ASML reports €6.7 billion net sales and €2.0 billion net income in Q1 2023

Sales growth expectations for 2023 unchanged
Agenda

• Investor key messages
• Business summary
• Outlook
• Financial statements
Investor key messages
Investor key messages

- Global megatrends in the electronics industry, supported by a highly profitable and fiercely innovative ecosystem, are expected to continue to fuel growth across the semiconductor market.
- Growth in semiconductor end markets and increasing lithography intensity are driving demand for our products and services.
- ASML’s comprehensive product portfolio is aligned with our customers’ roadmaps, delivering cost effective solutions in support of all applications from leading edge to mature nodes.
- Based on different market scenarios¹ as presented during our Investor Day in November 2022, we modeled an opportunity to reach annual revenue in 2025 between approximately €30 billion and €40 billion, with a gross margin between approximately 54% and 56% and in 2030 an annual revenue between approximately €44 billion and €60 billion, with a gross margin between approximately 56% and 60%.
- ASML and its supply chain partners are actively adding and improving capacity to meet current and future customer demand.
- We continue to accelerate the execution of our ESG Sustainability strategy and have shared the latest progress and actions to reach our ambitious targets in our integrated Annual Report 2022.
- We expect to continue to return significant amounts of cash to our shareholders through a combination of growing dividends and share buybacks.

¹ based on third party research and our assumptions
Business summary
Q1 results summary

• Net sales of €6.7 billion, net system sales of €5.3 billion, Installed Base Management\(^1\) sales of €1.4 billion
• Gross margin of 50.6%
• Operating margin\(^2\) of 32.7%
• Net income as a percentage of net sales of 29.0%
• Earnings per share (basic) of €4.96
• Net bookings\(^3\) of €3.8 billion
  ◦ including EUV bookings of €1.6 billion

\(^1\) Installed Base Management equals our net service and field option sales
\(^2\) Income from operations as a percentage of Total net sales
\(^3\) Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.
Q1 product highlights

• We shipped the first **NXT:1980Fi** immersion system. The NXT:1980Fi is a mid-critical, high productivity immersion scanner with key performance upgrades to help our customers boost their capacity.

• In support of the mature market segment, ASML is expanding its i-line portfolio with the recent shipment of the **XT:400M**. This system encompasses key improvements for customers, most notably increased throughput that lowers cost of ownership.

• We also shipped the first **YieldStar 500**, the next-generation optical metrology tool, delivering 1.5x improvement in throughput, while supporting the overlay and focus metrology requirements for the next generation of logic and memory devices, as well as a 20% improvement in matching performance over the previous YieldStar platform.
Net system sales breakdown (Quarterly)

**Q1’23**
Net system sales €5,342 million
- **Technology**
  - EUV 54%
  - ArFi 30%
  - KrF 9%
  - I-line 1%
  - Metrology & Inspection 3%
- **End-Use**
  - Logic 70%
  - Memory 30%
- **Region (ship to location)**
  - Taiwan 49%
  - USA 15%
  - China 8%
  - Japan 1%
  - EMEA 1%
  - South Korea 26%

**Q4’22**
Net system sales €4,748 million
- **Technology**
  - EUV 49%
  - ArFi 31%
  - KrF 12%
  - I-line 1%
  - Metrology & Inspection 3%
- **End-Use**
  - Logic 64%
  - Memory 36%
- **Region (ship to location)**
  - Taiwan 48%
  - USA 7%
  - China 9%
  - Japan 3%
  - Rest of Asia 3%
  - EMEA 2%
  - South Korea 28%

**Sales in lithography units**
- EUV: Q1’23 17, Q4’22 13
- ArFi: Q1’23 25, Q4’22 22
- ArFdry: Q1’23 8, Q4’22 8
- KrF: Q1’23 43, Q4’22 49
- I-Line: Q1’23 8, Q4’22 14
Installed Base Management equals our net service and field option sales.
Net systems bookings activity by End-use

Q1’23 net system sales value €3,752 million

Q4’22 net system sales value €6,316 million

Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.
ASML intends to declare a total dividend for the year 2022 of €5.80 per ordinary share.

Recognizing the three interim dividends of €1.37 per ordinary share each paid in 2022 and 2023, this leads to a final dividend proposal to the General Meeting of €1.69 per ordinary share.

In Q1 2023 we purchased around 0.7 million shares for a total amount of around €400 million.

