# ASM Q2 2023 results

July 25, 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, 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.

# Contents

# 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 16%-20% from 2020 to 2025
- Expanding our position in the Epi market (CAGR of 13%-18% from 2020 to 2025)
- Selective growth in PECVD and Vertical Furnaces, and healthy growth in spares & services
- With the acquisition of LPE (closed on October 3, 2022), ASM entered the high-growth silicon carbide Epi market

### → A healthy profitability

- Q2 2023 normalized gross margin of 49.0% and operating margin of 26.9%

### → Strong balance sheet

- Solid cash position of €490m at the end of Q2 2023, no debt
- Dividend of €2.50 per share paid over FY 2022
- Share buyback program of €100m started on April 27, completed for 56% as of July 21, 2023

### → Stepping up our focus on sustainability

- Submitted Net Zero measurements and targets for scope 1, 2, and 3 to be validated 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%

# Q2 2023 results

# Financial highlights

| €486m | €669m | 49.0% |
|---|---|---|
| **New orders** (-48% yoy at constant currencies) | **Revenue** (+21% yoy at constant currencies) | **Normalized gross margin**[1] (47.5% in Q2 2022) |
| **26.9%** | **€9m** | **€161m** |
| **Normalized operating margin**[1] (26.5% in Q2 2022) | **Income from investment in associates**[2] (€27m in Q2 2022) | **Normalized net earnings**[3] (€164m in Q2 2022) |
| **€490m** | **€86m** | **€2.50** |
| **Cash position** | **Free cash flow** | **Dividend per share over FY22** |

(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

# Q2 2023 highlights

### Orders and revenue

- Q2 new orders came in at €486m, down 48% yoy at constant currencies, reflecting softening market conditions, and push-outs in logic/foundry as indicated in Q1
- Revenue up 21% at constant currencies to €669m, in line with previous guidance of €650-690m

### Margins and profitability

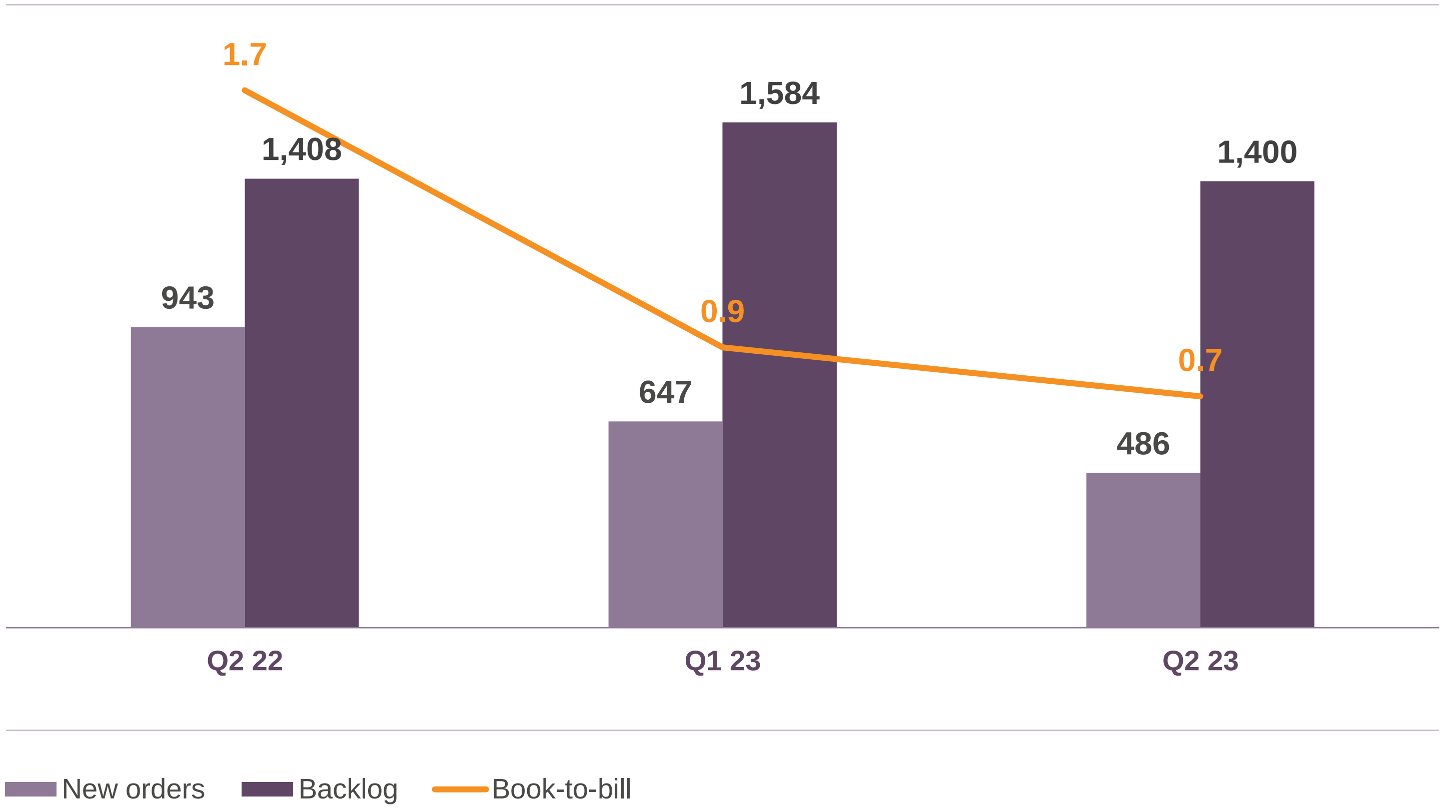
- Gross margin was 49% due to application mix, including relatively higher sales in China. Healthy operating margin at 26.9%, thanks to revenue growth and higher gross margin
- Normalized SG&A increased 5% qoq and 9% yoy, at 11% of revenue; net R&D increased 3% qoq and 47% yoy, at 11.1% of revenue

### End-market demand and outlook

- Lower order intake in Q2 was impacted by softening demand and by push-outs in leading-edge logic/foundry, reflecting softer end-market conditions and some delays in new customer fab readiness
- Decreased in order intake also reflected some backlog normalization following improved supply chain conditions
- Memory demand continued to be weak in Q2 and is not expected to recover in the remainder of the year
- Despite near-term market softening, ASM remains well positioned for the next nodes. GAA transition will drive a meaningful double-digit increase in served available markets, with a first meaningful contribution for GAA pilot-line orders expected in Q4 2023
- Demand in mature node markets remained solid, which for ASM is mainly a selective play on the segments of power, analog and wafer manufacturers.
- SiC Epi business increased substantially in Q2 and remains on track to achieve more than €130m in sales in 2023. After winning a new leading North American customer earlier this year, we have received a first order from a major European SiC player

# New orders –48% yoy at cc, backlog at €1.4b

## Orders and backlog
(€m)




Q2 2023 new orders dropped to €486m, down by 48% at constant currencies (cc) yoy, and 24% at cc compared to the previous quarter.

Lower orders explained by:

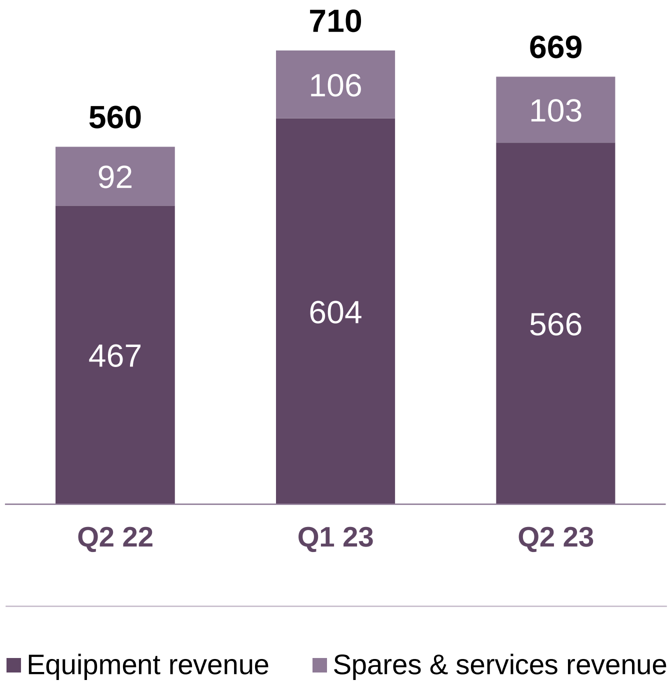
- Softening demand in logic/foundry including push-outs, in part related to delays in customer fab readiness;
- Some backlog normalization following improved supply chain conditions;
- Continued memory weakness.

