



Invitation

TO THE ANNUAL
GENERAL MEETING OF
MTU AERO ENGINES AG



Invitation to the Annual General Meeting of MTU Aero Engines AG

Convenience Translation – the German version of this document is authoritative

**MTU Aero Engines AG
Munich**

WKN A0D9PT / ISIN DE000A0D9PT0

Unique identifier 8a210d60f497ee11b52d00505696f23c

We hereby invite the shareholders of our Company to attend the Annual General Meeting, which will be held on

Wednesday, May 8, 2024 at 10:00 a.m. CEST

as a virtual meeting without the physical presence of shareholders or their proxies (except for the Company's authorized proxies).

For the purposes of the German Stock Corporation Act (AktG), the place of meeting is the Communications Center at the headquarters of MTU Aero Engines AG, Dachauer Strasse 665, 80995 Munich.

The entire proceedings of the Annual General Meeting, starting at 10 a.m. CEST on May 8, 2024, will be broadcast live via a portal ("InvestorPortal") on the Company's website at www.mtu.de/hv, which is reserved to shareholders. For interested non-shareholders a public link is made available at the above-mentioned website, to follow the Annual General Meeting up to the end of the speech delivered by the CEO.

The German legislator has placed the virtual general meeting as an equal format alongside the face-to-face meeting and designed it in such a way that it offers shareholders the same participation and ownership rights as the face-to-face annual general meeting. For MTU Aero Engines AG, the aspect of better accessibility for our international shareholders and the avoidance of the climate impact of a personal journey of several hundred people is important. As a technology company, we also consider the virtual annual general meeting to be a modern, convenient and shareholder-friendly format aligned with the global trend toward digitalization. In view of feedback received from shareholders in recent years who prefer live interaction, we have opted not to require questions to be submitted in advance.

For information on how to participate in the virtual Annual General Meeting and exercise voting rights, please see Section IV ("Further information and notes on the 2024 Annual General Meeting").



I. Agenda

1. Presentation of the adopted annual financial statements, the approved consolidated financial statements, the combined management report for the Company and the Group, and the report of the Supervisory Board including the explanatory report of the Executive Board on the statements pursuant to Sections 289a and 315a of the German Commercial Code (HGB), each for fiscal year 2023

The above-mentioned documents will be made available on the Company's website at www.mtu.de/hv as of the date on which the Annual General Meeting is convened.

According to the statutory requirements, no resolution is necessary in respect of this item of the agenda, because the Supervisory Board has already approved the annual financial statements and the consolidated financial statements.

2. Resolution on the appropriation of net profit

The Executive Board and Supervisory Board propose that the net profit generated by MTU Aero Engines AG for financial year 2023 in the amount of EUR 107,541,828.00 be appropriated as follows:

Appropriation of net profit

Payment of a dividend of EUR 2.00 per dividend-entitled non-par share:	Euro	107,541,828.00
Allocate to other revenue reserves:	Euro	0,00

Pursuant to Section 58 (4) sent. 2 German Stock Corporation Act (AktG), the dividend is payable on the third working day after the resolution is passed at the Annual General Meeting, i.e., on Tuesday, May 14, 2024.

Treasury shares held by the Company are not entitled to a dividend. The number of non-par shares entitled to a dividend may change prior to the date of the Annual General Meeting. In this case, an appropriately modified proposal for the appropriation of net profit will be presented to the Annual General Meeting which still allows a dividend of EUR 2.00 to be paid on each non-par share entitled to a dividend.



3. Resolution on the discharge of members of the Executive Board for fiscal year 2023

The Executive Board and Supervisory Board propose that discharge be granted to the members of the Executive Board for fiscal year 2023.

4. Resolution on the discharge of members of the Supervisory Board for fiscal year 2023

The Executive Board and Supervisory Board propose that discharge be granted to the members of the Supervisory Board for fiscal year 2023.

5. Resolution on the appointment of the auditor for fiscal year 2024

Following the recommendation of the Audit Committee, the Supervisory Board proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, be appointed to audit the annual and consolidated financial statements and review the half-year interim report for financial year 2024.

The Audit Committee has declared that its recommendation is free from undue influence by third parties as defined in Article 16 (2) subparagraph 3 of EU Regulation 537/2014, and that no restrictive clause within the meaning of Article 16 (6) of the aforementioned Regulation had been imposed regarding its choice.

