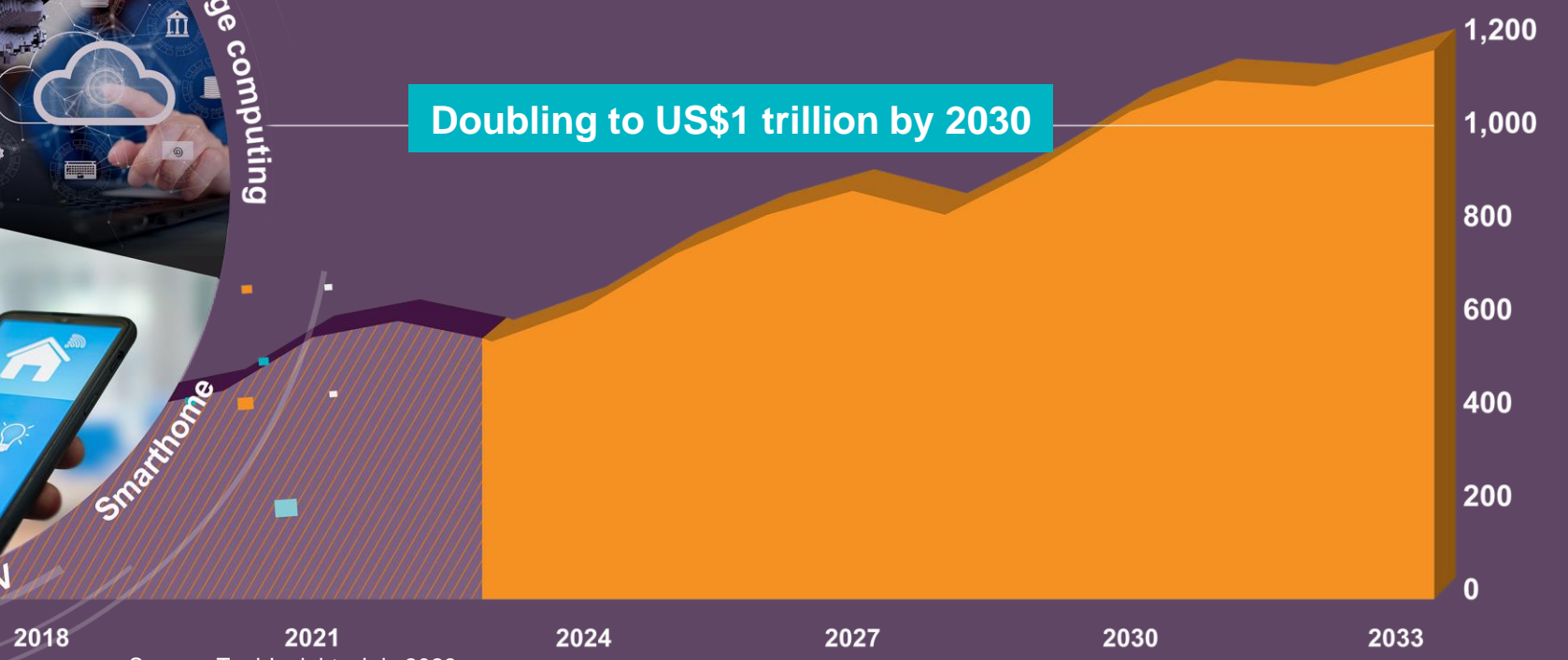
Digital transformation drives structural growth

Megatrends driving the semiconductor market



Semiconductor revenue (US\$ billion)

Doubling to US\$1 trillion by 2030

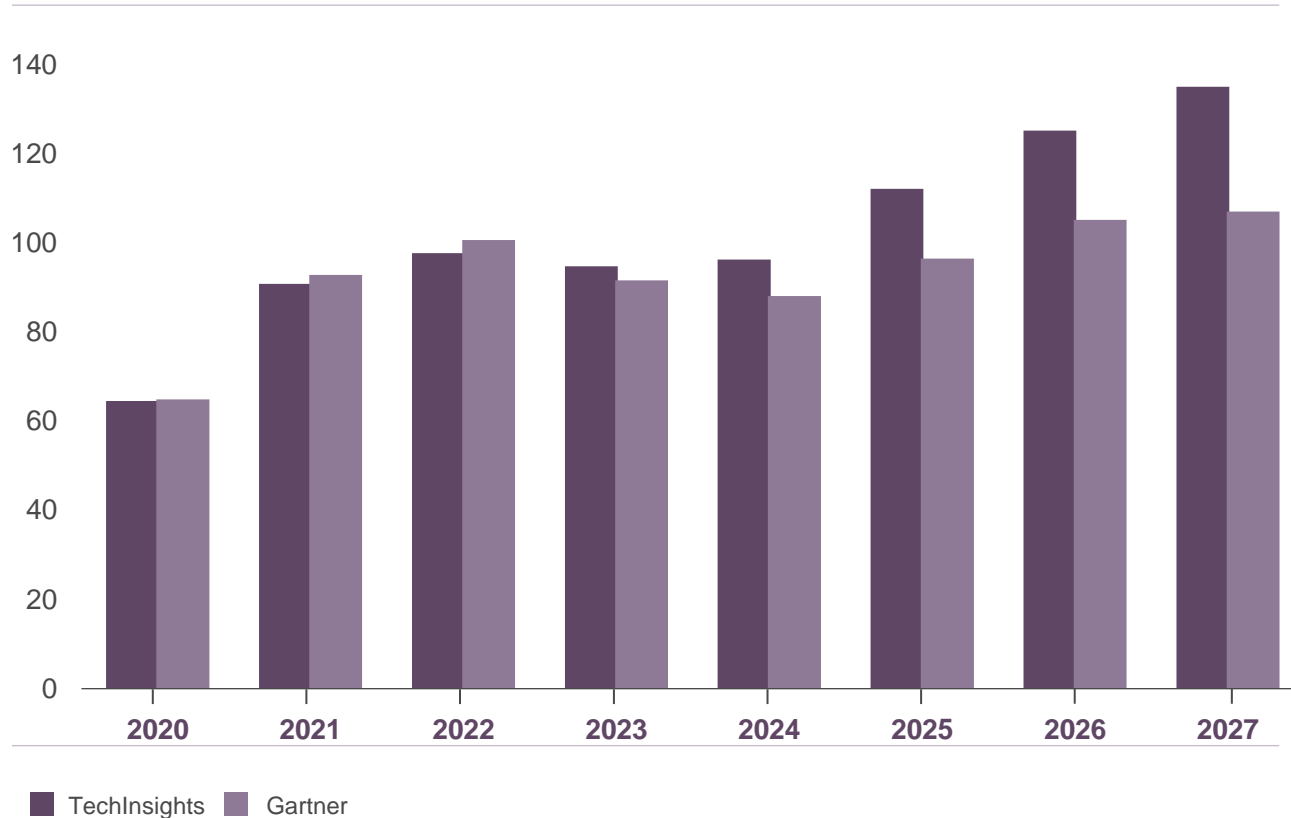


Source: TechInsights July 2023

WFE spending expected to grow in 2024-2027

WFE market forecast

(US\$ billion)