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

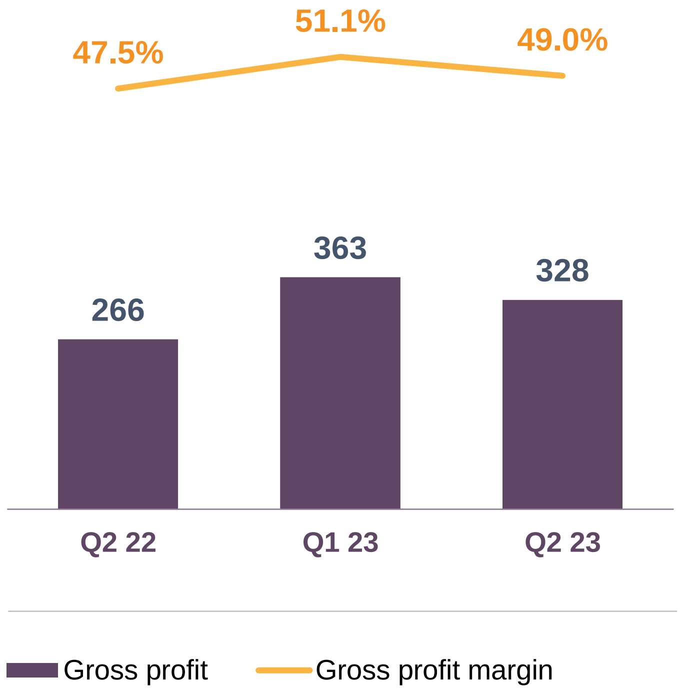
Backlog decreased to €1,400m compared to €1,584m at the end of Q1 2023.

# Revenues +21% yoy at cc, gross margin at 49%

## Revenue
(€m)




## Normalized gross profit
(€m)




**Revenue**

Q2 2023 revenue increased to €669 million, +21% yoy at cc (20% as reported) and decreased 5% qoq (-6% as reported). Revenue was led by foundry followed by power/analog, and then logic and memory.

Equipment revenue was up 22% yoy at cc. Spares & services grew 15% yoy at cc.

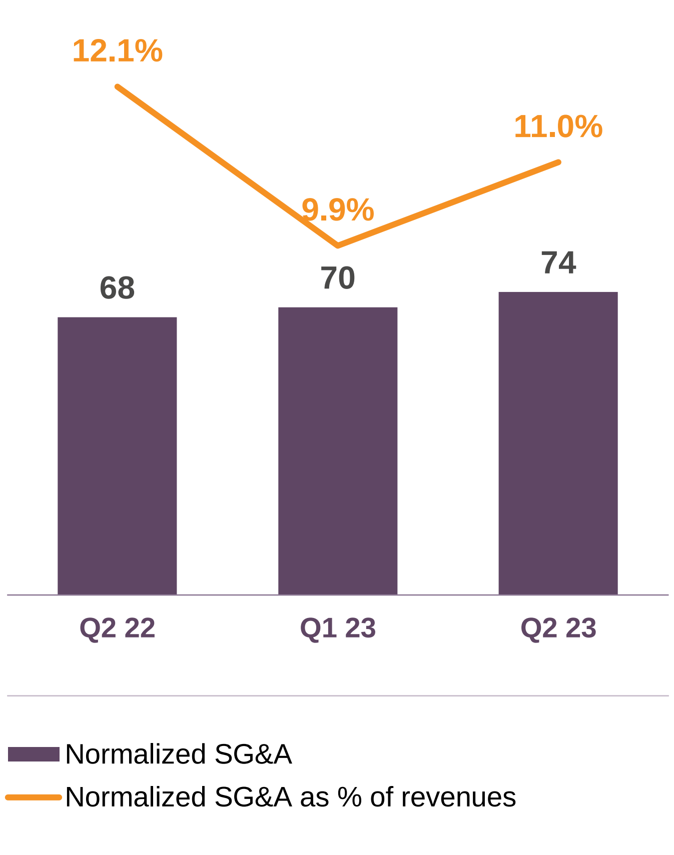
**Normalized gross margin**

Normalized gross margin decreased compared to the exceptionally high level in Q1 23 but remained strong at 49%, largely explained by mix, including relatively higher sales in China.

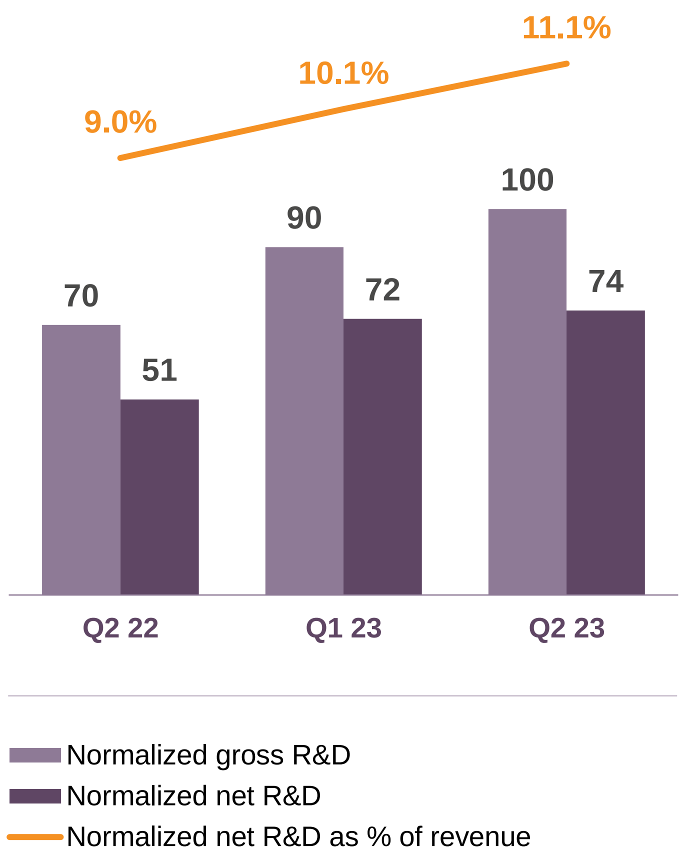
Normalized gross profit excludes amortization of fair value adjustments from respective purchase price allocations (before tax)

# SG&A growth levelling off. Continued investments in R&D

## Normalized SG&A
(€m)




## Normalized R&D
(€m)




**Normalized SG&A**

Normalized SG&A increased 9% yoy and 5% qoq, mainly explained by annual merit increase.

The impact of currency changes was a decrease of 2% qoq and a decrease of 1% yoy.

**Normalized R&D**

Normalized gross R&D increased 44% yoy and 11% qoq. Normalized net R&D increased 47% yoy and 3% qoq.

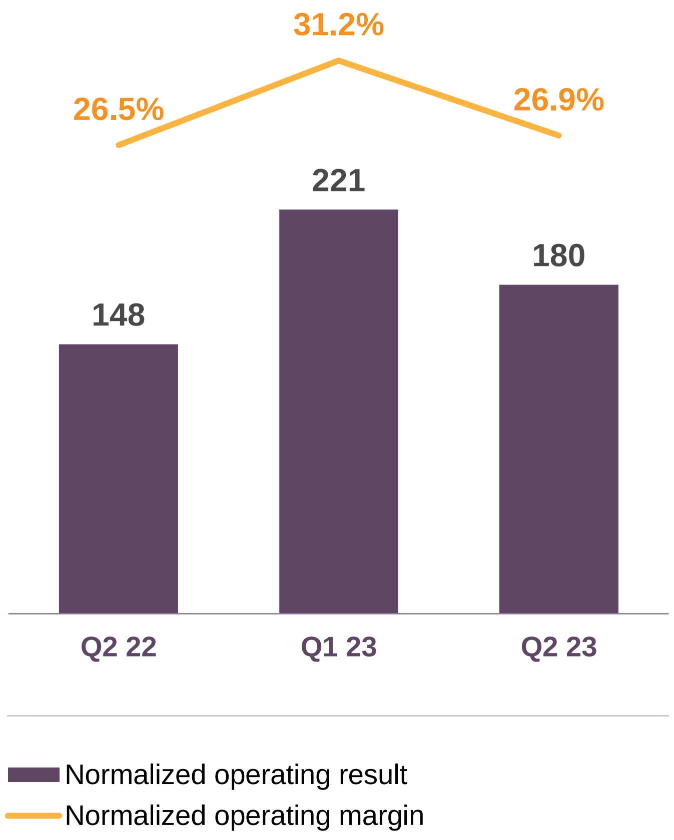
The increase in R&D is mainly due to increased number of R&D projects, headcount growth and continued focus on R&D investments.

The impact of currency changes was a decrease of 2% qoq and a decrease 3% yoy.

