

Rationale for changes in the Remuneration Policy for the Management Board

ASM International N.V.

Strategic context of the Policy

Industry context: Structural growth with increasing complexity

ASM operates in the global semiconductor equipment industry — one of the most strategically important and structurally attractive industries worldwide. Semiconductors have become the foundational infrastructure of the digital economy. Artificial intelligence, high-performance computing, electrification (automotive and infrastructures), cloud infrastructure and edge computing are all critically dependent on continued semiconductor performance scaling.

The industry is entering a new structural phase. External market forecasts indicate that the global semiconductor market is expected to exceed US\$1 trillion by the end of the decade, largely driven by AI and data-centric applications. This growth is not cyclical in nature alone; it reflects a fundamental expansion of computer intensity across all sectors of the economy.

ASM's strategic role in enabling AI performance scaling

Within this ecosystem, ASM has established industry leadership in advanced thin-film deposition technologies, including Atomic Layer Deposition (ALD), which are essential to enabling leading-edge logic and memory devices. As traditional transistor scaling becomes increasingly complex and reaches an atom-scale limit, performance gains in AI chips depend not only on lithography but also increasingly on materials engineering, in silicon device structure (3D architectures, gate-all-around, CFET for atomic-scale devices) but also advanced packaging integration of multiple chips, as demonstrated by Nvidia.

ASM's technologies are therefore becoming foundational to sustaining Moore's Law-equivalent performance improvements, and enabling leading-edge logic and memory performance, vital to fuel the AI era.

This positions ASM as a critical technology partner to the world's most advanced chip manufacturers within the broader AI value chain.

Expanding into new technology and growth domains

The next growth wave in the semiconductor equipment industry will not be limited to volume expansion in existing silicon nodes. It will be driven by the ability to expand in adjacent sub-segments of this industry like hybrid-packaging (where ASM already has a unique key position indirectly) and new base materials.

Hence, maintaining ASM leadership and above-industry growth and margin expansion will require:

- Effective execution across multiple technology nodes;
- Sustained R&D investment;

- Successful expansion into adjacent and emerging sub-segments e.g., advanced packaging, heterogeneous integration;
- New materials;
- Close collaboration with leading global customers.

From a management perspective, this requires a unique industry vision, strong domain expertise for the top leadership team, disciplined capital allocation, and bold strategic decision-making amid technological uncertainty.

Growth ambition and scale evolution

Over the past 5 years, ASM has delivered significant value creation:

- Revenue increased by almost 2.5x to €3.2 billion in 2025, growing approximately 1.5x as fast as the industry
- Operating profit multiplied by close to 3x to €957 million on an adjusted basis in 2025
- Market capitalization increased by almost 3x to more than €25 billion

ASM now operates at a materially larger scale, with greater global exposure and increased strategic importance compared to when the current remuneration framework was established. Consistent with this evolution, ASM's top talent is also far more visible and attractive to competition.

ASM's ambition to grow revenues to more than €5.7bn by 2030, representing approximately 12% CAGR and significantly above industry growth forecasts, reflects not only market tailwinds, but also the expectation that the Company will successfully capture share and expand its technological footprint.

Delivering on these ambitions requires sustained leadership stability and strategic consistency, at a time when ASM's main competitors may also be in a leadership succession phase.

CEO-specific considerations at a pivotal phase

The Supervisory Board considers ASM's current phase of development to be pivotal. The current CEO has been instrumental in shaping ASM's renewed strategic direction. His deep industry knowledge, long-term vision of semiconductor technology evolution, and understanding of the competitive landscape have been central to defining the Company's next growth phase.

Following his initial two-year mandate, the CEO has demonstrably delivered:

- Strong financial performance;
- Clear strategic repositioning;
- Enhanced capital allocation discipline;
- Strengthened engagement with leading customers.

He is the architect of ASM's current multi-year strategy, which now requires consistent and disciplined execution.

To support this strategy, the CEO has significantly raised the leadership bar and shaped the Executive Committee accordingly. Six of the eight Executive Committee members have been identified and appointed within the past three years, creating a refreshed leadership structure aligning with the Company's future growth ambitions. Leadership continuity at CEO level is therefore particularly important to ensure stability during this transition phase.

In addition, as a US-national operating within a highly concentrated semiconductor leadership ecosystem, the CEO is exposed to structural competitive pressures. The semiconductor equipment industry is dominated by larger US-based peers with significantly greater scale and financial resources. The relevant executive talent pool is limited, and the risk of active recruitment by larger competitors is real.

At this moment in time when:

- a new strategy has been defined;
- a renewed leadership team has been assembled;
- the Company is entering a critical technology inflection cycle;
- ambitious 2030 targets have been publicly articulated;

the Supervisory Board considers leadership continuity to be essential. Ensuring stability at CEO level is particularly critical during this execution phase, to avoid any disruption which could impede the Company's progress and undermine the strategic momentum now underway.

