Financial performance

From ASML's Annual Report 2025

The separate downloads are an extract from the 2025 Annual Report based on US GAAP. You are urged to read carefully the 2025 Annual Report based on US GAAP in its entirety. We also publish an Annual Report based on EU-IFRS. Both Annual Reports can be found on our website. The 2025 Annual Report based on US GAAP is also available on the SEC's website at http://www.sec.gov. The 2025 Annual Report based on EU-IFRS is also available on the website of the AFM at http://www.afm.nl.

Message from our Executive Vice President and Chief Financial Officer

Roger Dassen

"Results in line with guidance, as AI investment continues to gather momentum."

Roger Dassen
Executive Vice President and Chief Financial Officer

In conversation with Roger Dassen (continued)

Executive Vice President and Chief Financial Officer

Dear Stakeholder,

This was another excellent year for ASML. In line with expectations, sales grew 15.6% as compared to 2024, driven by continuing growth in AI and a steady increase in the number of customers capitalizing on this significant industry trend.

Our EUV business performed well on the back of strong sales of the TWINSCAN NXE:3800E. This latest addition to our NXE series has been well received by our customers as this system delivers greater productivity, enabling them to achieve higher wafer capacity. We also carried out a significant number of TWINSCAN NXE:3800E field upgrades, which resulted in a substantial portion of EUV system revenue being shifted to installed base revenue. Our DUV business in China turned out to be stronger than anticipated, offsetting marginally lower than anticipated non-China DUV business as mainstream business outside of China remained weak.

Total net sales rose by €4.4 billion, or 15.6%, reflecting an increase in net system sales of 12.4%, and an increase in net service and field option sales of 26.2% compared to 2024. The increase in system sales was primarily driven by higher EUV and DUV immersion system sales – this was partially offset by a decrease in ArF dry, KrF and i-line sales volumes.

The increase in net service and field option sales was primarily due to the growing installed base, higher levels of lithography tool use for certain customers and more NXE field upgrades.

Our gross profit and gross margin increased in 2025 compared to 2024, mainly driven by a favorable NXE product mix and higher net service and field option sales and margins. These positive effects on gross margin were partially offset by the dilutive impact of EXE systems recognized in sales.

Key dynamics of 2025

There were three important factors this year.

Firstly, during the year, several question marks emerged around geopolitical challenges, notably tariffs. Heightened levels of uncertainty were apparent for some customers, who were understandably apprehensive about investing in major manufacturing bases if the equipment they needed could potentially become significantly more costly.

Secondly, while AI-related demand continued to surge, demand from other segments was relatively subdued during the first part of 2025. This changed as the year progressed, and the markets associated with PCs and smartphones, among others, began to accelerate.

Finally, the number of customers seizing opportunities generated by the AI boom began to increase. Early in the year, AI was benefiting only a small number of our customers, but its impact has now spread to more. All three major DRAM players have identified benefits from the AI uptick, and this drove a marked increase in optimism and positivity. Turning to the foundry market, where a single major company leads, we have seen some signs of recovery for some of the other players in this market.

Putting AI at the heart of our organization

In recent years, we have dedicated more resources to the field of AI and we have recognized a number of areas where it can play a pivotal role in the company's development and how we meet customer needs.

Software already is a major factor in driving the performance of our systems – by incorporating artificial intelligence, we can elevate precision and speed to the next level, required to meet our customers' advanced needs. For example, in operations demanding nanometer-level accuracy, a temperature fluctuation as small as one-thousandth of a degree may have huge implications. So deploying best-in-class AI models to assess the behavior of exogenous variables on a wafer can drive the performance of our lithography, metrology and inspection systems.

We are also using AI to become more efficient as an organization. This is an area where the finance team has played an important role within ASML by monitoring the various efficiency initiatives across the business, with efficiency measured as output per person. A key issue is around how many people we need in order to create the required output – and this has led us to prioritizing initiatives in a number of domains.

In R&D, we are using AI to reduce the time-to-market for new products and services, supporting our engineers so their innovations can deliver improvements to customers as quickly as possible.

AI is helping us in several operational areas, including improving efficiency by providing insights into how we can best sequence production phases to create an optimal flow. Our customer support engineers also use AI in the field, for example with machine diagnostics that can make preventive maintenance more efficient.

In addition, AI is behind ongoing improvements in the efficiency of the company's enabling functions, including Finance, IT, HR, Legal and Compliance and many more areas.