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

# Operating result increased 23% yoy at cc

## Normalized operating result
(€m)




## Normalized finance income
(€m)

| | Q2 22 | Q1 23 | Q2 23 |
|---|---|---|---|
| Normalized net interest income (expense) | 0.1 | 1.3 | 2.8 |
| Foreign currency exchange gains (losses) | 26.5 | (6.8) | 7.6 |
| Normalized financing income (expense) | 26.5 | (5.5) | 10.4 |

**Normalized operating result**
Normalized operating result improved yoy with the increase in revenue and gross margin partly offset by higher OpEx.

Operating margin for 2023 still expected to be 26% or slightly lower, explained by the expected lower sales level in H2.

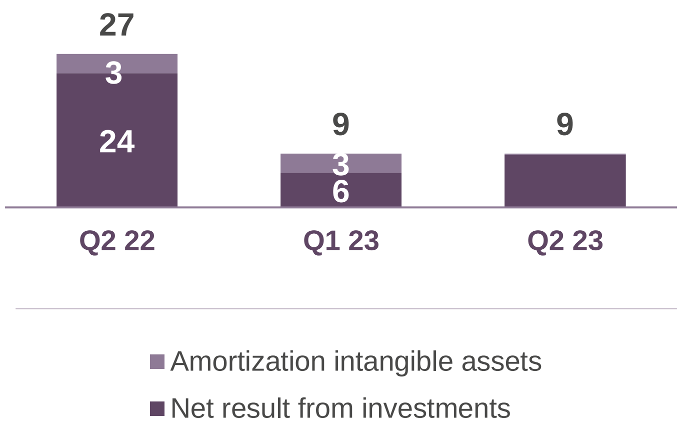
**Normalized finance income**
Financing costs are mainly related to currency translation results, mostly driven by movements in the US dollar. A substantial part of ASM's cash position is denominated in US dollar.

Finance expense was normalized for the impact from the LPE earn-out expense of €2 million.

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.

# ASMPT impairment was completely reversed in Q1

## Income from investment in associates
(€m)




## Impairment of investment in associates
(€m)

| | Q2 22 | Q1 23 | Q2 23 |
|---|---|---|---|
| Impairment, beginning of period | – | 215 | – |
| Impairment | – | – | – |
| Impairment reversal | – | (215) | – |
| Impairment, end of period | – | – | – |

**Income from investment in associates**
Amortization of intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 are expected to amount to €4 million, on a currency comparable level.

**Impairment of investment in associates**
The reversal in Q1 2023 related to a non-cash adjustment of €215m, as a result of an increase in the market valuation of ASMPT. With that the impairment charge of €321m on investments in associates, recognized in Q3 2022, has been completely reversed.

Normalized income of investments in associates exclude amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013

# Normalized net earnings decreased 2% yoy

## Normalized net earnings
(€m)

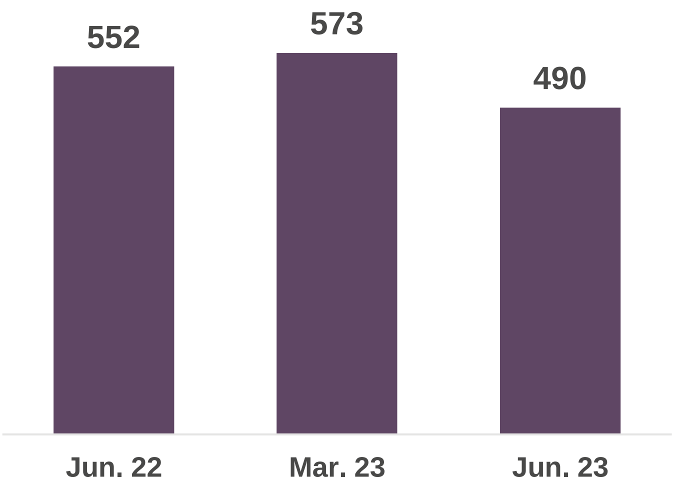
| | Q2 22 | Q1 23 | Q2 23 |
|---|---|---|---|
| **Net earnings** | **160.4** | **380.4** | **151.2** |
| Amortization intangible assets (resulting from the acquisitions of Reno and LPE) | (0.4) | (17.0) | (9.5) |
| Income taxes (realization of temporary differences) | 0.1 | 4.7 | 2.6 |
| Finance expense (earn-out) | – | (2.4) | (2.4) |
| Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT) | (3.4) | (3.4) | (0.2) |
| Reversal of impairment of investments in associates | – | 215.4 | - |
| **Normalized net earnings** | **164.1** | **183.0** | **160.7** |

Income taxes in Q2 2023 were €39m compared to €37m in Q1 2023.

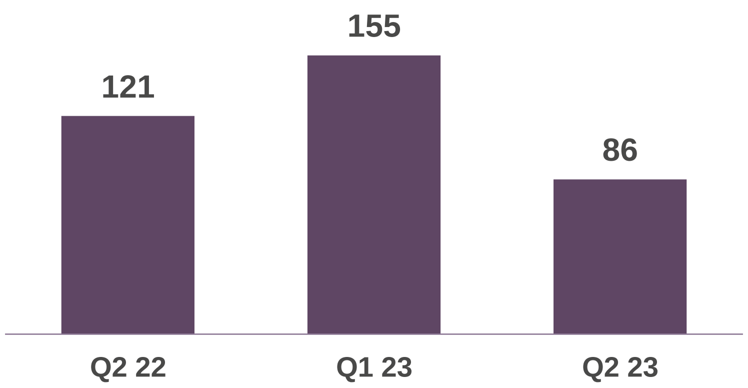
Normalized net earnings in Q2 23 decreased by €22m to €161m compared to previous quarter mainly due to lower operating results, partly offset by an exchange rate gain (loss in the previous quarter).

# Solid cash of €490m, robust FCF despite higher CapEx

## Cash
(€m)




## Free cash flow
(€m)



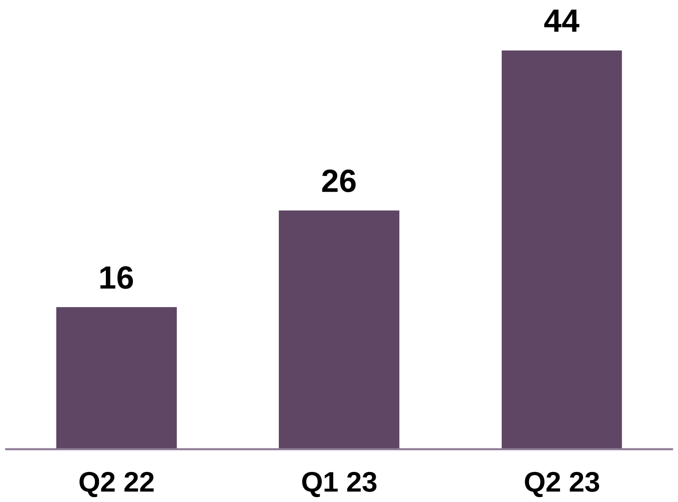

Cash decreased to €490m at the end of June 2023, down from €573m at the end of March, as FCF was more than offset by cash used in financing activities for the payment of the dividend (€123m) and share repurchases (€50m).

Free cash flow (FCF) decreased to €86m, down from €155m in Q1 23, as a result of lower operating result and higher working capital compared to Q1, as well as increased CapEx and capitalized development expenditure.

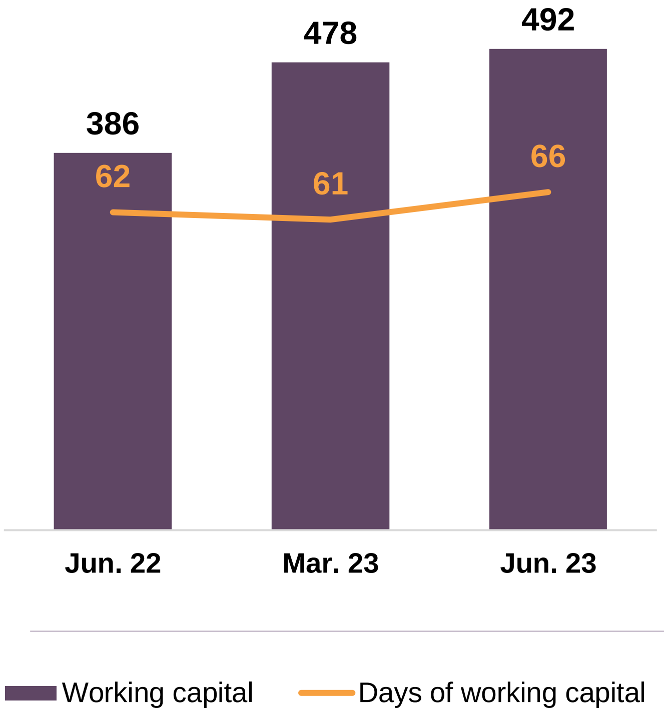
Free cash flow is defined as cash flows from operating activities after investing activities

# FY23 CapEx guidance is €150-€200m

## Capital expenditures
(€m)




## Working capital
(€m)




CapEx increased to €44 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 increased to €492m (from €478m at the end of March 2023).