Competitive landscape and talent scarcity

The semiconductor equipment industry is highly concentrated and dominated by a limited number of global players, many of which are headquartered in the US and Japan, and significantly larger in size than ASM. These competitors operate at massive scale, benefiting from deep capital markets, and competing aggressively for technological leadership.

Chinese players are also emerging rapidly, fueled by strong national governmental support in a move to acquire autonomy, and they are now also competing in the global talent market.

In this environment, European-based companies such as ASM must compete globally for customers, technology leadership and talent, while ensuring alignment with evolving regulatory and geopolitical frameworks.

The company operates in a highly specialized and competitive sector. As such, the pool of executives combining the following competencies is extremely limited:

- deep semiconductor domain process expertise;
- strategic technology insight;
- global operational leadership;
- credibility with leading-edge customers.

Given this scarcity, the remuneration philosophy is designed to ensure the attraction and retention of leaders capable of supporting the company's long-term strategic objectives. This consideration applies not only to the CEO, but also to other Management Board members whose responsibilities are critical to navigating the Company's increasing scale, capital intensity, regulatory complexity and global operating footprint.

Moreover, the executive talent pool with in-depth industry knowledge is concentrated in the US and Asia, where compensation benchmarks, particularly for long-term equity incentives, are structurally higher and competition for this talent is ongoing and structural, rather than cyclical. ASM is the only European-based company operating at scale in the semiconductor material deposition equipment industry space.

Governance safeguards and pay-for-performance alignment

The proposed policy adjustments are measured, evolutionary, and aligned with ASM's long-term strategic direction to:

- maintain a strong pay-for-performance philosophy;
- preserve a significant weighting toward long-term equity incentives;
- link the majority of compensation to multi-year performance metrics;
- include robust malus and clawback provisions;
- remain fully aligned with the Dutch Corporate Governance Code;
- further strengthen the alignment between shareholder and Management interests;
- enhance transparency in our disclosures, particularly with respect to variable compensation outcomes.

The overall remuneration structure continues to emphasize variability and performance dependency. The realization of long-term incentives is contingent upon sustained delivery against demanding financial and strategic objectives, ensuring that rewards reflect long-term value creation for shareholders.

Rationale for the proposed changes

The key principles of ASM's remuneration policy are pay-for-performance, fairness and competitiveness. As such, the Supervisory Board has placed particular emphasis on ensuring that the revised policy remains aligned with these principles.

Following a comprehensive benchmark against our remuneration peer group performed by two renowned independent consulting firms, we have focused on ensuring that remuneration levels and structures reflect fair and competitive positioning. While the most significant benchmarking outcomes and resulting policy changes relate to the CEO position, the review also identified the need for limited and proportionate adjustments to target incentive opportunities for other Management Board members, to ensure continued internal consistency and external competitiveness.

Special attention has been given to US peer group companies, as ASM's key talent pools are concentrated in the US, particularly for the CEO and senior leadership roles. This market is characterized by exceptionally high competition for semiconductor leadership talent and represents a significant share of our business footprint and revenue exposure. As such, ensuring competitive positioning relative to US peer group companies is essential to attract and retain the caliber of leadership required to deliver on ASM's strategic ambitions.

It is important to note that the proposed remuneration adjustments fully respect the spirit and framework of the existing policy, which was approved by the 2023 Annual General Meeting in May 2023 with 95.7% shareholder support.

More specifically:

- the peer group remains unchanged and continues to consist of a mix of comparable European companies (about 70%) and US-based companies (about 30%), in line with the Dutch Corporate Governance Code;
- the cash-based remuneration elements (base salary and STI) are benchmarked against the full peer group;*
- the share-based remuneration element (LTI) is benchmarked against the US subset of the peer group when the CEO is of US origin, which is the case for ASM;*
- STI have been adjusted for other Management Board members to reflect the median of the peer group.*

*Notwithstanding the Supervisory Board's discretion to apply a different approach in the future in accordance with, and subject to, the Policy.

These principles ensure that the policy remains consistent, transparent, and aligned with both regulatory expectations and ASM's talent market realities.

The proposed policy changes also reflect:

- ASM's increased scale and global profile;
- The structural expansion and technological complexity of the semiconductor industry;

- The significant increase of complexity to manage such a mission-critical business under unprecedented geopolitical constraints (supply chain, R&D balancing) in an increasingly regulated environment (“volatile” export controls regulations);
- The Company’s ambition to deliver above-industry growth;
- The scarcity and global competition for semiconductor leadership talent;
- The importance of CEO continuity at a pivotal strategic moment;
- The need to ensure proportionate, competitive and performance-aligned incentive opportunities for other Management Board members , including the CFO, whose roles are critical to the execution of ASM’s strategy.

