

Notes to compensation report for Fiscal Year 2021

CEO compensation and measurement of STI and LTI for FY2021

AIXTRON SE has published the compensation report as part of the annual report for FY2021. The compensation for FY2021 is in full alignment with the [AIXTRON remuneration system](#) which has been approved by the Annual General Meeting in May 2020 with 90.3%. Following specific inquiries from shareholders, the Executive Board has decided to provide additional details on several compensation components of the Executive Board.

Compensation of CEO & President Dr. Felix Grawert

Dr. Felix Grawert was promoted to Chief Executive Officer (CEO & President) of the AIXTRON Group in 2021. To reflect the increased scope of responsibility, his base compensation was increased to TEUR 400 in FY2021 from previously TEUR 343 in FY2020. Previously, from 2017 to 2020, Dr. Felix Grawert was a member of the then 2-member Executive Board with equal rights.

Measurement of STI and LTI targets for the Executive Board

For all targets (STI, LTI), objective, quantified and measurable targets (KPIs) have been defined and agreed on before start of the fiscal year 2021. In particular, the [AIXTRON remuneration system](#) provides explicitly that “targets and target values may not change during the periods relevant for target achievement” (see clause B section 3), thereby excluding any undisclosed discretionary judgement of the Supervisory Board.

All variable compensation targets are directly linked to the company's strategy and performance. The weight and the KPI value of each target are defined prior to the start of each fiscal year – and the outcome is determined solely by the actual KPI achievement without any discretionary adjustments.

AIXTRON is fully committed to document the link between Executive Board compensation and the company's performance in a transparent manner, in particular through ex-post disclosure of performance targets. Nevertheless, AIXTRON is operating in a market with a small number of competitors and long, multi-year product and market cycles. Therefore, AIXTRON must not reveal too much detail on individual KPIs on an annual basis as this would enable AIXTRON's competitors to draw conclusions about the strategic plans of AIXTRON. This could harm AIXTRON's competitive position, which is not in the interest of the company and its shareholders.

The table on page 61 of the annual report provides the correlation between development of Executive Board compensation and performance of the AIXTRON Group. In particular, the results measured by the target dimensions "Market Position" and "Financial and Operational Targets" have contributed significantly to the substantial increase in group revenues and profitability in 2021.

Additional disclosure on STI and LTI

To provide further insight and a better overview of the target achievement 2021, the following additional details are provided as a summary in addition to the annual report 2021 (pages 52f.):

	Disclosed in Annual Report 2021			Additional Disclosure		
	thereof	Targets	Achievement	thereof	Targets	Achievement
STI	70% ¹⁾	Group Net Income	211%		Group Net Income actual vs. budget	211%
	15% ¹⁾	Market Position	205%	50% ²⁾	Existing Markets	183%
				50% ²⁾	New Markets	228%
	15% ¹⁾	Financial & Operational Targets	127%	50% ²⁾	Operational Improvements	143%
				35% ²⁾	New Product Introduction	129%
				15% ²⁾	Reorientation of OLED Business	65%
LTI	50% ¹⁾	Group Net Income 2021-2023	Assessed at end of 2023		Group Net Income actual vs. 3-year plan	Disclosed at end of 2023
	40% ¹⁾	Total shareholder return (TSR) 2021-2023	Assessed at end of 2023		Total shareholder return (TSR) AIXTRON vs. defined peer group	Disclosed at end of 2023
	10% ¹⁾	Sustainability	Assessed at end of 2023	50% ²⁾	6% reduction of energy consumption in kWh normalized to the most important drivers of consumption ³⁾	Disclosed at end of 2023
				50% ²⁾	50% increase in employee training measured in terms of learning hours	Disclosed at end of 2023

- 1) Categories defined and weight assigned as per the AIXTRON Executive Board Remuneration System, approved by Annual General Meeting May 2020
- 2) Categories defined and weight assigned for the target 2021 by the AIXTRON Supervisory Board in its meeting December 2020
- 3) Energy consumption as reported in the CSR-report, normalized for demand drivers (e.g., units produced) – 2020 as baseline and 2023 as year of achievement. AIXTRON has achieved 74% energy reduction with [major program in 2017](#). Step-wise energy reduction from today onwards.

The disclosure of a further level of detail regarding targets and their achievement would enable AIXTRON's competitors to draw conclusions about the strategic plans of AIXTRON and potentially harm its competitive position, which is not in the interest of the company and its shareholders.