The number of outstanding days of working capital, measured against quarterly sales, increased to 66 days on June 30, 2023, compared to 61 days on March 31, 2023.

# Financial outlook

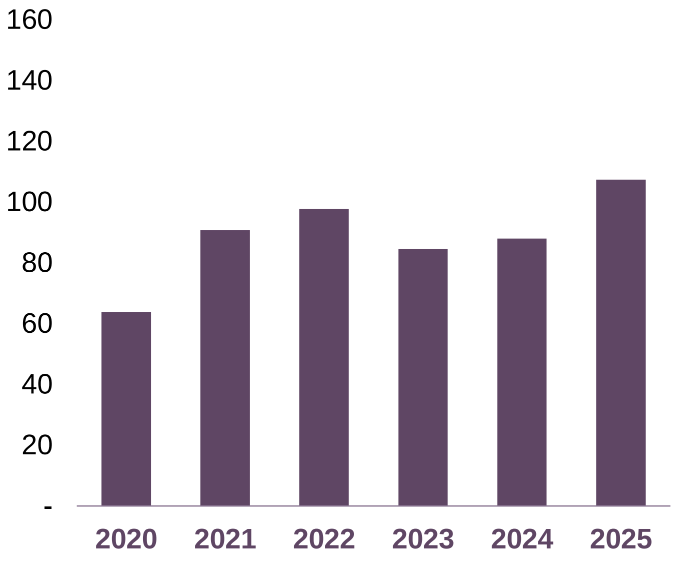
**As included in the Q2 2023 press release published on July 25, 2023:**

On a currency-comparable level, we project revenue of €580-620 million for Q3. As already communicated with our Q1 results, we expect Q3 orders will also show a drop compared to the level in Q1, albeit not as pronounced as in Q2. Our forecast for the second half is unchanged, we still expect a decrease in revenue of 10% or more compared to the first half of the year, based on the current visibility and at constant currencies. For FY 2023, we still expect revenue to show year-on-year a single-digit percentage increase, at constant currencies and including the consolidation of LPE. Wafer fab equipment (WFE) is now expected to drop by a mid-to-high-teens percentage in 2023. Memory WFE is expected to show the sharpest drop and leading-edge logic/foundry is impacted by push-outs and weaker market conditions, while the trend in mature node spending remains more positive. We expect to again outperform the WFE market this year.

# Business environment, strategy, and targets

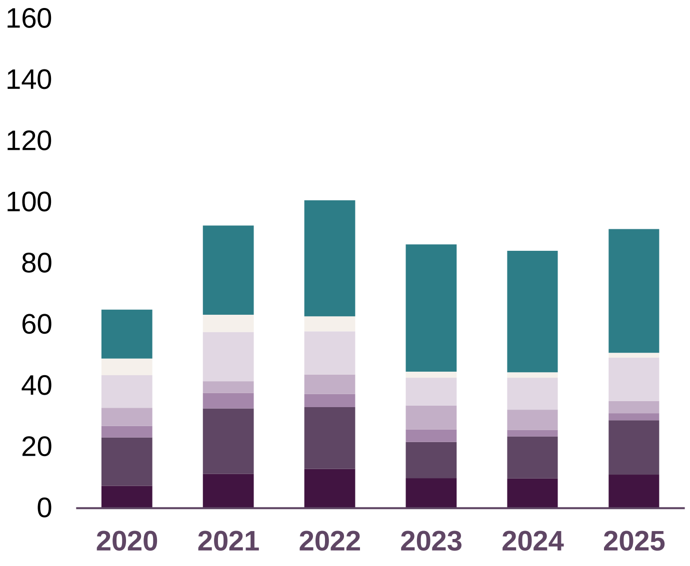
# WFE spending

## WFE spending
(US$ b)




Source: TechInsights, July 2023

## WFE by technology node
(US$b)




Source: Gartner, July 2023

>65 nm
45 nm
32 nm
22 nm
14 nm
10 nm
7 nm and below

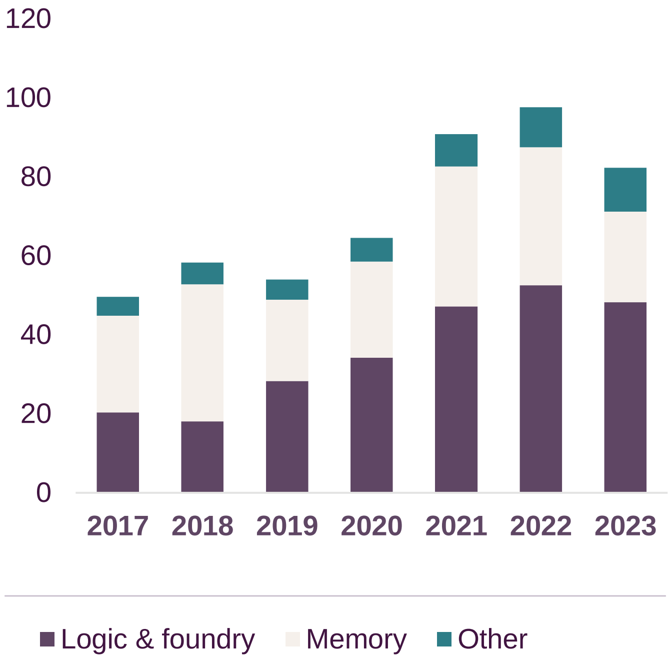
**WFE spending**
TechInsights expects WFE to decrease by 13% in 2023, following an increase of 8% in 2022.

**WFE by technology node**
Strongest growth in leading-edge nodes, spending on 7nm and below expected to grow from ~25% of WFE in 2020 to ~40% of WFE in 2025.

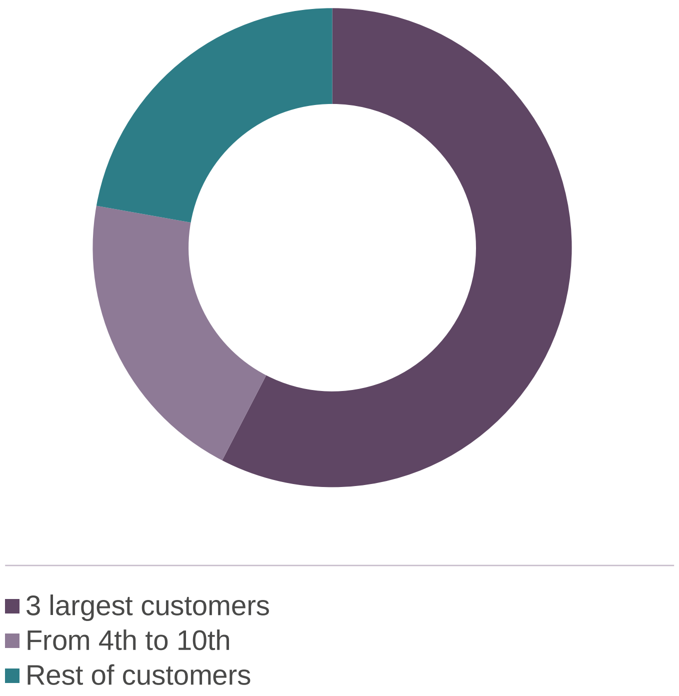
Gartner expects WFE to decrease by 14% in 2023 following an increase of 9% in 2022 (July 2023).

# Semiconductor CapEx spending and customer concentration

## WFE market by segment
(US$b)




## ASM FY22 revenue by customer concentration
(in %)




**WFE sales by application**

Logic & foundry is estimated to account for more than half of total WFE market in 2023.

**ASM FY22 revenue by customer concentration**

The 10 largest customers accounted for about 78% of revenue in FY 2022.

The three largest customers accounted for approximately 58% of revenue in FY 2022.