€32.7bn
Total net sales

52.8%
Gross margin

€8.5bn
Returned to shareholders

In conversation with Roger Dassen (continued)

Executive Vice President and Chief Financial Officer

> **“We cannot reap the benefits of AI – for ourselves as well as for our customers – without engaging with external partners.”**
>
> **Roger Dassen**
> Executive Vice President and Chief Financial Officer

…and of our future

Building on a long history of working closely with organizations across our ecosystem, we recognized that we cannot reap the benefits of AI – for ourselves as well as for our customers – without engaging with external partners. When generative AI started to land, we began looking at potential partners, including Mistral AI, and we were delighted to take an approximately 11% share on a fully diluted basis in the company during 2025.

Mistral AI has a high-quality large language model able to support software coding and therefore plays a pivotal role in the development of our systems. Furthermore, we believe Mistral AI and ASML are an excellent fit. We have seen how their teams understand our culture as well as how our engineers work and what they need – and that synergy is really critical.

Leading the way on sustainability reporting

The finance team worked hard throughout 2025 to help ASML maintain its reputation as a role model in sustainability reporting. We prepared our previous 2024 Annual Report in accordance with European Sustainability Reporting Standards (ESRS) requirements, and I am pleased to say that this year’s report follows suit.

We took part in the consultation process for the revision of the ESRS standards. This followed from the EU’s Omnibus Simplification Package, aimed to simplify sustainability reporting for companies by reducing the number of mandatory data points, clarifying provisions, and streamlining requirements.

While we have taken advantage of the ESRS ‘Quick Fix’ – a temporary relief package in force until the revised standards are finalized – we remain fully committed to the principles of sustainability reporting. Extensive and accurate data on our supply chain and customers, as well as on our own organization, helps us understand our impact and that of our ecosystem, and therefore identify how best to manage it.

Looking ahead

Looking ahead to 2026, we anticipate total net sales of between €34 billion and €39 billion. The expected gross margin is between 51% and 53%, alongside an annualized effective tax rate of around 17%.

Starting with our EUV business, we expect revenues to increase significantly in 2026 as a result of the dynamics in advanced Logic and DRAM. For non-EUV, we anticipate that revenues for 2026 will be similar to 2025. Finally, in our service and field option sales business, we expect another year of revenue growth, driven by our growing EUV installed base and our customers’ plans for performance upgrades to support their rapidly increasing capacity requirements.

In line with our 2024 Investor Day announcements, we expect a 2030 revenue opportunity between €44 billion and €60 billion with a gross margin expected between 56% and 60%.

We maintain our financing policy – a solid capital and liquidity structure, based on which we will continue to invest in our business and expect to return significant amounts of cash to our shareholders through growing dividends and share buybacks.

In summary, our long-term outlook remains robust, supported by the combination of strong market dynamics and a solid strategic roadmap for our products and services.

Roger Dassen
Executive Vice President and Chief Financial Officer

Financial performance KPIs

Sales

Total net sales
€32.7bn
2024: €28.3bn

Net system sales
€24.5bn
2024: €21.8bn

Net service and field option sales
€8.2bn
2024: €6.5bn

Sales of lithography systems (in units)[1]
327
2024: 418

EUV systems recognized (in units)
48
2024: 44

Profitability

		% of total net sales
Gross profit	€17.3bn (2024: €14.5bn)	52.8% (2024: 51.3%)
Income from operations	€11.3bn (2024: €9.0bn)	34.6% (2024: 31.9%)
Net income	€9.6bn (2024: €7.6bn)	29.4% (2024: 26.8%)

Earnings per share (basic)
€24.73
2024: €19.25

Liquidity

Cash and cash equivalents and short-term investments (year end)
€13.3bn
2024: €12.7bn

Net cash provided by operating activities
€12.7bn
2024: €11.2bn

Free cash flow[2]
€11.0bn
2024: €9.1bn

1. Lithography systems do not include metrology and inspection systems.
2. Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities (2025: €12,658.5 million and 2024: €11,166.2 million) minus purchase of property, plant and equipment (2025: €1,573.6 million and 2024: €2,067.2 million) and purchase of intangible assets (2025: €57.6 million and 2024: €15.9 million). We believe that free cash flow is an important liquidity metric for our investors, reflecting cash that is available for acquisitions, to repay debt and to return money to our shareholders by means of dividends and share buybacks. Purchase of property, plant and equipment and purchase of intangible assets are deducted from net cash provided by operating activities in calculating free cash flow because these payments are necessary to support the maintenance and investments in our assets to maintain the current asset base.