6. Resolution on the appointment of the auditor of the sustainability report for fiscal year 2024

The EU member states must transpose the Corporate Sustainability Reporting Directive (“CSRD”) into national law by July 6, 2024. Accordingly, companies such as MTU Aero Engines AG, which are already subject to non-financial reporting within the meaning of Section 289b (1) and Section 315b (1) of the German Commercial Code (HGB), must prepare a sustainability report for the company and the Group for the first time for the 2024 financial year and have it audited externally or - at the option of the respective member state - by another auditor or an independent provider of assurance services. It can be assumed that the German legislator will pass a law to transpose the CSRD into German law (“CSRD Implementation Act”) and that the CSRD Implementation Act will come into force by the end of the implementation period.

Following the recommendation of the Audit Committee, the Supervisory Board therefore proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, be appointed to audit the sustainability report for the 2024 financial year. The appointment takes effect from the date on which the CSRD Implementation Act comes into force and is subject to the condition precedent that, in accordance with the CSRD Implementation Act, a sustainability report to be prepared for the 2024 financial year must be audited externally by an auditor to be appointed by the Annual General Meeting.

The Audit Committee has declared that its recommendation is free from undue influence by third parties as defined in Article 16 (2) subparagraph 3 of EU Regulation 537/2014, and that no restrictive clause within the meaning of Article 16 (6) of the aforementioned Regulation had been imposed regarding its choice.

7. Election of a Supervisory Board member

Pursuant to Sections 95, 96 (1) and 101 German Stock Corporation Act (AktG) in conjunction with Sections 1 (1), 5 (1) and Section 7 (1) sentence 1, no. 1 German Codetermination Act (MitbestG) and Section 7 (1) of the Articles of Association, the Supervisory Board is composed of twelve members. Six members are elected by the Annual General Meeting (shareholder representatives) and six are elected in accordance with the provisions of the German Codetermination Act (MitbestG) (employee representatives).

Pursuant to Section 96 (2) sentence 1 German Stock Corporation Act (AktG), at least 30% of the seats on the supervisory board of a listed company that is subject to the German Codetermination Act (MitbestG) must be held by women and at least 30% by men. Given that an appeal has been lodged against overall compliance (i.e. applicable to the Supervisory Board as a whole), the quota must be met separately by both sides of the Supervisory Board: the shareholder representatives and the employee representatives. This means that there must be at least two women and two men among each set of representatives. The following proposal for a resolution respects these minimum percentages.

The term of office of Dr. Joachim Rauhut ends upon the conclusion of the Annual General Meeting on May 8, 2024.

Following the corresponding proposal by the Nomination Committee, the Supervisory Board proposes the following candidate for election to the Supervisory Board:

Dr Johannes Bussmann, CEO of TÜV SÜD AG, Munich, resident in Hamburg.



The elected candidate will take up his duties as of the end of the Annual General Meeting on May 8, 2024. The term of office ends after the Annual General Meeting entrusted with granting discharge on the third financial year of service, not including the financial year in which he was appointed.

The proposal complies with statutory requirements and with the objectives set by the Supervisory Board in accordance with the German Corporate Governance Code (GCGC) regarding the board's composition and the desired profile of skills and expertise of its members. The skills and expertise of Supervisory Board members can be viewed at www.mtu.de/de/unternehmen/aufsichtsrat. The Supervisory Board has assured itself that the candidate will be able to devote the required time to his duties as Supervisory Board member and should be considered independent in accordance with Recommendations C.6 and C.7 of the German Corporate Governance Code (GCGC). In particular, there is no overboarding in the case of Dr. Bussmann. TÜV SÜD AG is not listed on the stock exchange. According to recommendation C.4 of the GCGC, a Supervisory Board member who is not a member of the Executive Board of a listed company should not hold more than a total of five Supervisory Board mandates at non-group listed companies or comparable functions. If elected, Dr. Bussmann will only hold one Supervisory Board mandate at a listed company, MTU Aero Engines AG. Dr. Bussmann is also a member of the Supervisory Board of AS GmbH (TÜV SÜD AG group) and of the Advisory Board of the Diehl Stiftung & Co. KG. The time required is limited to four Advisory Board meetings per year.

To the best knowledge of the Supervisory Board, there are no personal or business relations between the proposed candidate and the Company, other companies in the MTU group, the Company's governing bodies, or any shareholder directly or indirectly owning more than 10% of the voting shares in the Company, that a shareholder might regard as decisively affecting his objective judgment when making his voting decision.