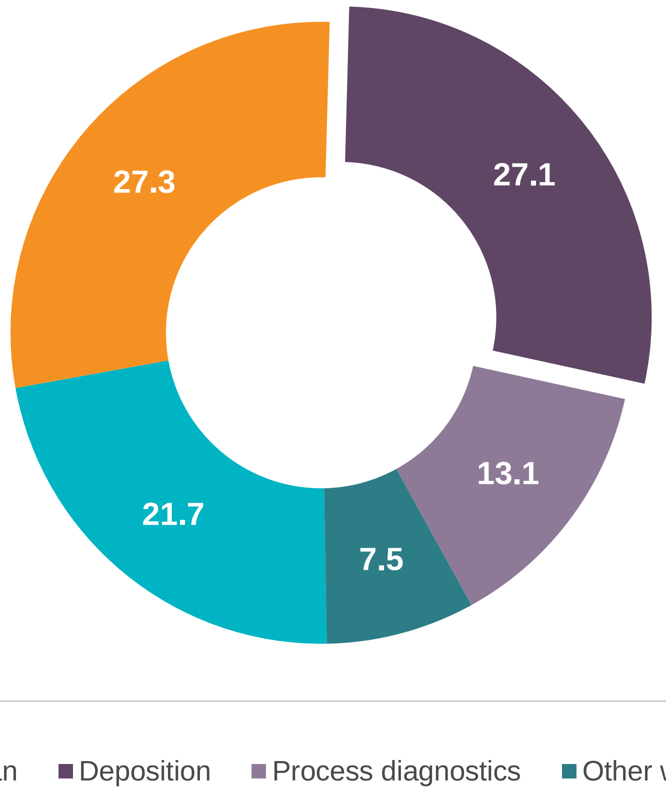
Source: TechInsights, June 2023

# ASM is focused on deposition equipment

ASM

## WFE market segments 2022

(US$ b)




**ASM's focus is on deposition**

We are market leader in ALD (~55% share). ALD accounts for more than half of our total equipment revenue.

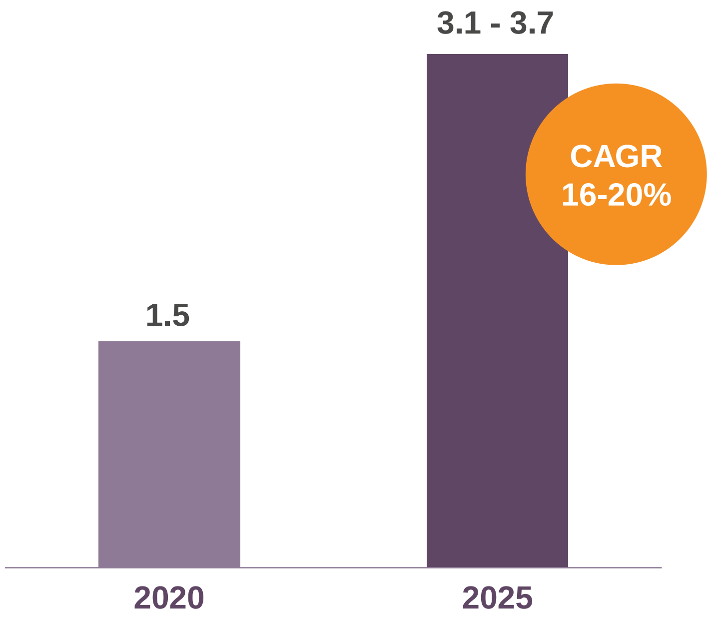
We have an expanding position in the Epi market.

Selective growth in PECVD and vertical furnaces and healthy growth in spares & services.

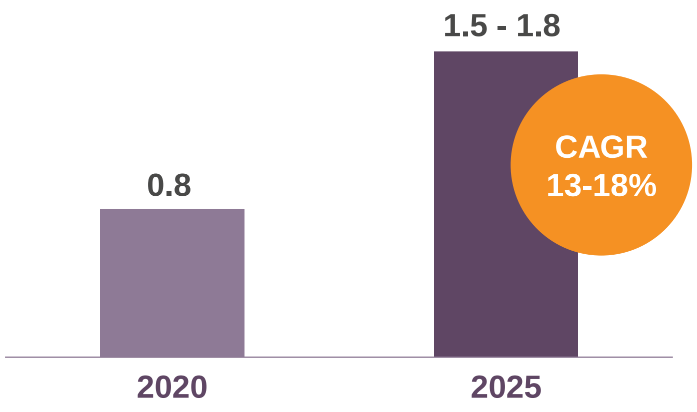
Source: TechInsights, March 2023

# Single-wafer ALD and epitaxy market outlook

## Single-wafer ALD market
(US$b)




## Epi market
(US$b)



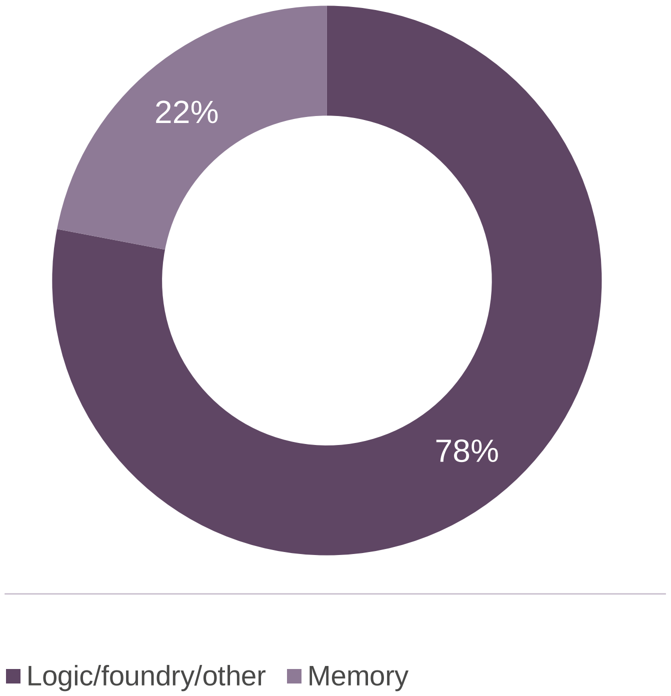

ALD and Epi expected to be the fastest growing segments in the deposition market driven by increasing device complexity, 3D structures, and new materials

Mid-term targets: maintain ALD market share (2025: >55% vs 2020:~55%); increase Epi market share (2025: >30% vs 2020: ~15%)

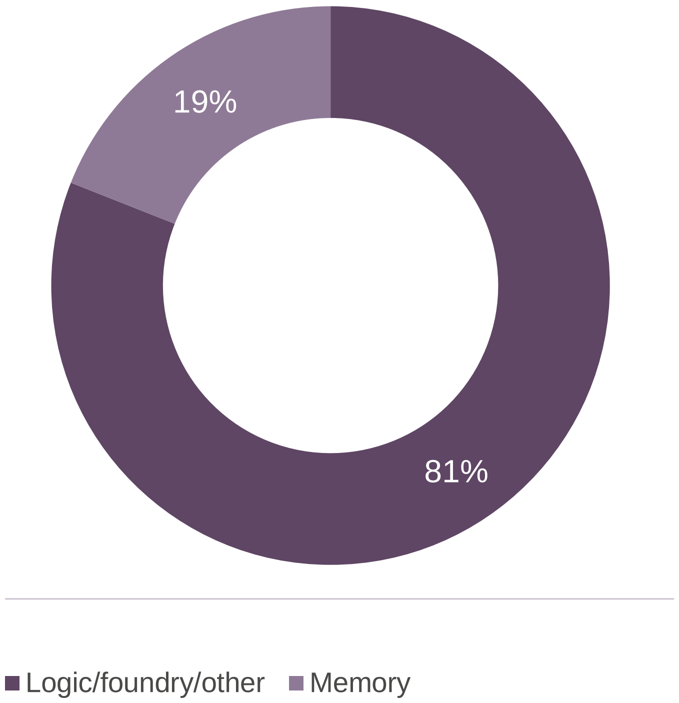
Node progression and move to gate-all-around (GAA) are expected to drive US$1.2b increase in the combined ALD/Epi markets in advanced logic/foundry by 2025

# Logic/foundry the largest segment for ASM

## FY 2021




## FY 2022




**FY 2022**
In 2022, our equipment revenue was led by foundry, followed by logic and then memory. The combination of logic/foundry accounted for more than half of our equipment sales and was driven by solid spending in the most advanced nodes. Memory sales grew by a double-digit percentage in 2022, driven by new application wins, in particular ALD gapfill in 3D-NAND.