Financial performance KPIs (continued)

Operating results of 2025 compared to 2024

Year ended December 31 (€, in millions)	2024	%[1]	2025	%[1]	% Change
Net system sales	21,768.7	77.0	**24,474.3**	74.9	12.4
Net service and field option sales	6,494.2	23.0	**8,193.0**	25.1	26.2
Total net sales	28,262.9	100.0	**32,667.3**	100.0	15.6
Cost of system sales	(10,406.9)	(36.8)	**(11,384.0)**	(34.8)	9.4
Cost of service and field option sales	(3,364.0)	(11.9)	**(4,025.3)**	(12.3)	19.7
Total cost of sales	(13,770.9)	(48.7)	**(15,409.3)**	(47.2)	11.9
Gross profit	14,492.0	51.3	**17,258.0**	52.8	19.1
Research and development (R&D) costs	(4,303.7)	(15.2)	**(4,698.8)**	(14.4)	9.2
Selling, general and administrative (SG&A) costs	(1,165.7)	(4.1)	**(1,257.8)**	(3.9)	7.9
Income from operations	9,022.6	31.9	**11,301.4**	34.6	25.3
Interest and other, net	19.8	0.1	**104.7**	0.3	428.8
Income before income taxes	9,042.4	32.0	**11,406.1**	34.9	26.1
Income tax expense	(1,680.6)	(5.9)	**(2,013.4)**	(6.2)	19.8
Income after income taxes	7,361.8	26.0	**9,392.7**	28.8	27.6
Profit from equity method investments	209.8	0.7	**216.7**	0.7	3.3
Net income	7,571.6	26.8	**9,609.4**	29.4	26.9

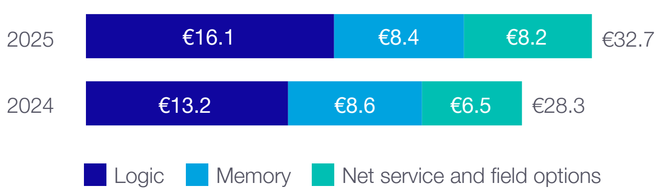
1. As a percentage of total net sales.

For a comparison of ASML's operating results for the year ended December 31, 2024, with the year ended December 31, 2023, please see Financial performance – Performance KPIs – Operating results of 2024 compared with 2023 of ASML's Annual Report on Form 20-F for the year ended December 31, 2024.

Total net sales

In 2025, total net sales increased by €4.4 billion, representing a 15.6% year-over-year increase. This growth was driven by a 12.4% increase in net system sales and a 26.2% increase in net service and field option sales compared to 2024.

Total net sales growth (in billions)



In Logic, net sales increased by €2.9 billion, primarily driven by leading-edge foundry growth in support of strong AI demand and our customers building capacity for their next nodes.

In Memory, net sales decreased by €0.2 billion, primarily reflecting a continuation of high Memory demand following strong growth in 2024. This momentum is fueled by investment in high-bandwidth memory and DDR5 to support AI-related applications, which remain a key growth driver in the Memory market.

Net service and field option sales increased mainly due to the growing installed base of systems, higher levels of lithography tool use for certain customers, and more NXE field upgrades.

Increase on previous year

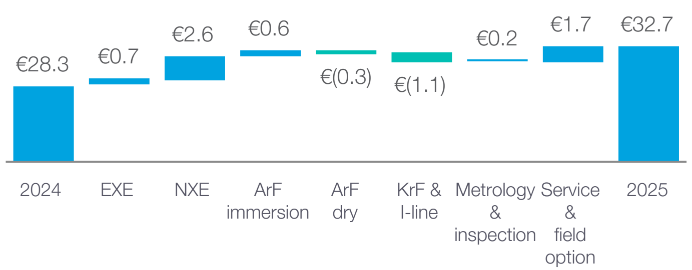
15.6%
Net sales

12.4%
Net system sales

26.2%
Net service and field option sales

Financial performance KPIs (continued)

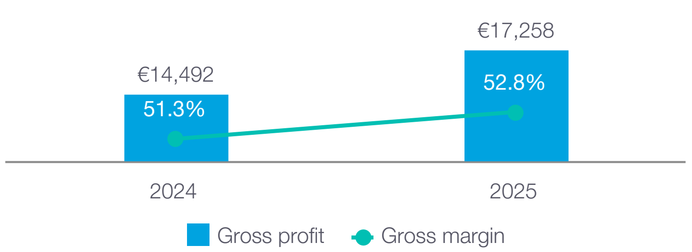
Net sales (in billions)



The increase in total net sales was primarily driven by greater NXE and NXT immersion adoption supported by leading-edge foundry investments for AI demand, EXE systems being delivered to and installed at more customers, and higher service and field option sales. This was partially offset by a decrease in ArF dry, KrF and i-line sales volumes. We recognized four EXE and 44 NXE systems in sales in 2025 compared to two EXE and 42 NXE systems in 2024. Our system sales across our DUV technologies decreased from 374 units in 2024 to 279 in 2025.

