

### Options outstanding

The following table is a summary of changes in options outstanding under the 2014 Long-Term Incentive Plan.

	Number of options	Exercise price in €	Fair value at grant date
<b>Balance January 1, 2015</b>	–		
Options granted, April 24, 2015	42,659	44.24	€17.33
<b>Balance December 31, 2015</b>	<b>42,659</b>		
Options granted, April 22, 2016	62,555	37.09	€12.64
<b>Balance December 31, 2016</b>	<b>105,214</b>		
Options granted, April 21, 2017	24,963	51.55	€14.57
<b>Balance December 31, 2017</b>	<b>130,177</b>		
Adjustment following capital repayment	11,593	–	–
<b>Balance December 31, 2018</b>	<b>141,770</b>		

In 2019 no options were granted.

At December 31, 2019, the aggregate intrinsic value of all options outstanding under the 2014 Long-Term Incentive Plan is €14,198.

### Share-based payments expenses

The grant date fair value of the stock options, the restricted shares and the performance shares is expensed on a straight-line basis over the vesting period, based on the Company's estimate of stock options, restricted shares and performance shares that will eventually vest. The impact of the true up of the estimates is recognized in the consolidated statement of profit or loss in the period in which the revision is determined. We recorded compensation expenses of €10,538 for 2019 (2018: €8,215).

### NOTE 14. PROVISION FOR WARRANTY

The changes in the amount of provision for warranty are as follows:

	December 31,	
	2018	2019
<b>Balance January 1</b>	<b>6,562</b>	<b>7,955</b>
Charged to cost of sales	18,408	26,301
Deductions	(8,985)	(12,232)
Releases of expired warranty	(8,214)	(5,684)
Foreign currency translation effect	184	84
<b>Balance December 31</b>	<b>7,955</b>	<b>16,424</b>

Costs of warranty include the cost of labor and materials to repair a product during the warranty period. The main term of the warranty period is one year. The Company accrues for the estimated cost of the warranty on its products shipped in the provision for warranty, upon recognition of the sale of the product. The costs are estimated based on actual historical expenses incurred and on estimated future expenses related to current sales, and are updated periodically. Actual warranty costs are charged against the provision for warranty.

### NOTE 15. ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consist of the following:

	December 31,	
	2018	2019
Personnel-related items	32,636	45,318
Deferred revenue	28,255	32,146
Financing related items	–	3,912
Current portion of lease liabilities	–	7,002
Advanced payments from customers	25,382	47,601
Supplier related items	1,828	2,175
Marketing related items	1,049	1,365
R&D projects	1,209	1,109
Other	8,634	9,215
<b>Total accrued expenses and other payables</b>	<b>98,993</b>	<b>149,843</b>

Personnel-related items comprise accrued management bonuses, accrued vacation days, accrued wage tax, social securities and pension premiums. Deferred revenue consists of the revenue relating to the undelivered elements of the arrangements, see [Note 21](#) for more information. This part of revenue is deferred at their relative selling prices until delivery of these elements. Other includes accruals for VAT, other taxes and invoices to be received for goods and services.

## NOTE 16. CREDIT FACILITY

As per December 31, 2019, ASMI was debt-free. ASMI may borrow under separate short-term lines of credit with banks under an unsecured €150 million standby credit facility with a consortium of banks.

Total short-term lines of credit amounted to €150 million on December 31, 2019. The amount outstanding at December 31, 2019 was nil, so the undrawn portion totaled €150 million. The undrawn portion represents the Company's standby revolving credit facility of €150 million with a consortium of banks. The facility will be available through December 16, 2023. As per December 31, 2019, this facility was undrawn.

The credit facility of €150 million includes two financial covenants:

- › minimum consolidated tangible net worth; and
- › consolidated total net debt/total equity ratio.

These financial covenants are measured twice each year, at June 30 and December 31.

The minimum level of consolidated tangible net worth for the year ended December 31, 2019 required was €450 million, the consolidated tangible net worth as per that date was €1,175 million.

Consolidated tangible net worth is defined as the net assets, deducting any amount shown in respect of goodwill or other intangible assets (including any value arising from any valuation of ASMPT).

Total equity is defined as the aggregate of:

- › the amounts paid up on the issued common shares;
- › share capital in excess of par value;
- › retained earnings;
- › accumulated other comprehensive income and loss; and
- › deducting any amount shown in respect of goodwill or other intangible assets.

The net debt/total equity ratio should not exceed 1.5. For the year ended December 31, 2019, net cash was €498 million and total equity amounted to €1,819 million. The Company is in compliance with these financial covenants as of December 31, 2019.

ASMI does not provide guarantees for borrowings of ASMPT and there are no guarantees from ASMPT to secure indebtedness of ASMI. Under the rules of the Stock Exchange of Hong Kong, ASMPT is precluded from providing loans and advances other than trade receivables in the normal course of business, to ASMI or its non-ASMPT subsidiaries.

## NOTE 17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### FINANCIAL INSTRUMENTS

Financial instruments include:

	December 31,	
	2018	2019
<b>Financial assets:</b>		
Cash and cash equivalents	285,907	497,874
Accounts receivable	173,450	199,535
<b>Financial liabilities:</b>		
Accounts payable	80,640	119,712

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable equal their fair values because of the short-term nature of these instruments.

Gains or losses related to financial instruments are as follows:

	2018	2019
Interest income	1,056	1,639
Interest expense	(2,466)	(1,766)
Result from foreign currency exchange	1,276	(146)
Addition to allowance for doubtful accounts receivable	(155)	(154)