→ **WFE growth driven by secular trends of AI, 5G, EV, edge computing etc.**

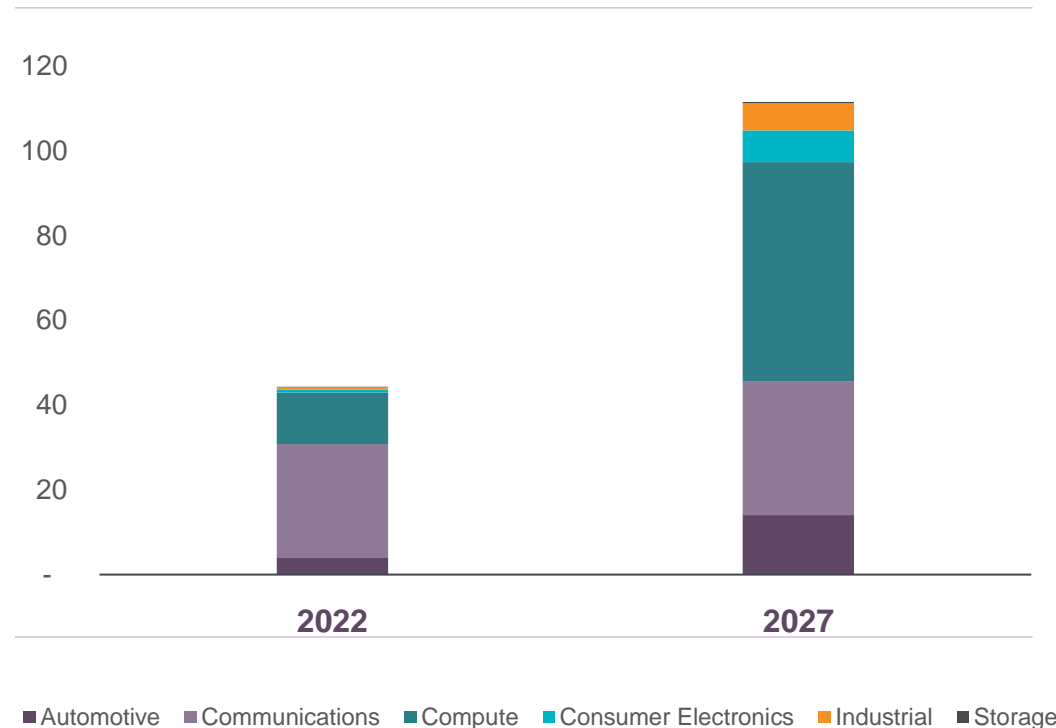
- Multi-year investments announced across all market segments
- Further scaling, 3D transitions and GAA driving investments in advanced CMOS
- Government sovereign efforts could add further investments
- In recent years increased investments in China have contributed to WFE growth

Source: TechInsights September 2023, Gartner October 2023

The growth of AI will drive increased capacity requirements for the semiconductor industry

AI semiconductor sales outlook

(US\$ billion)



AI-specific functions in >30% of logic devices by 2027 with significant upside

Source: Gartner, 2023

→ What it means for ASM:

• Increased capacity

- More datacenters with higher content servers – GPU, ASIC, communications, HB DRAM
- More silicon content edge device (ex. phone GPU, NPU, Auto ADAS systems)
→ more fabs

• Inflections

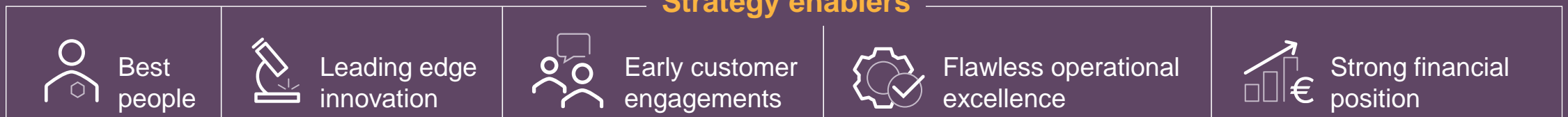
- Acceleration of Finfet to GAA → more single-wafer ALD and Epi steps
- High performance/ bandwidth DRAM drives high-k adoption, metals → more single-wafer ALD and Epi steps

Growth through Innovation - strategy unchanged

Our purpose is to improve people's lives through advancing technologies that unlock new potential



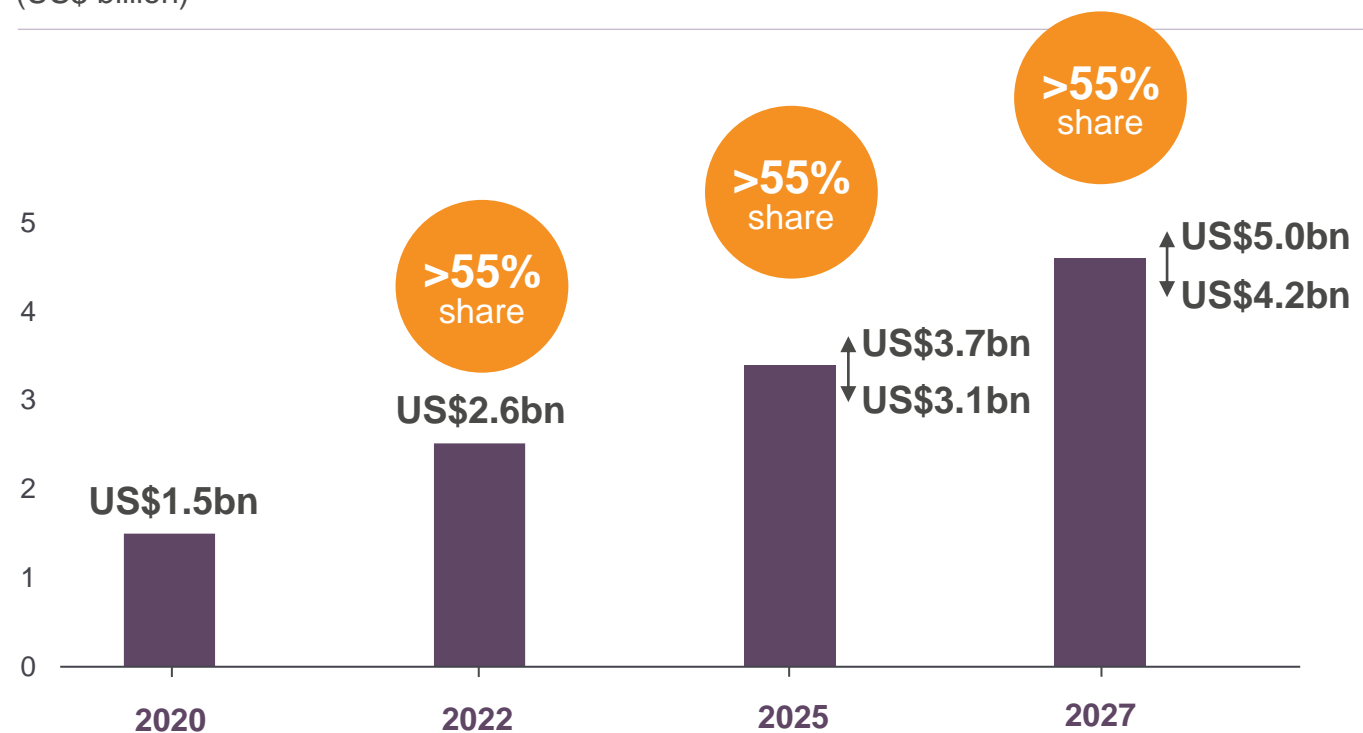
Strategy enablers



ALD market outlook: US\$3.1-3.7 billion by 2025¹ & US\$4.2-5.0 billion by 2027²

Single-wafer ALD market outlook

(US\$ billion)