We also booked strong growth in the power/analog/wafer manufacturer segments in 2022, also on the back of strong new product momentum in Epi and vertical furnaces

# Our strategy is growth through innovation

## 6 strategic objectives

- Grow ALD business by maintaining leadership in logic/foundry and expanding in memory
- Increase Epi market share
- Selective growth in VF and PECVD niches
- Grow spares & services business
- Accelerate sustainability
- Drive continued strong financial performance

## 5 key strategy enablers

- Best people
- Leading-edge innovation
- Early customer engagements
- Flawless operational excellence
- Strong financial position

**OUR PURPOSE IS TO IMPROVE PEOPLE'S LIVES THROUGH ADVANCING TECHNOLOGIES THAT UNLOCK NEW POTENTIAL**

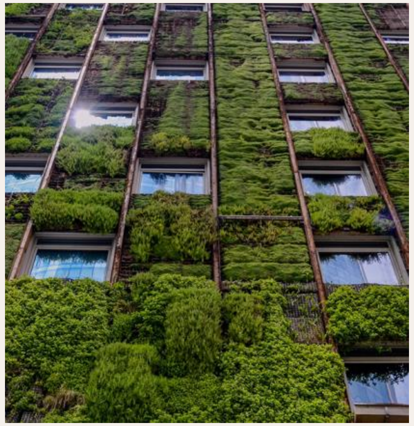
**OUR MISSION IS TO ENABLE OUR CUSTOMERS' SUCCESS BY CREATING LEADING-EDGE SEMICONDUCTOR PROCESS PRODUCTS, SERVICES, AND NEW MATERIALS**

# ASM sustainability focus areas

**Innovation**
We incorporate sustainability in the R&D of our products and technologies, so our machines are more ecologically friendly and resource-efficient.

**People**
We focus on creating a home for talent in the semiconductor industry. We empower our people by helping them develop, thrive and grow

**Planet**
ASM aims to be a Net Zero GHG company across its value chain by 2035.
We expect this target to be validated by the Science Based Targets initiative in 2023



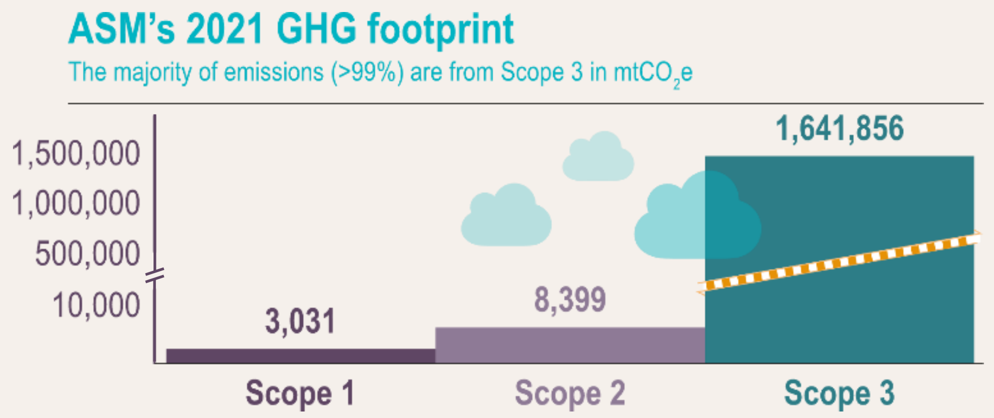
**Responsible supply chain**
Our suppliers are key partners in our efforts to operate responsibly and sustainably and to create value in and beyond our operations.

**Sustainability governance**
At ASM, we do business ethically and transparently, obtaining voluntary assurance over our sustainability data that helps ensure integrity.

# Net Zero by 2035 update

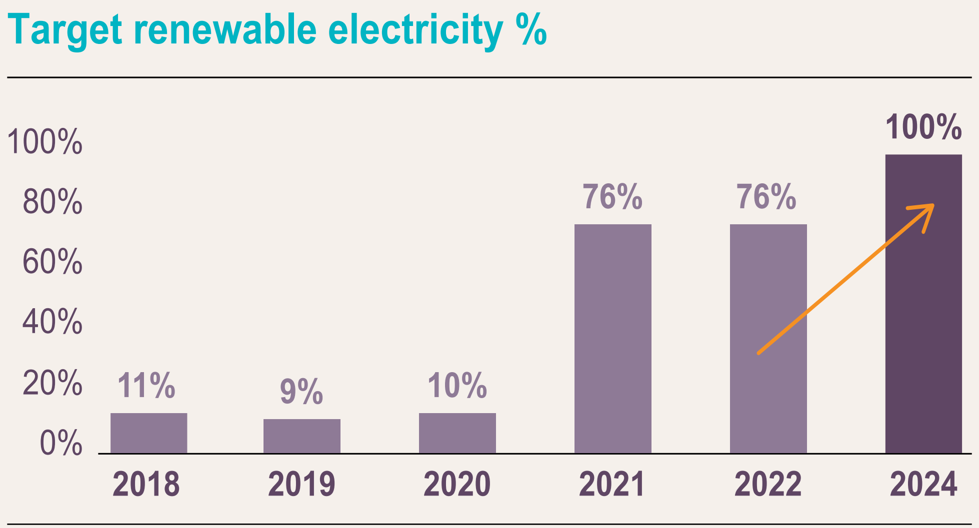
- SBTi validation expected → Q3 2023
- Climate Transition Plan → after SBTi validation

- ASM is originator, founding member, and chair of the Semiconductor Climate Consortium
- RE100 Member since May 2023, to further the adoption of renewable electricity




## 2021 Baseline Year*

- 99% of ASM emissions are Scope 3, of which:
  - 72% is Customer Use of Sold Product
  - 23% Supply Chain Purchased Goods and Services
- Scope 1 and 2 combined are 1% of total ASM emissions
  - Target 100% renewable electricity (RE) by 2024
  - Already 76% RE from 2021




*As submitted for SBTi validation, subject to change as a result of validation

# Financial targets towards FY 2025

| | FY 2021 | FY 2022[1] | FY 2025 |
|---|---|---|---|
| Revenue | €1.7 billion | €2.4 billion | €2.8 to €3.4 billion[1] |
| Revenue growth | 34% YOY[1] | 33% yoy[2] | 16 - 21% CAGR (FY20-FY25) |
| Gross margin % | 47.9% | 47.5% | 46 - 50% (FY21-FY25) |
| SG&A % revenue | 11.0% | 11.4% | High single digit (FY25) |
| R&D (net) % revenue | 8.7% | 9.5% | High single digit to low teens (FY25) |
| Operating margin % | 28.4% | 26.6% | 26-31% (FY21-25) |

- **ETR (effective tax rate %): gradually increasing to low twenties**
  - **We expect working capital days to range from 55-75 days (2021-2025)**
  - **Expected capital expenditure ranging from €60-€100 million annually (2021-2025). For 2023, expected capital expenditure of €150-200m**

(1) For FY 2022 normalized numbers are presented
(2) At constant currencies

# 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**

# Annex:
# detailed financials

# (Estimated) amortization and earn-out expenses

| € million | Q2 2022 Actual | Q1 2023 Actual | Q2 2023 Actual | FY 2023 Estimate | FY 2024 Estimate | FY 2025 Estimate |
|---|---|---|---|---|---|---|
| Cost of sales | – | (12.3) | (4.7) | (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)** | **(17.0)** | **(9.4)** | **(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 | 4.7 | 2.6 | 12.7 | 5.2 | 5.2 |
| **Total impact on net earnings** | **(0.3)** | **(14.7)** | **(9.2)** | **(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 | Q1 2023 normalized | Δ | Q1 2023 reported | Q2 2023 Normalized | Δ | Q2 2023 reported |
|---|---|---|---|---|---|---|
| Revenue | 710 | | 710 | 669 | | 669 |
| Gross profit | 363 | (12) | 351 | 328 | (5) | 323 |
| Gross margin | 51.1% | | 49.4% | 49.0% | | 48.3% |
| SG&A | (70) | (1) | (71) | (74) | (1) | (75) |
| SG&A as a % of revenue | 9.9% | | 10.0% | 11.0% | | 11.2% |
| Net R&D | (72) | (3) | (75) | (74) | (4) | (77) |
| Net R&D as a % of revenue | 10.1% | | 10.6% | 11.1% | | 11.6% |
| Operating profit | 221 | (17) | 204 | 180 | (9) | 171 |
| Operating margin | 31.2% | | 28.8% | 26.9% | | 25.5% |
| Finance income (expense) | (5) | (2) | (8) | 10 | (2) | 8 |
| Income from investment in associates | 9 | (3) | 6 | 9 | 0 | 9 |
| Net earnings | 183 | 197 | 380 | 161 | (10) | 151 |