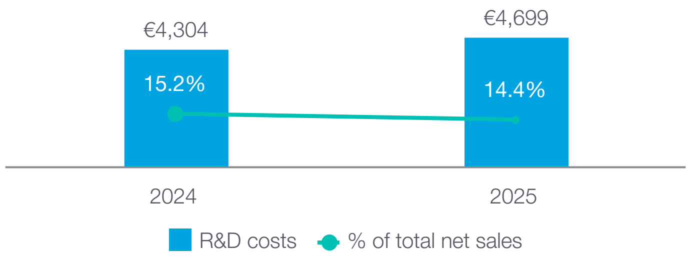
The increase in net service and field option sales was primarily due to the growing installed base, higher levels of lithography tool use for certain customers and more NXE field upgrades.

Gross profit (in millions) **and gross margin** (in %)



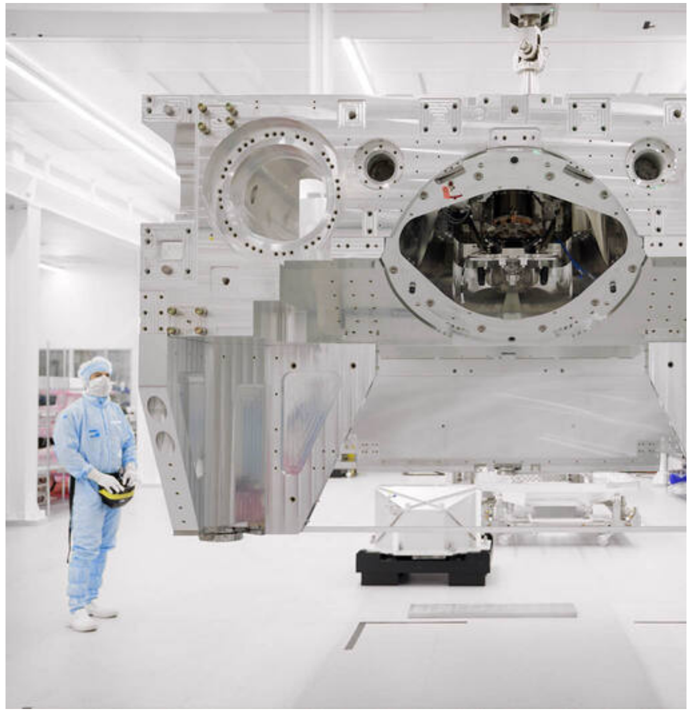
Gross profit and gross margin increased, mainly driven by a favorable NXE product mix and higher net service and field option sales and margins. These positive effects on gross margin were partially offset by the dilutive impact of EXE systems recognized in sales.

Research and development costs (in millions)



R&D costs totaled €4,698.8 million in 2025, up from €4,303.7 million in 2024. This increase reflects continued investments across our EUV, DUV and metrology and inspection systems, and computational lithography, all of which support the development of our holistic lithography solutions. In 2025, R&D efforts were primarily focused on:

- Investments in the development of the NXE:3800E and NXE:3800F systems, and further improving availability and productivity of our NXE installed base systems.
- Investments in the development of our EXE systems to support future nodes for both Logic and DRAM customers.
- Continued investment in the next-generation lithography systems, to increase productivity and overlay in critical DUV layers (NXT:2150i), increase productivity in KrF layers (NXT:870B) and make a next step in cost effectiveness for our i-line customers and investing in packaging portfolio (XT:260).
- Continued investment in e-beam inspection, e-beam metrology and YieldStar optical metrology. In addition, executing our multibeam inspection roadmap and continuously expanding our investment in the holistic software applications space.