The curricula vitae of the candidate and further information regarding appointment to the Company's Supervisory Board can be found after this agenda under Section II.1 "Further information on agenda item 7: Election of a Supervisory Board member", and on the Company website: www.mtu.de/hv.

8. Resolution adopting the compensation system of the Executive Board

In line with Section 120a (1) German Stock Corporation (AktG), the Annual General Meeting of a stock-listed corporation has to approve the compensation system for the members of the Executive Board, resolved according to Section 87a German Stock Corporation Act (AktG), in case of significant changes, but in any event every four years.

The Annual General Meeting last passed a resolution on the compensation system for members of the Executive Board on April 21, 2021. After a detailed discussion and based on feedback from investors, the Supervisory Board decided that the compensation system of the Executive Board members presented for approval to the 2021 Annual General Meeting would now be replaced by a revised compensation system.

In its meetings on October 24, 2023 and December 11, 2023, the Supervisory Board has resolved an amended compensation system for the members of the Executive Board (compensation system 2024) which updates and changes the previous compensation system taking into account the requirements of Section 87a (1) German Stock Corporation (AktG) and the German Corporate Governance Code. The compensation system 2024 for the members of the Executive Board is described in more detail in the further information on agenda item 8 below under section II.2 ("Further information on agenda item 8: Resolution adopting the compensation system of the Executive Board"), where also the changes that were made compared to the previous compensation system are shown.

The Supervisory Board proposes that the Compensation System 2024 for the Executive Board members be adopted.

9. Resolution adopting the compensation report

In accordance with Section 162 German Stock Corporation Act (AktG), the Executive Board and Supervisory Board have prepared a compensation report outlining compensation paid to the Executive Board and Supervisory Board members in financial year 2023 and are submitting this report for shareholder approval at the Annual General Meeting, in accordance with Section 120a (4) German Stock Corporation Act (AktG).

The compensation report was reviewed by the auditor in line with Section 162 (3) German Stock Corporation Act (AktG) to determine whether the mandatory disclosures per Section 162 (1) and (2) German Stock Corporation Act (AktG) were made. The content reviewed by the auditors went beyond the scope of the statutory requirements. The auditor's note on the compensation report is attached to the compensation report.



The compensation report appears after the agenda in Section II.3, “Further information on agenda item 9: Resolution adopting the compensation report”, and will be available on our website www.mtu.de/hv from the time of convening of the Annual General Meeting.

The Executive Board and Supervisory Board propose that the compensation report prepared and audited per Section 162 German Stock Corporation Act (AktG) for financial year 2023 be adopted.

10. Resolution concerning the authorization to purchase and use treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) and to exclude subscription rights

The authorization of the Company to purchase treasury shares resolved by the Annual General Meeting on April 11, 2019 will expire on April 10, 2024. In order to maintain sufficient flexibility for the company with regard to the acquisition and use of treasury shares in the future, it is to be replaced by a new authorization.

The Executive Board and the Supervisory Board thus propose the following resolution:

a) The Company is authorized to purchase treasury shares during the period from May 8, 2024 through May 7, 2026, pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) with a proportionate amount of the share capital of up to 10% of the share capital of the company existing at the time of the resolution or - if this value is lower - of the share capital of the company existing at the time the authorization is exercised. At no point in time may the value of the acquired shares, together with other treasury shares in the Company’s possession or which are to be attributed to it pursuant to Section 71a et seq German Stock Corporation Act (AktG), exceed 10% of the Company’s capital stock. At the discretion of the Executive Board, the shares may be purchased through the stock exchange or by means of a public offer to buy addressed to all shareholders (or - where permitted by law - through a public call to submit a sell offer).

The shares must be sold in return for proceeds that are not more than 10% above or below the quoted share price, net of any supplementary transaction charges. In the case of a sale through the stock exchange, the reference for the quoted share price as defined in the above provision is the average value of share prices in the closing auction of Xetra trading (or a comparable successor system) on the last three trading days prior to the purchase of the shares. In the case of shares purchased by means of a public offer to buy addressed to all

shareholders (or a public call to submit a sell offer), the reference for the quoted share price is the average value of share prices in the closing auction of Xetra trading (or a comparable successor system) on the last three trading days prior to the publication of the offer. In the event of substantial fluctuations in the share price, the Executive Board is authorized to publish this public offer to buy or a public call to submit a sell offer, based on a recalculated average value of share prices computed as outlined in the previous sentence.