# Income statement (reported)

| € million | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|---|---|---|---|---|---|
| New orders | 943 | 676 | 829 | 647 | 486 |
| Backlog | 1,408 | 1,525 | 1,669 | 1,584 | 1,400 |
| Book-to-bill ratio | 1.7 | 1.1 | 1.1 | 0.9 | 0.7 |
| | | | | | |
| **Revenue** | **559** | **610** | **725** | **710** | **669** |
| Cost of sales | (294) | (316) | (388) | (359) | (346) |
| **Gross profit** | **266** | **293** | **337** | **351** | **323** |
| | | | | | |
| Other income | 0 | (0) | 0 | 0 | 0 |
| Operating expenses: | - | - | - | - | - |
| Selling, general and administrative | (68) | (73) | (76) | (71) | (75) |
| Research and development | (51) | (61) | (79) | (75) | (77) |
| **Total operating expenses** | (118) | (133) | (155) | (146) | (152) |
| **Operating result** | **148** | **160** | **182** | **204** | **171** |
| | | | | | |
| Net interest income (expense) | 0 | 1 | (2) | (1) | 0 |
| Foreign currency exchange gain (loss) | 26 | 25 | (36) | (7) | 8 |
| Share in income of investments in associates | 24 | 16 | 5 | 6 | 9 |
| Reversal of impairment of investments in associates, net | - | (321) | 106 | 215 | - |
| Earnings before income taxes | 198 | (120) | 255 | 418 | 188 |
| Income taxes | (37) | (31) | (18) | (37) | (36) |
| **Net earnings** | **160** | **(150)** | **237** | **380** | **151** |

# Balance sheet

| € million | Jun. 22 | Sep. 22 | Dec. 22 | Mar. 23 | Jun. 23 |
|---|---|---|---|---|---|
| Right-of-use assets | 27 | 30 | 32 | 34 | 34 |
| Property, plant and equipment | 284 | 297 | 312 | 315 | 338 |
| Evaluation tools at customers | 66 | 79 | 69 | 73 | 71 |
| Goodwill | 33 | 39 | 318 | 318 | 320 |
| Other intangible assets | 345 | 376 | 646 | 647 | 664 |
| Investments in associates | 918 | 637 | 686 | 892 | 873 |
| Other investments | - | - | 6 | 6 | 10 |
| Deferred tax assets | 0 | 0 | 0 | 0 | 0 |
| Other non-current assets | 9 | 9 | 10 | 10 | 9 |
| **Total non-current assets** | **1,682** | **1,467** | **2,079** | **2,294** | **2,319** |
| Inventories | 341 | 464 | 538 | 575 | 582 |
| Accounts receivable | 483 | 520 | 581 | 568 | 535 |
| Income taxes receivable | 20 | 20 | 19 | 32 | 20 |
| Other current assets | 61 | 78 | 115 | 98 | 84 |
| Cash and cash equivalents | 552 | 670 | 419 | 573 | 490 |
| **Total current assets** | **1,456** | **1,752** | **1,672** | **1,846** | **1,710** |
| **Total Assets** | **3,139** | **3,220** | **3,751** | **4,140** | **4,030** |
| **Equity** | **2,536** | **2,471** | **2,749** | **3,088** | **3,046** |
| Lease liabilities | 16 | 18 | 19 | 21 | 21 |
| Contingent consideration payable | - | - | 79 | 81 | 83 |
| Deferred tax liabilities | 56 | 67 | 124 | 118 | 122 |
| **Total non-current liabilities** | **71** | **85** | **221** | **220** | **226** |
| Accounts payable | 246 | 249 | 243 | 252 | 218 |
| Provision for warranty | 31 | 35 | 34 | 31 | 27 |
| Income taxes payable | 32 | 34 | 44 | 69 | 50 |
| Accrued expenses and other payables | 223 | 346 | 459 | 479 | 464 |
| **Total current liabilities** | **531** | **664** | **780** | **831** | **758** |
| **Total Equity and Liabilities** | **3,139** | **3,220** | **3,751** | **4,140** | **4,030** |

# Cash flow statement

| € million | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|---|---|---|---|---|---|
| Net earnings from operations | **160** | **(150)** | **237** | **380** | **151** |
| Adjustments to reconcile net earnings to net cash from operating activities | 17 | 330 | (73) | (188) | 23 |
| Depreciation, amortization and impairments | 27 | 32 | 38 | 42 | 44 |
| Income tax paid | (29) | (25) | (23) | (30) | (38) |
| Decrease (increase) in working capital | (43) | (31) | (75) | 6 | (28) |
| **Net cash from operating activities** | **133** | **155** | **104** | **210** | **152** |
| Cash flows from investing activities | - | - | - | - | - |
| Capital expenditures | (16) | (21) | (37) | (26) | (44) |
| Proceeds from sale of property, plant and equipment | 0 | 0 | 0 | 1 | 0 |
| Capitalized development expenditure | (27) | (27) | (25) | (29) | (38) |
| Purchase of intangible assets and other investments | (1) | (2) | (2) | (1) | (8) |
| Dividend received from associates | 32 | 17 | - | - | 23 |
| Acquisitions of subsidiaries, net of cash acquired | - | - | (278) | - | - |
| **Net cash used in investing activities** | **(12)** | **(32)** | **(341)** | **(56)** | **(66)** |
| Payment of lease liabilities | (2) | (3) | (3) | (3) | (3) |
| Purchase of treasury shares | - | - | - | - | (50) |
| Proceeds from issuance of treasury shares and other | (1) | (0) | - | (0) | (0) |
| Dividends to common shareholders | (122) | - | - | - | (123) |
| **Net cash used in financing activities** | **(124)** | **(3)** | **(3)** | **(3)** | **(176)** |
| | | | | | |
| **Free cash flow excluding cash spent on acquisitions**(1) | **121** | **122** | **41** | **155** | **86** |

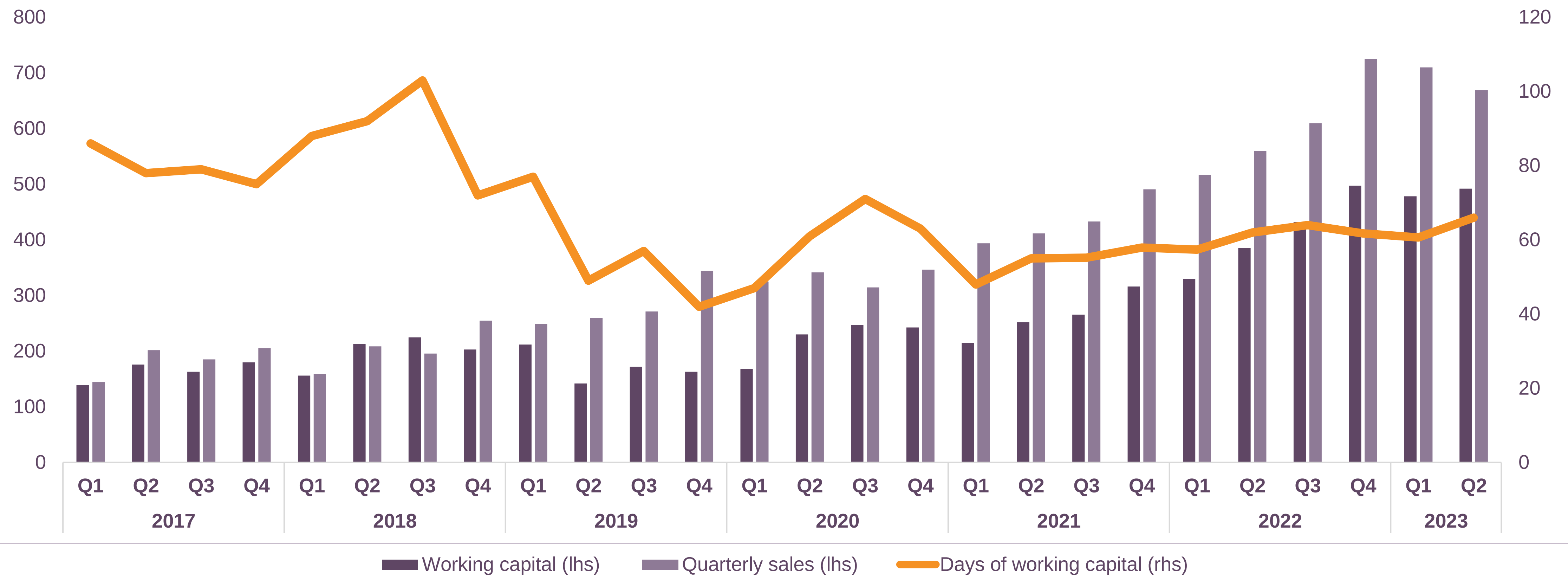
(1) Free cash flow is defined as cash flows from operating activities after investing activities

# Gross and net R&D expenses (reported)

| € million | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|---|---|---|---|---|---|
| **Gross R&D expenses** | **70** | **78** | **93** | **94** | **104** |
| Capitalization of development expenses | (27) | (27) | (25) | (29) | (37) |
| Amortization of capitalized development expenses | 8 | 9 | 11 | 11 | 11 |
| Impairment capitalized development expenses | (0) | - | - | - | - |
| **Net R&D expenses** | **51** | **61** | **79** | **75** | **77** |
| Gross R&D as % of revenue | 12.5% | 12.9% | 12.8% | 13.2% | 15.5% |
| Net R&D as % of revenues | 9.1% | 10.0% | 10.9% | 10.6% | 11.6% |