€4.7 billion

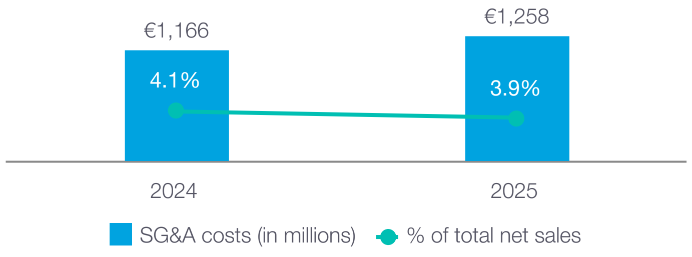
R&D costs

9.2%

Increase in R&D costs on previous year

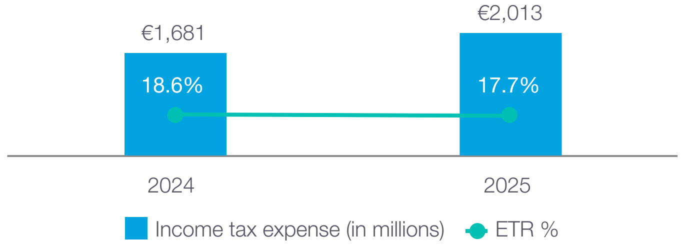
Financial performance KPIs (continued)

Selling, general and administrative costs (in millions)



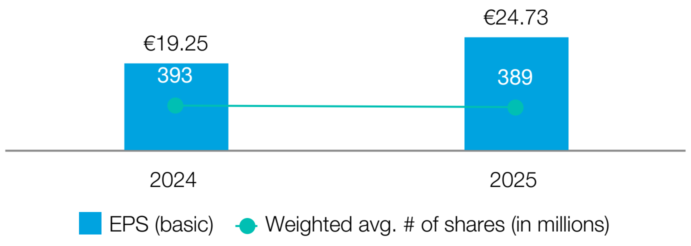
Selling, general and administrative (SG&A) costs increased by 7.9% year-over-year, primarily due to higher average wages and salaries per FTE, and continued investments in our Community Partnership Program.

Income taxes (in millions)



The effective tax rate (ETR) decreased to 17.7% in 2025, compared to 18.6% in 2024. This reduction is primarily due to a correction for a historic tax position recognized in 2024 that pertained to multiple years, for which the underlying tax position has a lower impact in 2025.

Net income and earnings per share



Net income for 2025 amounted to €9,609.4 million, representing 29.4% of total net sales and €24.73 basic net income per ordinary share. This compares to €7,571.6 million, or 26.8% of total net sales, and €19.25 basic net income per ordinary share in 2024. The increase in basic net income per ordinary share was primarily driven by higher net income.

Financial performance KPIs (continued)

Cash flow analysis

We continued to invest significantly in next-generation technologies to secure future growth opportunities. These investments required substantial cash outflows in net working capital, capital expenditures, and R&D.

At the same time, we remained committed to returning cash to our shareholders through dividends and the share buyback program.

Year ended December 31 (€, in millions)	2024	2025
Cash and cash equivalents, beginning of period	7,004.7	**12,735.9**
Net cash provided by (used in) operating activities	11,166.2	**12,658.5**
Net cash provided by (used in) investing activities	(2,609.3)	**(3,777.8)**
Net cash provided by (used in) financing activities	(2,832.1)	**(8,670.5)**
Effect of changes in exchange rates on cash	6.4	**(30.1)**
Net increase (decrease) in cash and cash equivalents	5,731.2	**180.1**
Cash and cash equivalents, end of period	12,735.9	**12,916.0**
Short-term investments, end of period	5.4	**405.9**
Cash and cash equivalents and short-term investments	12,741.3	**13,321.9**
Purchases of property, plant and equipment and intangible assets	(2,083.1)	**(1,631.2)**
Free cash flow[1] (Non-GAAP measure)	9,083.1	**11,027.3**

1. Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities (2025: €12,658.5 million and 2024: €11,166.2 million) minus purchase of property, plant and equipment (2025: €1,573.6 million and 2024: €2,067.2 million) and purchase of intangible assets (2025: €57.6 million and 2024: €15.9 million).

Net cash provided by (used in) operating activities

Net cash provided by operating activities increased by €1,492.3 million compared to 2024. This was mainly due to an increase in net income of €2,037.8 million, which is partially offset by an increase in working-capital.

Net cash provided by (used in) investing activities

Net cash used in investing activities increased by €1,168.5 million compared to 2024, primarily due to the €1,302.2 million investment in Mistral in 2025. This was partially offset by a reduction in capital expenditures, with cash outflows for property, plant, and equipment decreasing from €2,067.2 million in 2024 to €1,573.6 million in 2025.