Third interim and final dividend for a year are paid in the subsequent year.
Outlook
Outlook

Q2

- Net sales between €6.5 billion and €7.0 billion, including
  - Installed Base Management\(^1\) sales of around €1.3 billion
- Gross margin between 50% and 51%
- R&D costs of around €990 million
- SG&A costs of around €275 million

2023

- Expected net sales growth of more than 25% with a slight improvement in gross margin, relative to 2022
- Estimated annualized effective tax rate between 15% and 16%

\(^1\) Installed Base Management equals our net service and field option sales
Financial Statements
# Consolidated statements of operations € million

## Quarter on Quarter

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q2 2022</th>
<th>Q3 2022</th>
<th>Q4 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>3,534</td>
<td>5,431</td>
<td>5,778</td>
<td>6,430</td>
<td>6,746</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,731</td>
<td>2,665</td>
<td>2,994</td>
<td>3,311</td>
<td>3,413</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td>49.0</td>
<td>49.1</td>
<td>51.8</td>
<td>51.5</td>
<td>50.6</td>
</tr>
<tr>
<td><strong>R&amp;D costs</strong></td>
<td>(739)</td>
<td>(789)</td>
<td>(819)</td>
<td>(906)</td>
<td>(948)</td>
</tr>
<tr>
<td><strong>SG&amp;A costs</strong></td>
<td>(208)</td>
<td>(222)</td>
<td>(236)</td>
<td>(280)</td>
<td>(260)</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>784</td>
<td>1,653</td>
<td>1,939</td>
<td>2,125</td>
<td>2,205</td>
</tr>
<tr>
<td><strong>Operating income as a % of net sales</strong></td>
<td>22.2</td>
<td>30.4</td>
<td>33.5</td>
<td>33.0</td>
<td>32.7</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>695</td>
<td>1,411</td>
<td>1,701</td>
<td>1,817</td>
<td>1,956</td>
</tr>
<tr>
<td><strong>Net income as a % of net sales</strong></td>
<td>19.7</td>
<td>26.0</td>
<td>29.4</td>
<td>28.2</td>
<td>29.0</td>
</tr>
<tr>
<td><strong>Earnings per share (basic) €</strong></td>
<td>1.73</td>
<td>3.54</td>
<td>4.29</td>
<td>4.60</td>
<td>4.96</td>
</tr>
<tr>
<td><strong>Earnings per share (diluted) €</strong></td>
<td>1.73</td>
<td>3.54</td>
<td>4.29</td>
<td>4.60</td>
<td>4.95</td>
</tr>
<tr>
<td><strong>Lithography systems sold (units)</strong></td>
<td>62</td>
<td>91</td>
<td>86</td>
<td>106</td>
<td>100</td>
</tr>
<tr>
<td><strong>Net bookings</strong></td>
<td>6,977</td>
<td>8,461</td>
<td>8,920</td>
<td>6,316</td>
<td>3,752</td>
</tr>
</tbody>
</table>

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1 Lithography systems do not include metrology and inspection systems.

2 Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.

These numbers have been prepared in accordance with US GAAP. Numbers have been rounded for readers' convenience.
## Consolidated statements of cash flows € million

**Quarter on Quarter**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q2 2022</th>
<th>Q3 2022</th>
<th>Q4 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents, beginning of period</strong></td>
<td>6,952</td>
<td>4,324</td>
<td>4,097</td>
<td>3,153</td>
<td>7,268</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(586)</td>
<td>2,553</td>
<td>1,170</td>
<td>5,351</td>
<td>734</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(12)</td>
<td>(144)</td>
<td>(509)</td>
<td>(364)</td>
<td>(436)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>(2,030)</td>
<td>(2,638)</td>
<td>(1,613)</td>
<td>(859)</td>
<td>(916)</td>
</tr>
<tr>
<td><strong>Effect of changes in exchange rates on cash</strong></td>
<td>—</td>
<td>1</td>
<td>8</td>
<td>(13)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(2,628)</td>
<td>(228)</td>
<td>(944)</td>
<td>4,115</td>
<td>(620)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of period</strong></td>
<td>4,324</td>
<td>4,097</td>
<td>3,153</td>
<td>7,268</td>
<td>6,648</td>
</tr>
<tr>
<td><strong>Short-term investments</strong></td>
<td>399</td>
<td>305</td>
<td>210</td>
<td>108</td>
<td>5</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents and short-term investments</strong></td>
<td>4,723</td>
<td>4,402</td>
<td>3,363</td>
<td>7,376</td>
<td>6,653</td>
</tr>
<tr>
<td><strong>Purchases of property, plant and equipment and intangible assets</strong></td>
<td>(252)</td>
<td>(238)</td>
<td>(364)</td>
<td>(466)</td>
<td>(539)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>(838)</td>
<td>2,315</td>
<td>805</td>
<td>4,885</td>
<td>194</td>
</tr>
</tbody>
</table>

1. Free cash flow, which is a non-GAAP measure, is defined as net cash provided by (used in) operating activities minus purchases of Property, plant and equipment and intangible assets, see US GAAP Consolidated Financial Statements.