The Supervisory Board has also considered direct input from some of ASM's major shareholders and proxy advisors gathered during our annual roadshow in 2025 and early 2026 and the Policy update is proposed with due regard to the Dutch Corporate Governance code and the EU Shareholders Rights Directive.

The Supervisory Board believes the proposal is proportionate, performance-aligned and necessary to ensure leadership stability and sustained long-term value creation for shareholders.

It is thus essential that the CEO’s remuneration remains competitive against relevant US and global peers, particularly in terms of variable compensation and LTI structures, and our benchmark reveals a significant gap, especially in the LTI element of the remuneration compared to US peer CEOs. The intention has not been to align to the median of such a US benchmark, as we are mindful of our European references and roots, but to close the gap significantly while ensuring a fair remuneration based on expected strong performance. It should be noted that LTI awards at ASM are delivered entirely in the form of PSUs, whereas US peer group companies typically continue to grant a mix of Restricted Stock Units (RSUs) and PSUs.

Main Policy changes

LTI

To ensure the Company's remuneration structure remains competitive, strategically aligned, and reflective of global market realities, the LTI targets have been recalibrated following a comprehensive benchmarking exercise. Market data indicates that LTI weightings are significantly higher in the US compared to other geographies, while European benchmarks adopt a more moderate approach. Recognizing the need to balance these two dynamics, ASM is adopting an optimized LTI framework. This refined approach strengthens alignment with both US and global practices, ensuring competitiveness, fairness, and strategic consistency across our global operations.

Considering the above, the Supervisory Board proposes the following approach:

- Deliver all LTI awards in the form of PSUs;
- Increase LTI targets to:
 - up to 700% of base salary for US-origin CEOs and up to 265% of base salary for non-US-origin CEOs;
 - up to 450% of base salary for US-origin for other Management Board members and up to 220% of base salary for non-US-origin Management Board members.

Given the long-term nature of strategic and investment decisions in the semiconductor equipment industry, this change further strengthens the long-term orientation of the remuneration framework. It increases the emphasis on multi-year performance and alignment with shareholder value creation over the innovation and investment cycle, consistent with the Policy objective to balance short-term operational results with long-term sustainable value creation.

STI

To complement the recalibration of LTI targets, the Supervisory Board also proposes an adjustment to ASM's STI structure to maintain a competitive and well-balanced remuneration mix. While US median benchmarks indicate substantially higher LTI opportunities (often far above European norms), ASM has deliberately chosen to be below the US median benchmark considering the European expectations and governance standards. This creates an ongoing gap in total compensation compared with US peer group companies. To partially bridge this gap, and to balance the differing US and European market realities in which ASM is listed and operates, the Supervisory Board proposes an increase in STI opportunity levels. This approach supports ASM's ability to attract and retain global leadership talent while maintaining a responsible and balanced remuneration structure.

Under the updated policy, the maximum target opportunity under the STI for the CEO will be increased from 125% up to 175% of salary and for other Management Board members from 80% to 100%. The maximum STI opportunity will be 150% of target for all Management Board members. In addition, a cap of 250% of base salary for the CEO will be applied to the

maximum STI opportunity, ensuring an appropriate limit to short-term variable compensation outcomes.

This change reflects ASM's increased scale and complexity and the growing importance of operational excellence and consistent annual performance delivery in executing the Company's strategy.

Increasing the STI target strengthens the alignment between annual performance outcomes and variable remuneration and reinforces accountability for delivery, while maintaining an appropriate balance between short-term execution and sustainable long-term value creation.

As described, in shaping the overall pay structure, STI opportunity has been positioned in the 75th percentile of the full peer-group benchmark.

Shareholding guidelines

To further reinforce alignment with shareholders, the CEO shareholding guideline will be increased from two to seven times base salary, embedding a stronger ownership mindset and ensuring a meaningful and sustained personal investment in ASM.

Malus and clawback

The proposed malus and clawback provisions broaden the scope and strengthen the Supervisory Board's ability to act. The revised provisions provide for the adjustment in a wider range of circumstances, including misconduct, internal policy breaches, financial restatements, and other situations where outcomes are deemed unacceptable by standards of reasonableness and fairness.

Disclosure

Enhanced transparency in pre- and post-award disclosures will provide shareholders with clearer insight into how remuneration supports ASM's strategy, performance and sustainable long-term value creation, while maintaining an appropriate balance between transparency and the protection of commercially sensitive information in a highly competitive market.

For the completed financial year (ex post), the Remuneration Report will disclose the relevant values of the applicable performance range (threshold / target / stretch), the performance achievement and the resulting payout. This provides shareholders with clear insight into how remuneration aligns with performance, including the impact of sustainability-related metrics. In exceptional cases where full disclosure would put ASM at a competitive disadvantage, disclosure would be supplemented by narrative when numerical precision cannot be shared for market sensitivity reasons.