Note: estimated range for 2025 is unchanged compared to 2021 Investor Day, forecast for 2027 was introduced in Investor Day 2023

→ Logic/foundry

- GAA transition
- High-k gate & Vt tuning
- Sacrificial layers, HM, ESL
- Metals
- Selective ALD
- High aspect ratio TSV

→ Memory

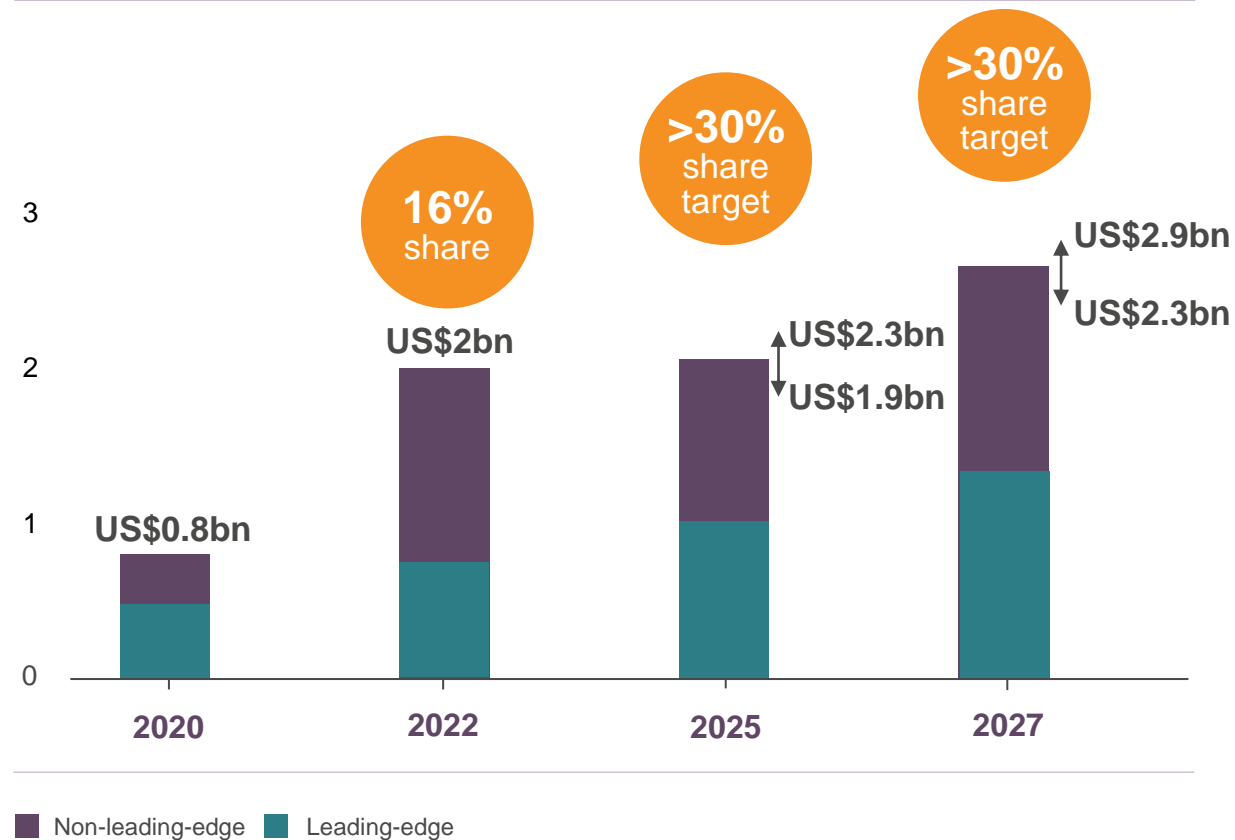
- High-k gate & Vt tuning
- Metals
- High aspect ratio gap-fill
- Selective ALD

→ CAGR ALD market '22-'27 10-14%

Si epitaxy market outlook: US\$1.9-2.3 billion by 2025¹ & US\$2.3-2.9 billion by 2027²

Si epitaxy market outlook

(US\$ billion)



Note: estimated range for 2025 has been increased compared to US\$1.5-1.8bn presented in Investor Day 2021, forecast for 2027 was introduced in Investor Day 2023

→ Leading-edge

- Continued growth in leading-edge driven by GAA and high-performance DRAM

→ Non-leading-edge

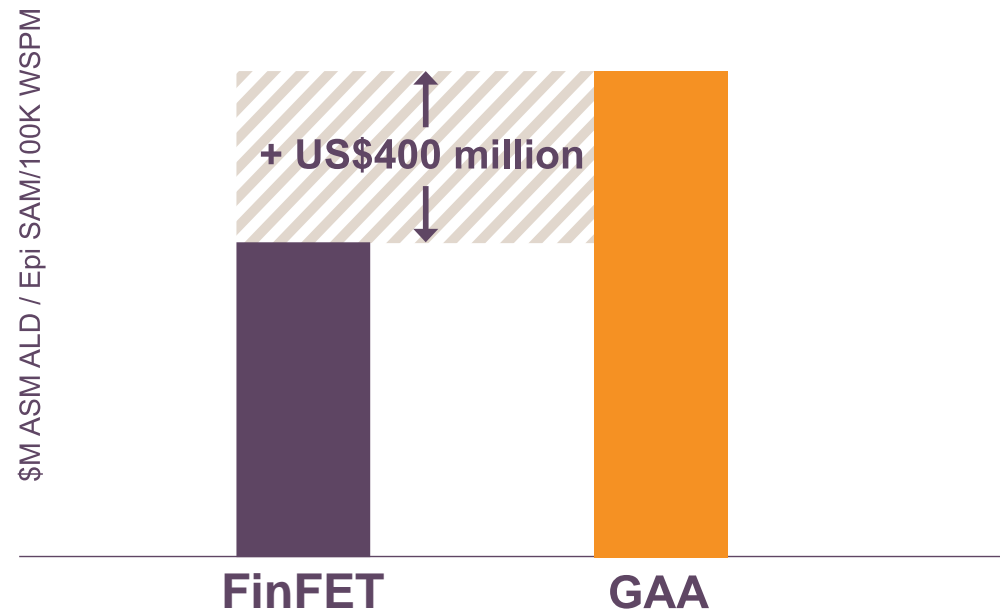
- Wafer, power, analog
 - Continued growth in wafer, power, analog compared
 - Strong momentum driven by Intrepid ESA
- Non-leading-edge foundry
 - Investments in 2025-2027 expected to be at lower level compared to 2022
 - ASM continues to have a limited position