These numbers have been prepared in accordance with US GAAP. Numbers have been rounded for readers' convenience.
## Consolidated balance sheets € million

### Quarter on Quarter

<table>
<thead>
<tr>
<th>Assets</th>
<th>Q1 2022</th>
<th>Q2 2022</th>
<th>Q3 2022</th>
<th>Q4 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents and short-term investments</td>
<td>4,723</td>
<td>4,402</td>
<td>3,363</td>
<td>7,376</td>
<td>6,653</td>
</tr>
<tr>
<td>Net accounts receivable and finance receivables</td>
<td>4,954</td>
<td>6,610</td>
<td>7,414</td>
<td>6,680</td>
<td>4,862</td>
</tr>
<tr>
<td>Contract assets</td>
<td>371</td>
<td>270</td>
<td>277</td>
<td>132</td>
<td>236</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>6,074</td>
<td>6,367</td>
<td>6,884</td>
<td>7,200</td>
<td>7,392</td>
</tr>
<tr>
<td>Loan receivable</td>
<td>124</td>
<td>124</td>
<td>364</td>
<td>364</td>
<td>364</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,278</td>
<td>2,282</td>
<td>2,403</td>
<td>2,383</td>
<td>2,735</td>
</tr>
<tr>
<td>Tax assets</td>
<td>1,953</td>
<td>1,899</td>
<td>1,905</td>
<td>1,706</td>
<td>1,921</td>
</tr>
<tr>
<td>Equity method investments</td>
<td>940</td>
<td>961</td>
<td>999</td>
<td>924</td>
<td>970</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4,556</td>
<td>4,556</td>
<td>4,556</td>
<td>4,556</td>
<td>4,556</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>923</td>
<td>896</td>
<td>870</td>
<td>842</td>
<td>814</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>3,159</td>
<td>3,358</td>
<td>3,562</td>
<td>3,944</td>
<td>4,355</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>177</td>
<td>188</td>
<td>207</td>
<td>193</td>
<td>290</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>30,232</td>
<td>31,913</td>
<td>32,804</td>
<td>36,300</td>
<td>35,148</td>
</tr>
</tbody>
</table>

**Liabilities and shareholders' equity**

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<th>Q4 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>13,613</td>
<td>14,637</td>
<td>15,669</td>
<td>17,983</td>
<td>16,948</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>7,809</td>
<td>9,627</td>
<td>9,180</td>
<td>9,506</td>
<td>8,413</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>8,810</td>
<td>7,649</td>
<td>7,955</td>
<td>8,811</td>
<td>9,787</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
<td>30,232</td>
<td>31,913</td>
<td>32,804</td>
<td>36,300</td>
<td>35,148</td>
</tr>
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Forward looking statements

This document and related discussions contain statements that are forward-looking within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements with respect to plans, strategies, expected trends, including trends in semiconductor end markets and technology industry and business environment trends, statements with respect to demand and capacity, plans to increase capacity and capacity goals, outlook, backlog, bookings and orders, expected financial results, including expected growth in sales and gross margin for 2023 and expected net sales, gross margin, R&D costs, SG&A costs for Q2 2023 and estimated annualized effective tax rate for Q2 and full year 2023, expected system shipments in 2023, statements made at our 2022 Investor Day including revenue and gross margin opportunity for 2025 and 2030, statements with respect to fast shipments including estimates of amounts of deferred revenue not yet recognized and expected timing of recognition of such deferred revenue for fast shipments, expected customer demand trends, statements with respect to export control policy and regulations and expected impact on us, statements with respect to capital allocation policy including plans to return significant amounts of cash thought growing dividends and buybacks and statements with respect to the final 2022 dividend and statements with respect to share buyback programs, aim to improve performance on ESG sustainability and upgrade ESG sustainability strategy and other non-historical statements. You can generally identify these statements by the use of words like "may", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue", "target", "future", "progress", "goal" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our business and our future financial results and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve a number of substantial known and unknown risks and uncertainties. These risks and uncertainties include, without limitation, economic, market and other factors impacting, dividend payments and share repurchases, results of the share repurchase programs, our ability to meet ESG goals and improve performance on ESG Sustainability and upgrade ESG strategy and other risks indicated in the risk factors included in ASML’s Annual Report on Form 20-F for the year ended December 31, 2022 and other filings with and submissions to the US Securities and Exchange Commission. These forward-looking statements are made only as of the date of this document. We undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.