City of Hollywood Firefighters' Pension Fund v. ASML Holding N.V.

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 24-cv-8664
CLASS PERIOD: 01/24/2024 - 10/15/2024
CASE LEADERS: Hannah Ross, Scott R. Foglietta, Avi Josefson
CASE TEAM: Girolamo J. "Jimmy" Brunetto, Alec Coquin, Matthew Goldstein

On November 14, 2024, Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") filed a class action in the U.S. District Court for the Southern District of New York alleging violations of the federal securities laws by ASML Holding N.V. ("ASML" or the "Company") and certain of the Company's current and former senior executives (collectively, "Defendants"). The action is brought on behalf of all persons or entities that purchased ASML ordinary shares on the Nasdaq Stock Market (the "Nasdaq") between January 24, 2024, and October 15, 2024, inclusive (the "Class Period").

BLB&G filed this action on behalf of City of Hollywood Firefighters' Pension Fund, and the case is captioned *City of Hollywood Firefighters' Pension Fund v. ASML Holding N.V.*, No. 24-cv-8664 (S.D.N.Y.). The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. To view the complaint, see the **Case Documents** section of this page.

ASML's Alleged Fraud

Based in The Netherlands, ASML is one of the world's leading manufacturers of photolithography machinery that is an essential component in the fabrication of semiconductor chips. These machines, which the Company sells to chip manufacturers around the world, use powerful lasers to create the tiny integrated circuitry embedded on computer chips.

In November 2022, ASML provided three-year financial guidance, telling investors that by 2025 the Company would generate sales between €30 billion and €40 billion, and a gross margin between 54% and 56%. In March 2023, the Dutch government announced plans to implement new regulations restricting the export of certain semiconductor technology. These restrictions, which became effective in September 2023, further limited the number and types of machines that ASML could ship to customers in China, an important growth market for the Company. Following the announcement of these new regulations, ASML benefitted from strong demand from customers in China as chipmakers rushed to order the Company's products before the export restrictions became effective. This surge in demand from customers in China helped offset the effects on ASML from a downturn in the semiconductor industry in 2023.

The complaint alleges that, throughout the Class Period, Defendants made numerous material misrepresentations and omissions regarding ASML's growth prospects and the strength of demand for its chip-building machinery, as well as the expected impact of new regulations restricting the export of chip-making technology. Specifically, Defendants repeatedly reiterated ASML's optimistic financial targets for 2025, and claimed that the Company was poised to deliver on those targets due to an expected strong year in 2025 driven by several factors, including the increased proliferation of artificial intelligence and a significant number of new semiconductor chip manufacturing

plants being built around the world. The Company also downplayed concerns about the impact that tighter export regulations would have on ASML's business, with ASML's Chief Financial Officer assuring investors: "one thing is for sure, China will remain very strong in our numbers also in 2024." As a result of these misrepresentations, ASML ordinary shares traded at artificially inflated prices during the Class Period.

The truth began to emerge on October 15, 2024, when ASML announced financial results for the third quarter of 2024, a day earlier than previously scheduled, purportedly due to a "technical error." ASML disclosed net bookings of just €2.6 billion, representing a 53% decline from the €5.6 billion in bookings during the prior quarter and missing analysts' estimates by €3 billion. As a result, ASML cut its 2025 guidance. The Company now expected 2025 net sales to between €30 billion and €35 billion, at the bottom half of its previous range of €30 billion to €40 billion. ASML also reduced its gross margin target to between 51% and 53%, down from its prior guidance of 54% to 56%.

During ASML's earnings call the next day, the Company disclosed that its "relatively low order intake is a reflection of the slow recovery" of the semiconductor industry, which will "extend well into 2025." ASML also revealed that its sales in China had declined to "a more normalized" level, expecting China sales to be around 20% of the Company's total revenue in 2025 and implying a significant decline compared to the prior year. ASML further disclosed that the decline in sales of its products to customers in China would negatively impact the Company's gross margins. As a result of these disclosures, the price of Nasdaq-traded ASML ordinary shares declined by $188.75 per share, or 21.6%, from a closing price of $872.27 per share on October 14, 2024, to a closing price of $683.52 per share on October 16, 2024.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the court no later than January 13, 2025, which is the first business day on which the U.S. District Court for the Southern District of New York is open that is 60 days after the publication date of November 14, 2024. Any member of the proposed Class may seek to serve as Lead Plaintiff through counsel of their choice, or may choose to do nothing and remain a member of the proposed Class.

If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact Scott R. Foglietta of BLB&G at 212-554-1903, or via e-mail at scott.foglietta@blbglaw.com.

Case Documents

- November 14, 2024 - Initial Complaint
- November 14, 2024 - PSLRA Notice