→ Change in market mix towards leading edge expected in 2024-2027 with move to GAA

→ CAGR Si epitaxy market '22-'27 3-8%, with leading-edge segment outgrowing epi market with CAGR '22-'27 of 10-15%

Increased ALD and Epi SAM with move from FinFET to GAA

Increases served available market for ASM by ~ US\$400 million per 100k wafer starts per month (WSPM)



ASM internal market data, figure not to scale

→ Single-wafer ALD

- High-k gate & Vt tuning
- Sacrificial layers, HM, ESL
- Metals
- Selective ALD
- High aspect ratio TSV

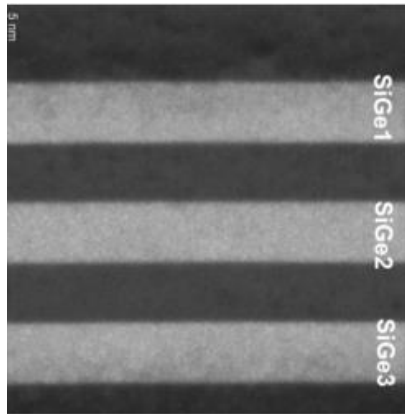
→ Epitaxy

- GAA nanosheet stack
- Source/drain contact

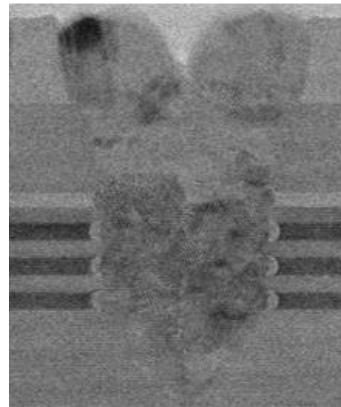
In the transition to gate-all-around:

- We expect to maintain our leading market share in single-wafer ALD
- We expect to gain market share in Epi

Logic GAA creates new ALD/Epi opportunities

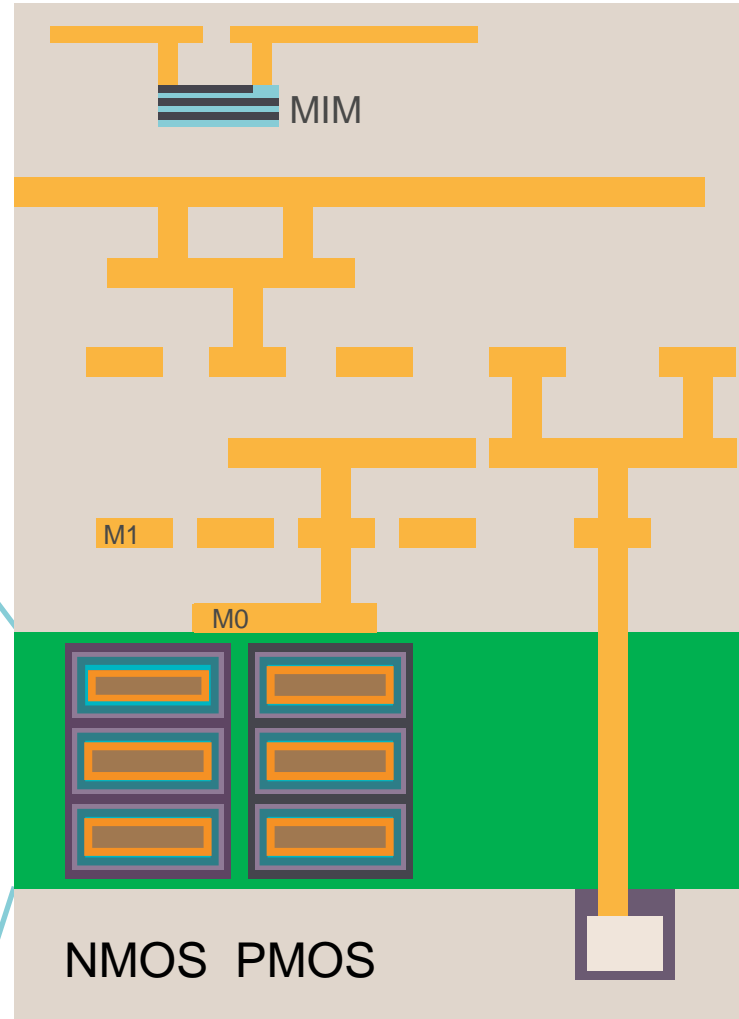
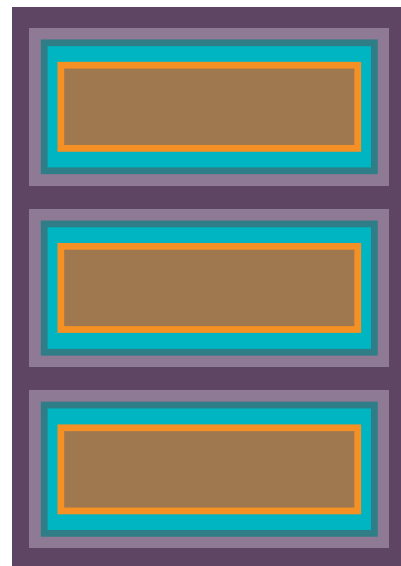


Channel Epi



Source/Drain Epi

- Epi Si
- IL
- High-k
- Dipole
- TiN
- WFMs



Simplified Schematic. Not all layers are shown, and each layer may consist of few individual ones.

New interconnect metals:

- Molybdenum replacing CVD Tungsten and PVD Copper

Selective deposition processes for performance and Yield:

- DoD and MoD

Increasing embedded functionality:

- a) additional memory with MIMCAP (Hf-based ALD dielectrics) and
- b) Power Management using IGZO channels for TFT

LPE and Reno: value-creating bolt-on acquisitions

LPE acquisition closed on October 3, 2022, with purchase price of €471m and earn-out of up to €100m

→ **Strategic rationale:**

- Address the high-growth SiC semiconductor opportunity with accelerated time to market
- Acquired a team with 25 years of specialized experience
- Acquired key technology that contributes to sustainability, by enabling increased power efficiency in transportation and other markets
- Most attractive target in SiC epitaxy with compelling valuation
- Leverage highly synergistic ASM's epitaxy competencies and global footprint

