

Independent Auditor's Report

To AIXTRON SE, Herzogenrath/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of AIXTRON SE, Herzogenrath/Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2017 to 31 December 2017, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of AIXTRON SE, Herzogenrath/Germany, for the financial year from 1 January 2017 to 31 December 2017. In accordance with the German legal requirements, we have not audited the content of the group management report specified in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2017, and of its financial performance for the financial year from 1 January 2017 to 31 December 2017, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the group management report specified in the "Other information" section of our auditor's report.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) Point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2017 to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the key audit matters we have determined in the course of our audit:

1. Revenue recognition for multiple-element arrangements including cut-off
2. Presentation of the sale of the ALD/CVD product line for memory chips in the consolidated financial statements and determination of the gain on disposal of the ALD/CVD product line

Our presentation of these key audit matters has been structured as follows:

- a. Description (including reference to corresponding information in the consolidated financial statements)
- b. Auditor's response

1. Revenue recognition for multiple-element arrangements including cut-off

- a. A substantial proportion of the AIXTRON Group's business comprises the settlement of customer contracts that include multiple elements. These arrangements primarily deal with the customer-specific manufacturing and supply of semiconductor equipment and its installation at the customer's site. Furthermore, in specific cases, the Company and the customer agree on the supply of related spare parts and/or the provision of services such as maintenance services and/or certain rights of return. These services are to be measured separately. As part of the technical acceptance process of the equipment, any additional services may be required. These additional services also have to be considered when recognizing revenue. Generally, the contract with the customer provides for a total price for the equipment and the remaining elements such as installation, spare parts packages, services and specific rights of return. Consequently, a breakdown of the total contract value by the single elements based on the relative fair values is required. The determination of the timing of revenue recognition resulting from multiple-element arrangements and the cut-off as part of the revenue recognition are subject to the executive directors' judgement and estimates due to the highly individual customer contracts and complex equipment. Therefore, we classified this matter as a key audit matter.

The information of the executive directors on revenue is provided in Chapter 2 "Significant Accounting Policies" in Item N "Revenue" as well as in Chapter 3 "Revenue" of the consolidated financial statements.

- b. Our audit procedures primarily covered the following:
 - Obtaining an understanding of the major processes from order confirmation until settlement of the contract including audit of the design, implementation and operating effectiveness of the controls relevant to revenue recognition; in this context, our audit primarily covered the operating effectiveness of the controls regarding the complete provision of the supply and installation services and the recognition of the supplied equipment and installation services on an accrual basis.

We performed the following audit procedures based on a stratified and random selection of a sample taken from equipment supplies and installation services by means of the monetary unit sampling method:

- Equipment supplies: Audit of the existence of a customer contract, evaluation of the allocation of the total contract value based on the relative fair values on the single supply and service elements by verifying the underlying contract, reviewing the time of revenue recognition pursuant to contract terms, primarily the incoterms based on the acceptance test records and based on the acceptance and supply records of the dispatch company, review of the customer's payment made.
- Installation services: Audit of the existence of a final acceptance record signed by the customer including the review of estimations made by the executive directors regarding work to be done as well as any additional agreements to the contract with the customer as regards additional services to be rendered and review of the related cut-off of revenue, assessment of the completeness and accuracy of the corresponding information provided in the notes to the consolidated financial statements.

2. Presentation of the sale of the ALD/CVD product line for memory chips in the consolidated financial statements and determination of the gain on disposal of the ALD/CVD product line

- a. The item Other operating income in the consolidated income statement for the financial year 2017 includes a gain on disposal of mEUR 23.9 from the sale of assets of the ALD and CVD product lines of the US group company AIXTRON Inc., Santa Clara/California. The items Change in inventories, Proceeds from disposal of fixed assets and Proceeds from disposal of intangible assets in the consolidated statement of cash flows include effects of the sale of the ALD/CVD product line. As part of an asset deal negotiated in November 2017, property, plant and equipment, inventories, prepayments and liabilities have been transferred to the acquiring entity. A majority of the subsidiary's employees has also been transferred to the acquiring entity. As part of the sale, the proportionate goodwill related to the ALD and CVD product lines was also disposed off in the consolidated statement of financial position. The profit on disposal was determined based on the purchase price of mEUR 51.0 and on the residual carrying values of the sold assets and liabilities as well as expenses directly related to the sale. As the complete recognition of the transferred assets and liabilities including proportionate goodwill as well as the complete allocation and recognition of the ancillary transaction costs are significant for the correct presentation in the consolidated financial statements, we classified this matter as a key audit matter.

The information of the executive directors on the presentation of the sale of the ALD/CVD product line and on the determination of the profit on disposal is provided in Chapter 5 "Other operating income" of the notes to the consolidated financial statements.

- b. We performed the following audit procedures as regards the presentation of the sale of the ALD/CVD product line and determination of the gain on disposal:

At first, we reviewed the purchase contract including the summaries of the assets and liabilities to be transferred included in the purchase contract and including the resulting rights and obligations. Based on this, we performed an audit of the accurate determination and recognition of the purchase price as contracted including a review of the payments made by the

acquiring party. At the US subsidiary AIXTRON Inc., we performed an audit of the complete recognition of the assets and liabilities related to the ALD/CVD product line, which are to be transferred, based on the fixed assets and inventories as shown in the consolidated statement of financial position. In order to assure ourselves of the complete allocation and recognition of the ancillary transaction costs, we reviewed the agreement with the investment bank involved as well as the purchase contract and confirmations of the lawyers involved and compared the ancillary transaction costs to be recognized with the carrying value and the determination of the gain on disposal. For the audit of the determination of the gain on disposal, we assessed the completeness of the ancillary costs to be considered and the assets and liabilities to be disposed of including the adequate allocation of the proportionate goodwill to be disposed of. In addition, we performed an audit of the calculation accuracy. To obtain further audit evidence, we requested confirmations from lawyers, reviewed relevant sections of the purchase contract and queried the executive directors as to any transaction related costs yet to be incurred. Furthermore, we assessed whether the transaction was presented in the consolidated statement of cash flows in accordance with IAS 7.39 and compared the information in the notes to the consolidated financial statements with the other operating income.

Other Information

The executive directors are responsible for the other information. The other information comprises

- the consolidated non-financial statement pursuant to Sections 315b to 315c German Commercial Code (HGB) included in Chapter 1.2.6 of the group management report,
- the statement on corporate governance pursuant to Section 315d German Commercial Code (HGB) included in Chapter 6 of the group management report,
- the Corporate Governance Report pursuant to No. 3.10 of the German Corporate Governance Code,
- the executive directors' confirmation relating to the consolidated financial statements and to the group management report pursuant to Section 297 (2) Sentence 4 and Section 315 (1) Sentence 5 German Commercial Code (HGB) respectively, and
- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB).
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 9 May 2017. We were engaged by the supervisory board on 12 July 2017. We have been the group auditor of AIXTRON SE, Herzogenrath/Germany, without interruption since the financial year 1996.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Martin Mißmahl.

Düsseldorf, 26 February 2018

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