# Working capital: historical development

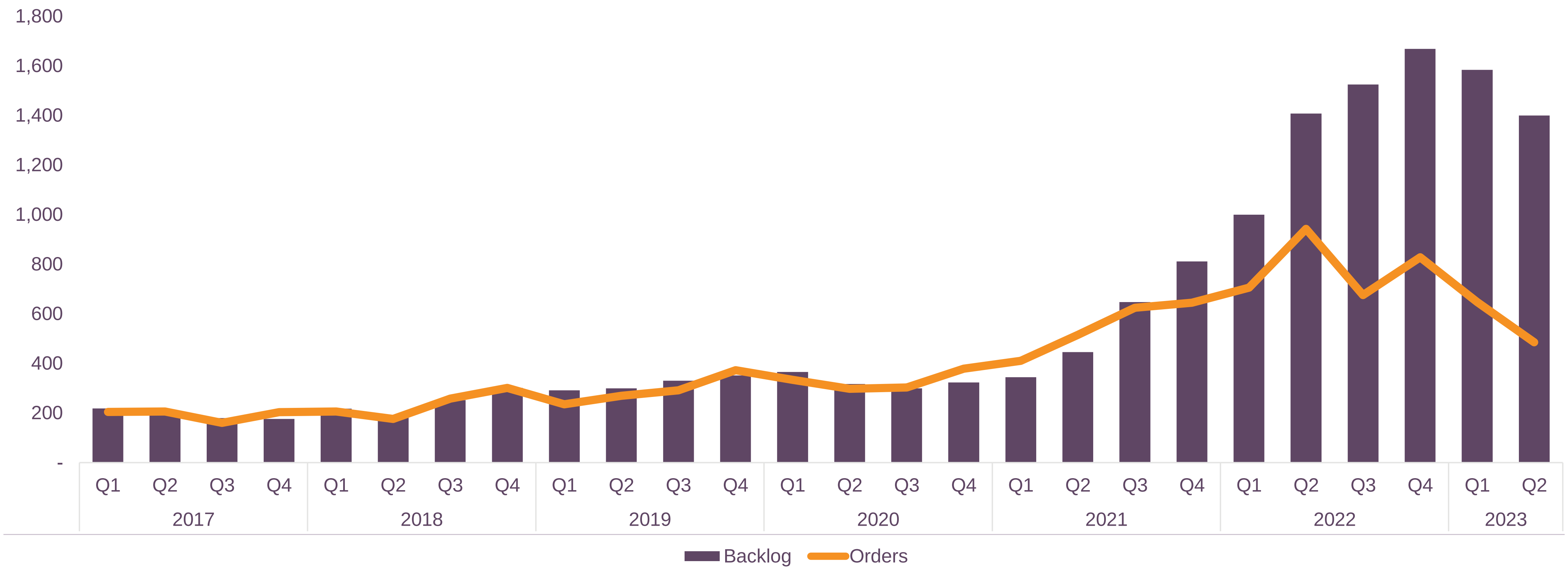
€ million




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

# Orders and backlog: historical development

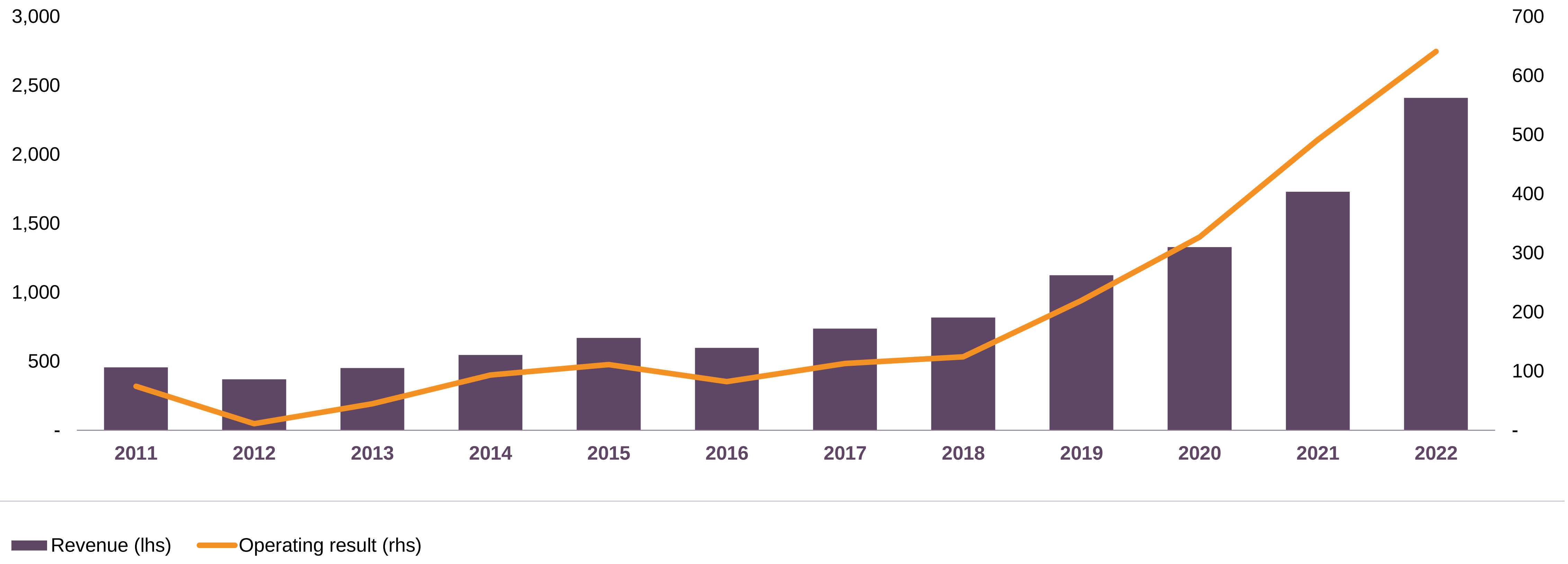
€ million




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

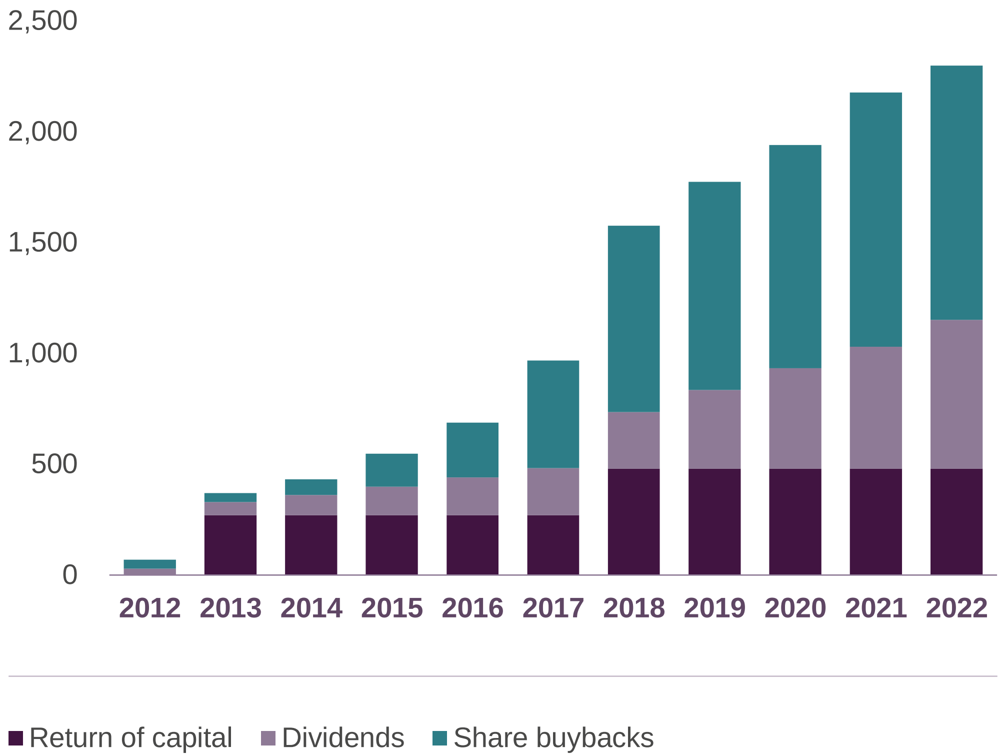



2019 numbers exclude settlement gains of €159m
2022 operating margin exclude amortization of fair value adjustments from respective purchase price allocations (before tax)

# Cash returned to shareholders

## Dividend per share
(€ paid over)


## Cumulative cash returned to market
(€m)



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