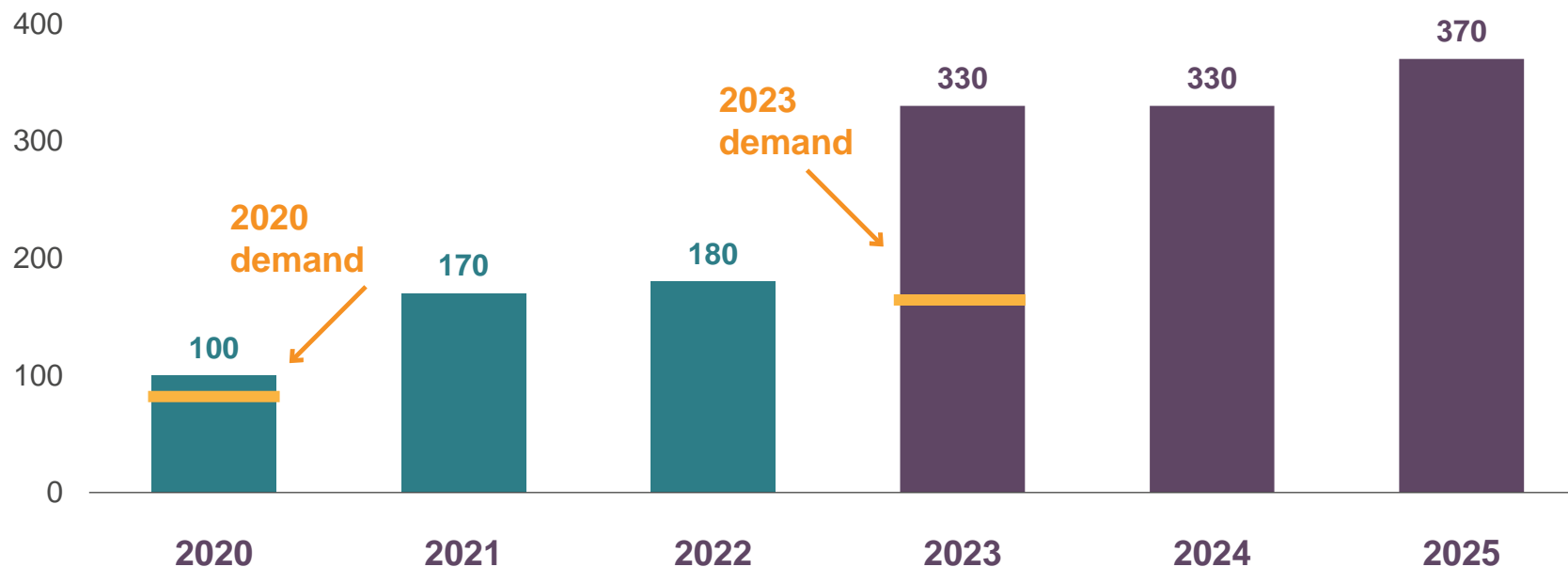
Reno Sub-Systems acquisition closed on March 12, 2022, with purchase price of approximately €42m

→ **Strategic rationale:**

- New PEALD applications are driving more complex process solutions
- Solid state match enables instantaneous matching and reduces ALD cycle time improving throughput and energy consumption
- Reno has a leading, sustainable position in solid state RF matches with strong patent position
- Brings core, critical & difficult to find RF technology talent in house

ASM investing in manufacturing capacity ahead of needs

Normalized manufacturing capacity



- Singapore second floor (L3) expansion provided capacity for targeted growth in 2023 through 2027
- Korea expansion will provide further capacity local to products and enhanced business continuity plan (BCP)

Updated financial targets FY25 and introducing FY27

		FY2022 ⁽¹⁾	FY2025	FY2027
Revenue	→	€2.4 billion	Old: €2.8 - €3.4 billion New: €3.0 - €3.6 billion	€4.0 - €5.0 billion
Revenue growth	→	33% yoy ⁽²⁾	16 - 21% CAGR (FY20-FY25)	11 - 16% CAGR (FY22-FY27)
Gross margin %	→	47.5%	46 - 50% (FY21-FY25)	46 - 50% (FY25-FY27)
SG&A % revenue	→	11.4%	High single digit (FY25)	High single digit (FY25-FY27)
R&D (net) % revenue	→	9.5%	High single digit to low teens (FY25)	High single digit to low teens (FY25-FY27)
Operating margin %	→	26.6%	26-31% (FY21-FY25)	26-31% (FY25-FY27)
Capex	→	€101 million	Old: €60 - €100 million New: €100 - €180 million (FY25)	€100 - €180 million (FY27)
Effective Tax Rate	→	17.7% ⁽³⁾	High teens to low twenties (FY25)	High teens to low twenties (FY25-FY27)
Total working capital	→	62 days	55-75 days (FY25)	55-75 days (FY25-FY27)

1 Refers to normalized numbers excluding purchase price allocation adjustments

2 Refers to constant currencies

3 Effective tax rate excludes impairment on, and net income of our investment in ASMPT

Capital allocation strategy



Priority 1

Invest to support future growth

- R&D
- Capex
- M&A

Priority 2

Maintain a strong balance sheet

Increase targeted minimum cash position towards €600m in coming years

Priority 3

Sustainable dividend payments

Priority 4

Return of excess cash to shareholders through share buybacks

Target Net Zero by 2035



SBTi verified ASM Net Zero 2035 target in July 2023

- SBTi verified Net Zero target



Target 100% renewable electricity (RE) by 2024

- Already 100% RE at 5 key sites



Scope 3 use of our products is the majority of our GHG footprint

- Product sustainability fully incorporated in the product development and improvement process



Originator, founding member, and chair of Semiconductor Climate Consortium

- Recognized through inaugural SEMI Sustainability Leadership Award at SEMICON West 2023

Emission segmentation at ASM

Scope 1 <0.1%	Direct emissions from company-owned facilities
Scope 2 0.5%	Indirect emissions from offsite utility-purchases
Scope 3 >99%	Indirect emissions from upstream/downstream peripheral activities

Scope 3 emissions

- Greatest impact to ASM’s emissions

Use of sold products

- Largest contributor to Scope 3

Zooming in on Scope 3 emissions (tCO₂e)



All other Scope 3 categories <1% each:



Sustainability fully integrated into product development



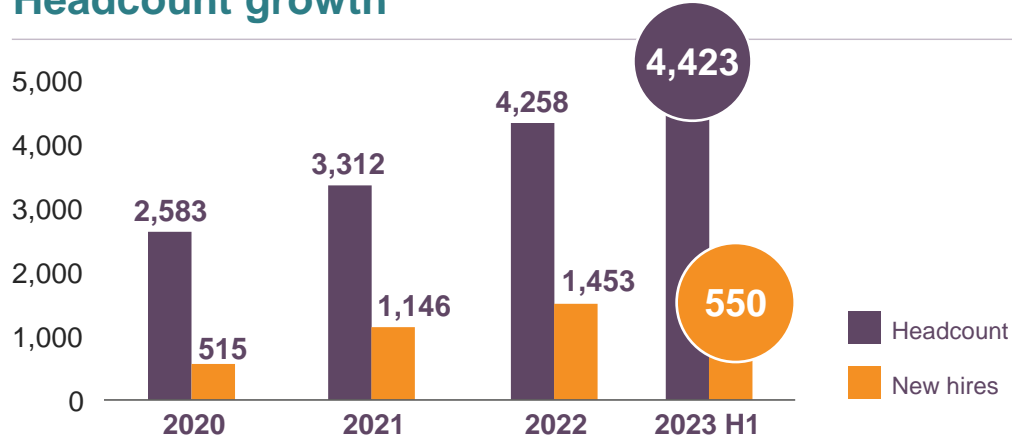
Our vision is to develop differentiated & eco-efficient tools & processes, while maximizing energy saving through product innovation.



