Translation for Convenience Purposes

Explanatory Report by the Executive Board regarding the information pursuant to §§ 289a (1) and 315a (1) of the German Commercial Code (HGB) for Fiscal Year 2017

In the Management Report of the Company and the Group Management Report the Executive Board disclosed information pursuant to §§ 289a (1) and 315a (1) of the German Commercial Code, *HGB*, which is explained in this report as follows:

The **stated share capital** (Grundkapital) of AIXTRON SE as of December 31, 2017 amounted to EUR 112,924,730.00 divided into 112,924,730 registered shares with a proportional interest in the Company's share capital of EUR 1.00 per no-par value registered share. Each no-par value share represents the proportionate share in AIXTRON's stated share capital and carries one vote at the Company's annual shareholders' meeting. All registered shares are fully paid in. The Company has issued a share certificate representing multiples of shares (global share); according to § 6 para. 4 sentence 2 of the Company's Articles of Association, the shareholders do not have the right to the issue of a share certificate representing their share(s).

There are no **voting or transfer restrictions** on AIXTRON's registered shares that are related to the Company's Articles of Association. There are no classes of securities endowed with **special control rights**, nor are there any provisions for **control of voting rights**, if employees participate in the share capital without directly exercising their voting rights.

As per December 31, 2017, the following additional **capitals** were in place according to different General Meeting resolutions and have not been utilized as per December 31, 2017 with the amounts referred to below:

(EUR or number of shares)	31-Dec 2017	Resolution
Authorized Capital 2017 - Capital increase for cash with pre-emptive rights for shareholders	10,518,147	09.05.2017
Authorized Capital 2014 - Capital increase for cash or contribution in kind	45,883,905	14.05.2014
Conditional Capital I 2012 - Authorization to potentially issue bonds with warrants and/or convertible bonds	40,715,810	16.05.2012
Conditional Capital II 2012 - Stock Options Program 2012	4,208,726	16.05.2012
Conditional Capital II 2007 - Stock Options Program 2007	2,689.113	22.05.2007

Authorized Capital 2017: Based on the resolution of the General Meeting on May 9, 2017, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one occasion or in partial amounts on several occasions by up to a total of EUR 10,518,147.00 against cash contributions by issuing new registered no-par value shares until May 8, 2022. Shareholders must be granted pre-emptive rights. However, the Executive Board shall be authorized, with approval of the Supervisory Board, to exclude shareholders' pre-emptive rights in order to eliminate fractions resulting from the subscription ratio. So far, the Executive Board has not made any use of this authorization.

Authorized Capital 2014: Based on the resolution of the General Meeting on May 14, 2014, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one occasion or in partial amounts on several occasions by up to a total of EUR 45,883,905.00 against cash and/or non-cash contributions by issuing new registered no-par value shares until May 13, 2019. In principle, shareholders must be granted pre-emptive rights. However, under certain conditions stipulated in the authorization, the shareholders' pre-emptive rights may be excluded with the approval of the Supervisory Board. So far, the Executive Board has not made any use of this authorization.

Contingent Capital I 2012: Based on the resolution of the General Meeting on May 16, 2012, the share capital is conditionally increased by up to EUR 40,715,810.00 by issuing up to 40,715,810 new registered no-par value shares carrying dividend rights from the beginning of the fiscal year in which they are issued until and including May 15, 2017. This contingent capital increase serves the purpose of granting shares to the holders or creditors of bonds with warrants and/or convertibles bonds which will be issued against cash contributions by the Company or any company in which the Company owns a majority interest, either directly or indirectly, based on the authorization resolved by the General Meeting on May 16, 2012 (agenda item 7). Such new shares will be issued at the option and/or conversion price determined in accordance with the above authorization. The contingent capital increase will only be implemented to the extent that option and/or conversion rights arising from the bonds will be exercised and/or conversion obligations arising from the bonds will be fulfilled and to the extent that no cash compensation is granted or own shares or shares from authorized capital are used to satisfy such rights or obligations. The Executive Board shall be authorized, with the approval of the Supervisory Board, to determine the further details of implementing the contingent capital increase.