Net cash provided by (used in) financing activities

The net cash used in financing activities increased by €5,838.4 million compared to 2024. This was primarily driven by a €5,450.0 million increase in share repurchases under our share buyback program, the repayment of an outstanding €1,000.0 million bond that was due on December 6, 2025, and a €97.4 million increase in total dividends paid. These outflows were partially offset by the issuance and repayments of Euro Commercial Paper, which generated a net cash inflow of €689.2 million.

As of December 31, 2025, ASML has sufficient capital for the company's present obligations.

Long-term growth opportunities

Trend information

Looking to 2026, we expect full-year revenue between €34 billion and €39 billion and gross margin between 51% and 53%.

This outlook has strengthened significantly in the final months of 2025, mainly due to the anticipated increase and acceleration of capacity expansion plans by our advanced Logic and DRAM customers to meet the strong end-market demand driven by AI.

Looking at market segments, we expect Logic-related revenues to remain strong and Memory revenues to be significantly higher compared to 2025.

We anticipate our EUV revenue to be significantly higher, driven by advanced node ramps. Our non-EUV revenue is expected to be similar to 2025.

With our net service and field option sales, we expect another year of growth, primarily due to increasing service revenue from our growing EUV installed base and our customers' plans for productivity upgrades.

We have been preparing for growth, and our capacity planning is continuing while we work with our supply chain to support a multi-year ramp.

Our expectations and guidance for the first quarter of 2026 can be summarized as follows:

- Total net sales between €8.2 billion and €8.9 billion
- Gross margin between 51% and 53%
- R&D costs of around €1.2 billion
- SG&A costs of around €0.3 billion.

The trends, expectations and guidance discussed above are subject to risks and uncertainties.

Read more in Strategic report – Special note regarding forward-looking statements

Long-term growth opportunity for 2030[1]

At our November 2024 Investor Day, we provided an update on our long-term growth opportunity for 2030.

The semiconductor industry remains strong and AI is expected to create further opportunity.

Our industry will require major innovations to address the anticipated cost and power consumption challenges of AI and this will further boost the industry roadmap in a product mix shifting toward advanced Logic and DRAM.

Our customers remain at the core of our strategy, and we believe that lithography will remain at the heart of their innovation. We also anticipate that an increased number of critical lithography exposures for advanced Logic and Memory processes will continue to support our customers in addressing their challenges.

We expect that our ability to 1) scale our EUV technology well into the next decade, 2) extend holistic lithography into supporting 3D front end integration and 3) improve the performance and cost effectiveness of our EUV and DUV products will continue to address all our customers' needs with a flexible and versatile portfolio.

ASML values the strong industry partnerships which are critical to our success and our collective commitment to a leadership position in ESG.

Based on our modelling of the different scenarios we expect global semi sales to grow at 9% CAGR (2025-2030) and surpass $1 trillion by 2030.

This translates into an expected overall wafer demand growth of 780K wafer starts per month per year (2025-2030), on average. The rise of AI as a leading end driver also implies a positive mix-shift in the wafer demand profile from litho spending perspective. We expect advanced Logic and DRAM to drive further EUV litho exposures and spending.

For the period from 2025 to 2030, for advanced Logic, we expect an EUV litho spending CAGR of 10-20% and for DRAM, we expect an EUV litho spending CAGR of 15-25%.

This expected growth in semiconductor end markets and increasing lithography spending on future nodes are expected to fuel demand for our products and services.

Based on different market and lithography intensity scenarios, we see an opportunity to achieve 2030 annual revenue between approximately €44 billion and €60 billion with gross margin between approximately 56% and 60%.

We expect to continue to return significant amounts of cash to our shareholders through a combination of growing dividends and share buybacks.

Read more in Strategic report – Our business – Our business strategy

1. Long-term growth opportunity for 2030 as presented during our Investor Day in November 2024.

Long-term models as presented at 2024 Investor Day

Total sales opportunity (in €bn)	**2024 Investor Day Sales 2030**
High scenario	
EUV sales	32
Non-EUV sales (lithography and M&I*)	15
Installed base management**	13
Total	**60**
Moderate scenario	
EUV sales	26
Non-EUV sales (lithography and M&I*)	14
Installed base management**	12
Total	**52**
Low scenario	
EUV sales	22
Non-EUV sales (lithography and M&I*)	11
Installed base management**	11
Total	**44**

* M&I: Metrology and inspection.
** Installed base management equals our net service and field option sales.