Our aim is to lower energy/precursor usage, emissions and cost per wafer

People are at the heart of our success

Headcount growth



Retention

	All employees	High performers
2020	89.3%	97%
2021	87.5%	
2022	88.1%	94%
2023 H1	>90%	

Culture



ACE

Accountability

Collaboration

Empowerment

2023 engagement study

- Our employees understand how their role supports the overall business strategy: 4.25 (85% of favorable answers)
- Meaningful progress on Accountability, Collaboration, Empowerment (+0.18)

Diversity



Gender

- Progress towards 20% female employees in 2025
- Female participation increased to 17% (in 2022) from 15% (in 2021)
- 19% female hires in 2022

Nationalities

- ASM is present in 15 countries
- 66 nationalities - TOP: US, Korea, Singapore.

Annex: detailed financials

(Estimated) amortization and earn-out expenses

€ million	Q3 2022 Actual	Q2 2023 Actual	Q3 2023 Actual	FY 2023 Estimate	FY 2024 Estimate	FY 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).

Normalized and reported P&L reconciliation

€ million	Q2 2023 normalized	Δ	Q2 2023 reported	Q3 2023 Normalized	Δ	Q3 2023 reported
Revenue	669		669	622		622
Gross profit	328	(5)	323	305	(5)	299
Gross margin	49.0%		48.3%	48.9%		48.1%
SG&A	(74)	(1)	(75)	(77)	(1)	(78)
SG&A as a % of revenue	11.0%		11.2%	12.3%		12.5%
Net R&D	(74)	(4)	(77)	(70)	(4)	(74)
Net R&D as a % of revenue	11.1%		11.6%	11.3%		11.9%
Operating profit	180	(9)	171	157	(10)	147
Operating margin	26.9%		25.5%	25.3%		23.7%
Finance income (expense)	10	(2)	8	6	(2)	4
Income from investment in associates	9	0	9	-	-	-
Net earnings	161	(10)	151	139	(10)	130

Income statement (reported)

€ million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
New orders	676	829	647	486	627
Backlog	1,525	1,669	1,584	1,400	1,404
Book-to-bill ratio	1.1	1.1	0.9	0.7	1.0
Revenue	610	725	710	669	622
Cost of sales	(316)	(388)	(359)	(346)	(323)
Gross profit	293	337	351	323	299
Other income	0	0	0	0	(0)
Operating expenses:	-	-	-	-	-
Selling, general and administrative	(73)	(76)	(71)	(75)	(78)
Research and development	(61)	(79)	(75)	(77)	(74)
Total operating expenses	(133)	(155)	(146)	(152)	(152)
Operating result	160	182	204	171	147
Net interest income (expense)	1	(2)	(1)	0	1
Foreign currency exchange gain (loss)	25	(36)	(7)	8	3
Share in income of investments in associates	16	5	6	9	-
Reversal of impairment of investments in associates, net	(321)	106	215	-	-
Earnings before income taxes	(120)	255	418	188	152
Income taxes	(31)	(18)	(37)	(36)	(22)
Net earnings	(150)	237	380	151	130

Balance sheet

€ million	Sep. 22	Dec. 22	Mar. 23	Jun. 23	Sep. 23
Right-of-use assets	30	32	34	34	36
Property, plant and equipment	297	312	315	338	384
Evaluation tools at customers	79	69	73	71	71
Goodwill	39	318	318	320	321
Other intangible assets	376	646	647	664	696
Investments in associates	637	686	892	873	886
Other investments	-	6	6	10	11
Deferred tax assets	0	0	0	0	0
Other non-current assets	9	10	10	9	15
Total non-current assets	1,467	2,079	2,294	2,319	2,418
Inventories	464	538	575	582	574
Accounts receivable	520	581	568	535	526
Income taxes receivable	20	19	32	20	6
Other current assets	78	115	98	84	101
Cash and cash equivalents	670	419	573	490	547
Total current assets	1,752	1,672	1,846	1,710	1,754
Total Assets	3,220	3,751	4,140	4,030	4,172
Equity	2,471	2,749	3,088	3,046	3,181
Lease liabilities	18	19	21	21	22
Contingent consideration payable	-	79	81	83	86
Deferred tax liabilities	67	124	118	122	118
Total non-current liabilities	85	221	220	226	226
Accounts payable	249	243	252	218	208
Provision for warranty	35	34	31	27	24
Income taxes payable	34	44	69	50	34
Accrued expenses and other payables	346	459	479	464	499
Total current liabilities	664	780	831	758	765
Total Equity and Liabilities	3,220	3,751	4,140	4,030	4,172

Cash flow statement

€ million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net earnings from operations	(150)	237	380	151	130
Adjustments to reconcile net earnings to net cash from operating activities	330	(73)	(188)	23	27
Depreciation, amortization and impairments	32	38	42	44	44
Income tax paid	(25)	(23)	(30)	(38)	(28)
Decrease (increase) in working capital	(31)	(75)	6	(28)	36
Net cash from operating activities	155	104	210	152	208
Cash flows from investing activities	-	-	-	-	-
Capital expenditures	(21)	(37)	(26)	(44)	(59)
Proceeds from sale of property, plant and equipment	0	0	1	0	2
Capitalized development expenditure	(27)	(25)	(29)	(38)	(39)
Purchase of intangible assets and other investments	(2)	(2)	(1)	(8)	(8)
Dividend received from associates	17	-	-	23	7
Acquisitions of subsidiaries, net of cash acquired	-	(278)	-	-	-
Net cash used in investing activities	(32)	(341)	(56)	(66)	(95)
Payment of lease liabilities	(3)	(3)	(3)	(3)	(3)
Purchase of treasury shares	-	-	-	(50)	(51)
Proceeds from issuance of treasury shares and other	(0)	-	(0)	(0)	1
Dividends to common shareholders	-	-	-	(123)	-
Net cash used in financing activities	(3)	(3)	(3)	(176)	(53)
Free cash flow excluding cash spent on acquisitions⁽¹⁾	122	41	155	86	112