The volume of the offer can be limited in the case of shares purchased by means of a public offer to buy addressed to all shareholders (or a public call to submit a sell offer). If the whole take-up of the offer (or the total number of offers) exceeds this volume, the purchase must be transacted in proportion to the number of shares offered. Preferential treatment may be given to small packages (up to 100 shares) offered for sale. Further conditions may be imposed in the offer or the call to submit offers.

- b) The Executive Board is authorized to sell the purchased treasury shares in a manner other than through the stock exchange or by means of an offer addressed to all shareholders, on the condition that the shares are sold in return for cash payment at a price that is not significantly below the stock market price of similarly entitled shares of the Company at the time of sale. However, this authorization shall apply only on the condition that the shares sold excluding subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) do not exceed a total amount of 10% of the Company’s capital stock when this authorization becomes effective or - if such value is lower - when this authorization is exercised. This limit of 10% of the capital stock shall also include option rights and/or conversion rights on shares of the Company which are issued during this authorization, i.e. since May 8, 2024, excluding subscription rights in mutatis mutandis application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG), as well as the disposal or sale of treasury shares from without subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG).
- c) The Executive Board is authorized, to use the purchased treasury shares in a manner other than through the stock exchange or by means of an offer addressed to all shareholders if the treasury shares are issued to program participants in conjunction with the Company’s stock option programs and those participants are, or were, employees or officers of the Company or one of its affiliated companies. If shares are to be used by issuing them to active or former members of the MTU Executive Board under the terms of the Company’s stock option programs, the Supervisory Board is authorized to transact this issue.



- d) Furthermore, the Executive Board is authorized to use the purchased treasury shares as partial or complete payment in conjunction with business combinations or the acquisition, whether direct or indirect, of companies, parts of companies or holdings in companies.
- e) The Executive Board is also authorized, with the consent of the Supervisory Board, to use the purchased treasury shares to exercise conversion rights or discharge conversion obligations relating to convertible bonds, bonds with warrants, profit participation certificates or income bonds (or combinations of such instruments) issued by the Company or by a dependent affiliated company.
- f) The Executive Board is moreover authorized, with the consent of the Supervisory Board and without any requirement for a further resolution to be passed by the Annual General Meeting, to redeem purchased treasury shares in whole or in part. They may be redeemed in a simplified procedure without any capital reduction and by adapting the arithmetic value of the outstanding portion of non-par shares to that of the Company's stock capital. The redemption may be limited to a defined fraction of the purchased shares. The authorization to redeem shares may be used on one or more occasions. If the simplified procedure is employed, the Executive Board is authorized to amend the number of non-par shares stated in the Articles of Association.
- g) The above-stated authorizations may be exercised on one or more occasions, in whole or in part, individually or in combination. They may also be exercised by affiliated companies as defined in Section 17 German Stock Corporation Act (AktG).
- h) The subscription rights of existing shareholders in respect of these treasury shares are excluded insofar as the shares are used in the manner described in the authorizations stated above under lit. b) to e).

The written report of the Executive Board on the reasons why it should be authorized to exclude shareholders' subscription rights under certain conditions appears after the agenda in Section III ("Report of the Executive Board on agenda item 10") and is available on our website at www.mtu.de/hv from the time the Annual General Meeting is convened.



II. Further information and reports concerning the agenda items

1. Further information on agenda item 7: Election of a Supervisory Board member

Dr Johannes Bussmann

Chief Executive Officer, TÜV SÜD AG, Munich

Born:	1969
Nationality:	German
Place of residence:	Hamburg
Biography	
1998 – 1999	Development Engineer Power Plant, ABB Deutschland AG, Changcha / Neu Delhi / Mannheim
1999 – 2001	Project Engineer Sales, Lufthansa Technik AG, Hamburg
2001 – 2005	Director Sales Asia-Pacific, Lufthansa Technik AG, Singapore
2005 – 2006	Vice President Marketing & Sales Global, Lufthansa Technik AG, Hamburg
2007 – 2011	Head of Business Division, Component Services, Lufthansa Technik AG, Hamburg
2011 – 2012	Head of Business Division, Aero Engines, Lufthansa Technik AG, Hamburg
2012 – 2015	Member of the Board of Management, HR and Production, Lufthansa Technik AG, Hamburg
2015 – 2022	CEO Lufthansa Technik AG, Hamburg
Since 2023	CEO TÜV SÜD AG, Munich

Mandates on the supervisory boards or comparable statutory oversight bodies of other domestic or international commercial enterprises.