Contingent Capital II 2012: Based on the resolution of the General Meeting on May 16, 2012, the Company's share capital is conditionally increased by up to EUR 4,208,726.00 by issuing up to 4,208,726 no-par value registered shares. The Contingent Capital II 2012 serves the purpose of securing subscription rights arising from share options which will be issued by the Company until and including May 15, 2017 based on the authorization granted by the General Meeting on May 16, 2012. The contingent capital increase will only be implemented to the extent that the holders of such share options will exercise their option rights and the Company does not grant own shares or cash compensation in fulfillment of the share options. The shares will be issued from the Contingent Capital II 2012 at an issue price equal to the exercise price set forth in (a) (7) of agenda item 8 of the General Meeting on May 16, 2012. The new shares will carry dividend rights from the beginning of the fiscal year in which they are issued.

Contingent Capital II 2007: Following the exercise of subscription rights, this contingent capital amounts to up to EUR 2,689.113.00 as per December 31, 2017. It serves the purpose of securing subscription rights arising from share options issued by the Company under the AIXTRON Stock Option Plan 2007 in the period to May 21, 2012 based on the authorization granted by the General Meeting on May 22, 2007. In fiscal year 2017, a total of 120.625 subscription rights were exercised under the terms of this stock option plan for a total nominal amount of EUR 120.625.00, i.e. corresponding to 120.625 registered no-par value shares. The contingent capital may be utilized until December 31, 2022.

In accordance with section 71 (1) no. 8 German Corporations Act, AktG, the Company is authorized until May 13, 2019 to purchase its **own shares** representing an amount of up to EUR 11,262,429 of the share capital and to use such own shares, with the approval of the Supervisory Board, as provided for in the underlying resolution of the General Meeting on May 14, 2014 (agenda item 5). This authorization may not be used by the Company for the purpose of trading in own shares. The authorization may be exercised in full or in part, once or several times by the Company for one or several purposes. The authorization may also be implemented by dependent or majority held enterprises of the Company or on their or the Company's behalf by any third parties. At the choice of the Supervisory Board, the shares may be purchased (1) on the stock market or (2) by way of a public offer to all shareholders made by the Company or (3) by way of a public request for offers of sale to all shareholders.

The **Articles of Association** of the Company may be amended by a resolution of the general meeting; any such amendment will become effective upon its registration in the commercial register (§181 (3) German Stock Corporation Act, AktG). To the extent that applicable law prescribes a majority of the share capital represented at the general meeting in order to pass a resolution, a simple majority of the share capital represented is sufficient according to Art. 22 (1) sentence 2 of the Articles of Association if this is legally permitted. According to Art. 22 (1) sentence 3 of the Articles of Association, a resolution on any amendments of the Articles of Association requires a majority of two-thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless otherwise prescribed by applicable law (such as § 193 (1) of the German Stock Corporation Act, AktG, for a contingent capital increase). The Supervisory Board is authorized to amend and restate the Articles of Association in accordance with the scope of the respective capital increase from authorized and contingent capital; the Supervisory Board is further authorized to resolve amendments of and supplements to the Articles of Association solely relating to the wording (Art. 4 clause 2.8 and Art. 26 of the Articles of Association).

As of December 31, 2017, about 24% of AIXTRON shares were held by private individuals, with around 76% held by institutional investors. The largest institutional shareholder was Baillie Gifford Overseas (Edinburgh, GB) with around 5% holdings in AIXTRON stock. 99% of the shares were considered as free float according to Deutsche Börse's definition.

The Supervisory Board appoints and removes from office the **members of the Executive Board**, who may serve for a maximum term of six years before being reappointed.