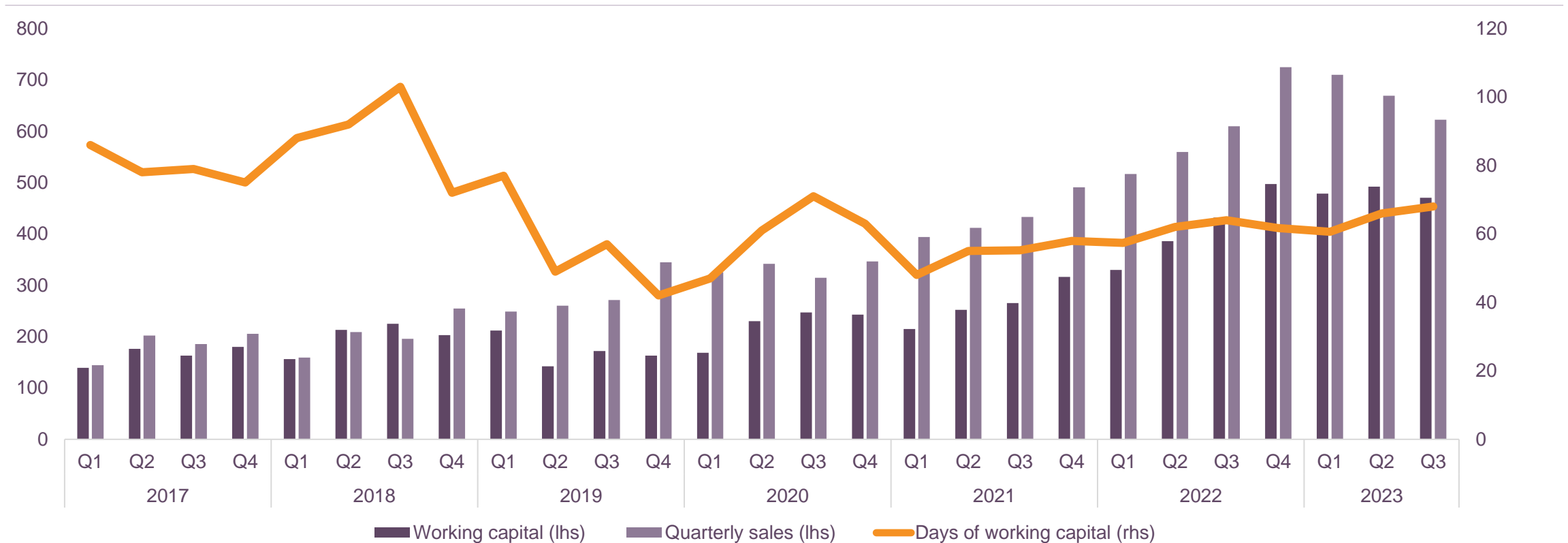
(1) Free cash flow is defined as cash flows from operating activities after investing activities

Gross and net R&D expenses (reported)

€ million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Gross R&D expenses	78	93	94	104	102
Capitalization of development expenses	(27)	(25)	(29)	(37)	(39)
Amortization of capitalized development expenses	9	11	11	11	11
Impairment capitalized development expenses	-	-	-	-	-
Net R&D expenses	61	79	75	77	74
Gross R&D as % of revenue	12.9%	12.8%	13.2%	15.5%	16.3%
Net R&D as % of revenues	10.0%	10.9%	10.6%	11.6%	11.9%

Working capital: historical development

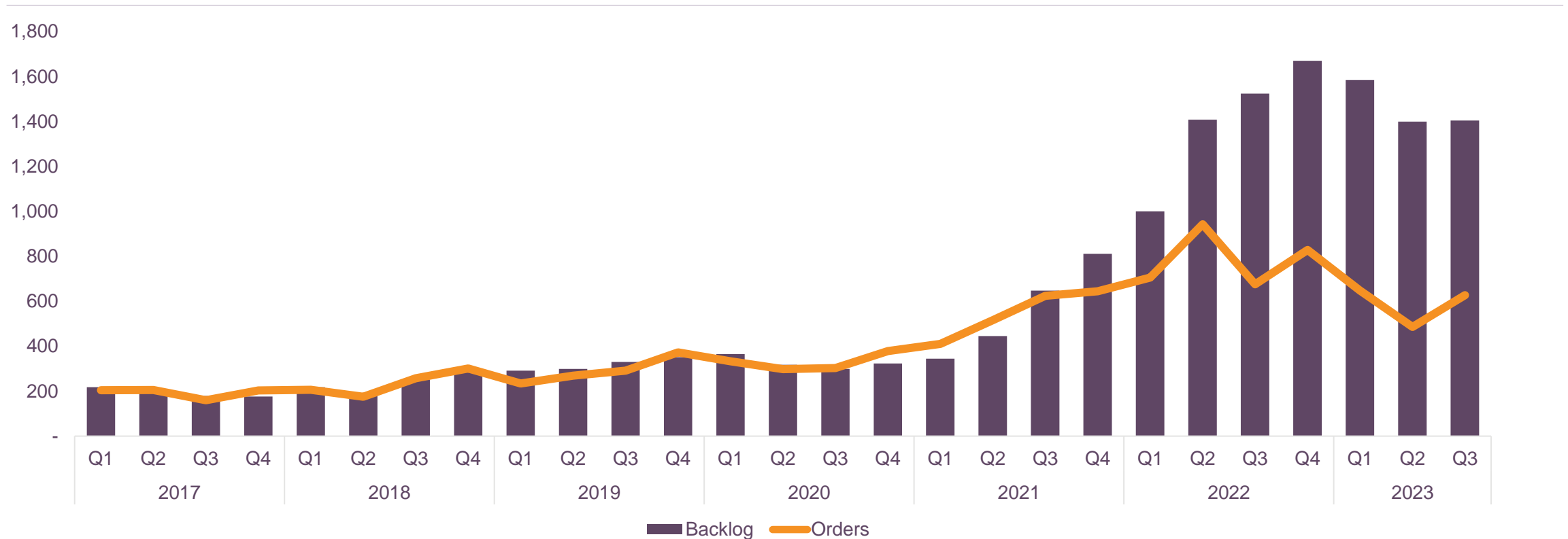
€ million



Numbers based on reported financials
 Q1 and Q4 2019 exclude the impact of patent litigation and arbitration settlements

Orders and backlog: historical development

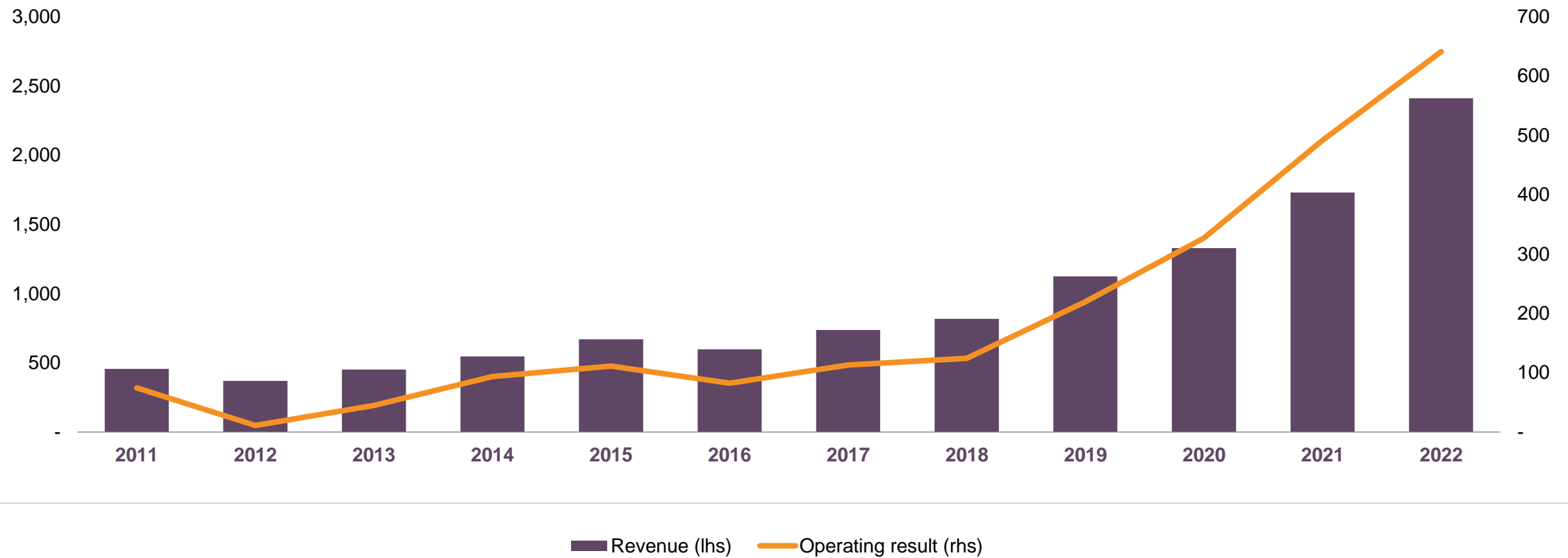
€ million



Numbers based on reported financials
 Q1 and Q4 2019 exclude the impact of patent litigation and arbitration settlements

Revenue and operating result: historical development

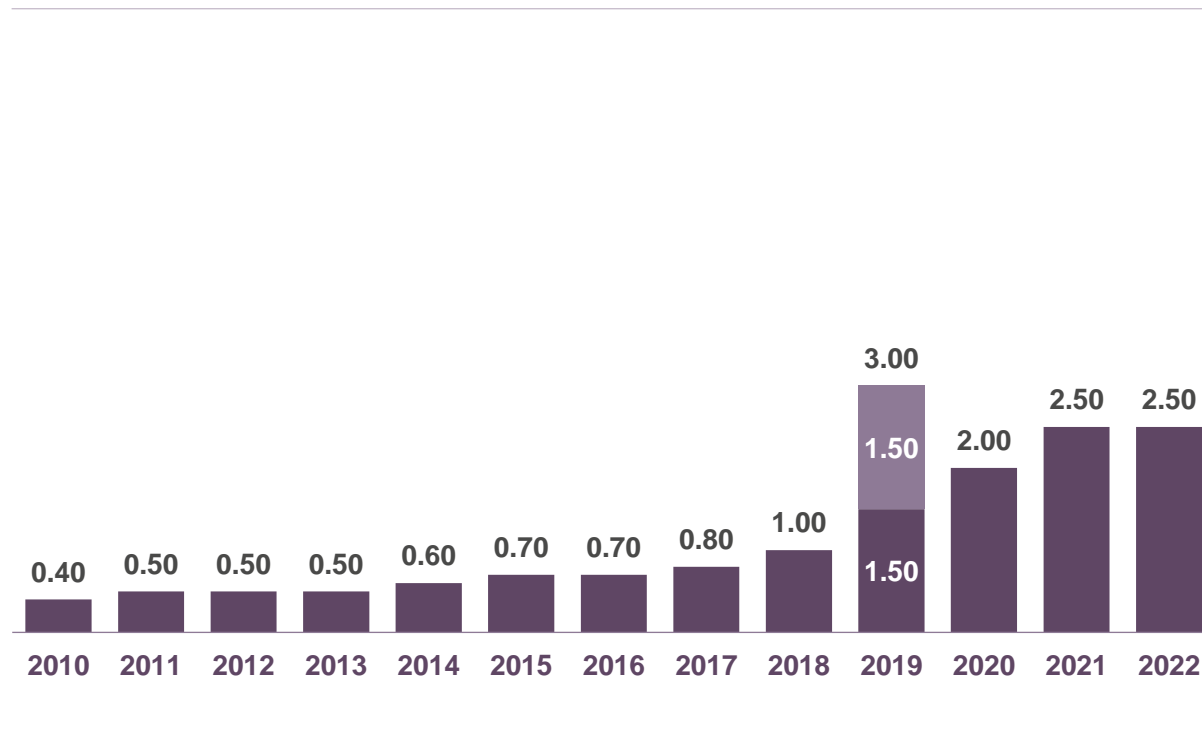
€ million



2019 numbers exclude settlement gains of €159m
 2022 operating margin exclude amortization of fair value adjustments from respective purchase price allocations (before tax)

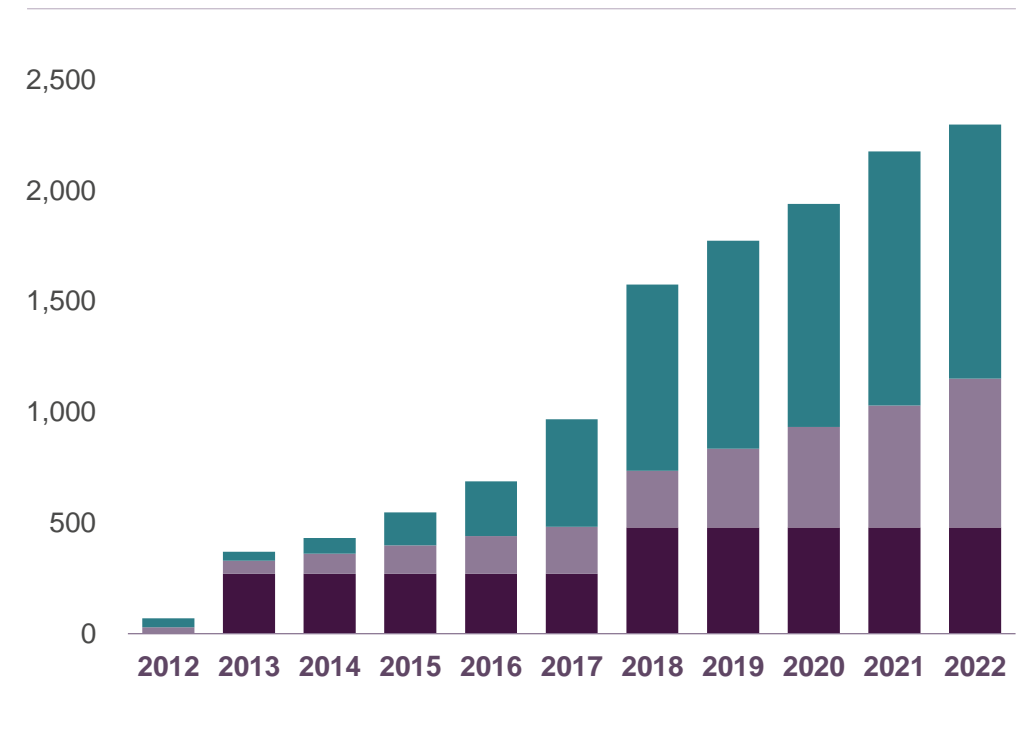
Cash returned to shareholders

Dividend per share (€ paid over)



■ Regular dividend ■ Extraordinary dividend

Cumulative cash returned to market (€m)



■ Return of capital ■ Dividends ■ Share buybacks

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