If a "**change of control"** situation exists, the individual members of the Executive Board are entitled to terminate their service relationship with AIXTRON with a notice period of three months to the end of the month and to resign from their post on the termination date. Upon termination of the services as a result of a "change of control", all members of the Executive Board will receive a **severance pay** in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the service contract, however, not exceeding an amount equal to twice the annual compensation. A "change of control" situation exists if a third party or a group of third parties who contractually combine their shares in order to act subsequently as a third party, directly or indirectly hold more than 50% of the Company's authorized capital. Apart from the above mentioned, there are no further "change of control" provisions.

In order to minimize risks, AIXTRON operates an enterprise **risk management system**.

AIXTRON's risk management system is centrally managed and integrates all of AIXTRON's major organizational units into the process. The Board Member of AIXTRON SE in charge of compliance is responsible for establishing and maintaining an effective risk management system and informs the Supervisory Board at regular intervals or, if necessary, ad hoc.

The primary objectives of the system are to support the achievement of strategic business objectives and to identify potential risks at an early stage, which could negatively impact the achievement of these. The risk management system supports the Executive Board in the systematic and rational management of identified risks by defining and prioritizing risk mitigating measures.

The periodic, quarterly risk inventory is initiated and monitored by the central risk manager. All risk owner from the operating divisions are questioned about current developments of already identified risks and measures to mitigate these. The results are compiled at a central level and discussed in a risk committee prior to informing the Supervisory Board.

AIXTRON uses a risk management software to support the process. All risk owners have access to the system. This ensures that changes in the risk situation that arise abruptly or newly identified risks are reported and integrated into the risk portfolio by the risk owners from the operating divisions.

The risk management system was adjusted to reflect the reorganization that the company undergo in the past fiscal year. The reoccurring risk assessments of APEVA's risks are now carried out in a process that is separate from AIXTRONs risk assessment. That also includes reporting. The objectives, strategies and basic management processes of the risk management system remain unaltered.

Furthermore, the Executive Board is responsible for setting up and maintaining an appropriate **internal control system** and assessing its ongoing effectiveness in order to manage operational risks and to ensure adequate protection against significant misstatements and losses.

Management shall ensure that the system of internal processes and controls is appropriate for the company in matters of its size and business, and that the appropriate processes and controls are in place to effectively manage and minimize the strategic, operational, financial and other risks which the company is exposed to. These also include the centrally monitored compliance for company-wide accounting guidelines and assessment principles within the context of financial reporting.

All subsidiaries which are included in the consolidated financial statements use the same, central SAP system and prepare monthly statements which are being centrally consolidated. Under usage of the direct system access at headquarters, a detailed analysis of target/actuals deviations in particular of quarterly reports is performed. In regular quarterly meetings with the responsible document owners, all substantial facts are being reviewed for compliance with IFRS. AIXTRON has a multistage control system for processes and transactions relevant for accounting which are being reviewed regularly on compliance by the internal audit department.

In addition, the group has ongoing processes in place to identify, evaluate and manage operational risks.

Compared to 2016, the overall risk situation of AIXTRON SE and its subsidiaries has improved. The risk portfolio has been streamlined by the sale of AIXTRON´s ALD/CVD product line as well as the focusing of the research and development activities and the inclusion of external cooperation partners. This also improves the exploitation of opportunities and active avoidance of risks in the markets targeted by AIXTRON.

The Executive Board of AIXTRON SE is not aware of any risk to the continued existence of the Company.

The auditor reviewed the risk management system and confirmed its effectiveness.

Furthermore, the independent auditing firm **Deloitte GmbH** audited the Financial Statements and the Consolidated Financial Statements as well as the non-financial group report of AIXTRON SE for fiscal year 2017. All three reports were given an **unqualified audit opinion** by the auditors.

Herzogenrath, March 2018

AIXTRON SE

- Executive Board -

Dr. Felix Grawert

Dr. Bernd Schulte