AS GmbH (TÜV SÜD AG group, not listed)
Diehl Stiftung & Co. KG (Advisory Board, not listed)

Specific knowledge and experience that the candidate can contribute to MTU as a member of the Supervisory Board

Dr Bussmann has broad and in-depth knowledge of the aerospace industry and the airline sector due to his education with a degree in aerospace engineering and his professional career with a long affiliation to the Lufthansa Group. He has outstanding expertise in the regulatory environment of aviation and various other industries in the EU area through his work at Lufthansa Technik AG and TÜV SÜD AG.

He also has in-depth knowledge of corporate governance, compliance, regulation, risk management, digitalization and IT thanks to his many years of managing an international company.



2. Further information on agenda item 8: Resolution adopting the compensation system of the Executive Board

Under agenda item 8, the Supervisory Board proposes to approve the new system for the remuneration of the Executive Board members. According to Section 124 (2) Sentence 3 German Stock Corporation Act (AktG), the complete content of this compensation system is therefore announced below:

A. Guidelines and principles

A.1. Principles of the compensation system for the Executive Board

The corporate strategy of MTU Aero Engines AG (MTU) is geared to profitable growth and customer satisfaction. MTU's growth strategy is aimed at four target areas.

- / A balanced product portfolio – Participation in rapidly growing new programs
- / Cutting-edge technologies – Maintaining and expanding technological leadership
- / Enhanced competitiveness – Increased productivity accompanied by a reduction in capital tie-up
- / Innovative corporate culture – Motivated employees in a creative environment

MTU optimizes its risk profile as well as growth opportunities by means of a balanced product portfolio achieved through participation in rapidly growing new programs. The digitalization of products, services and value creation processes is of growing importance, which is why maintaining and expanding MTU's technological leadership is of fundamental relevance. MTU encourages a culture of continuous improvement in order to secure its competitiveness. The focus here is on optimizing structures, processes and capital tie-up in all areas of the Company. Digitalization and automation technologies (Industry 4.0) play a key role here. MTU regards responsible economic activity as an important criterion of its competitiveness, and acts in harmony with its sustainability strategy. Highly motivated, skilled workers are crucial to the successful growth of the MTU Group. MTU's corporate culture places emphasis on personal development and achievement coupled with a strong sense of social responsibility. The Company promotes cultural and individual diversity, flexible working conditions and high-quality basic and further training opportunities for its workforce. MTU is confident that activities with a long-term focus, targeted investments and continuous development of the corporate culture will enable it to achieve its strategic objectives.

The compensation system for the Executive Board of MTU represents an important control element geared to ensure that corporate governance is optimally aligned with the long-term interests of the Company and its investors. The performance criteria of the compensation system are derived from MTU's value driving metrics and are reflected in the compensation system in the form of financial and ESG performance criteria. This creates incentives to implement the MTU growth and sustainability strategy, thereby aligning board compensation with positive and sustainable corporate development. Accordingly, the Executive Board compensation takes into account an appropriate composition of non-performance-related and performance-related components, in particular with long-term incentive effect.

A.2. Principles and changes

The Supervisory Board has comprehensively reviewed and further developed the compensation system for members of the Executive Board presented to the Annual General Meeting on April 21, 2021. In addition to the statutory requirements and the recommendations of the German Corporate Governance Code (GCGC), the new Executive Board compensation system now in place takes into account current market developments and the expectations of our investors.

The Supervisory Board is guided by the following principles in structuring the Executive Board compensation system:

- / Strategy aspect: Considering ambitious and long-term performance criteria as part of the performance-related compensation components with reference to MTU's corporate strategy, thus providing an incentive to achieve strategically important goals
- / Pay-for-Performance: Ensuring an adequate and ambitious link between performance and compensation in line with investor expectations
- / Sustainability and long-term focus: promoting the sustainable and long-term development of MTU through predominantly share-based and long-term performance-related compensation as well as consideration of nonfinancial sustainability targets (environment, social, governance – ESG) as an independent performance criterion
- / Harmonization of Interest: Aligning the interests of the Executive Board with those of shareholders through relative measurement of performance as well as the linking of performance-related compensation with the share price development
- / Conformity: Considering regulatory requirements as well as market practice of relevant peer-group companies
- / Appropriateness: Ensuring that the compensation of Executive Board members is appropriate in relation to their duties and performance and to MTU's position, and taking into account the compensation and employment conditions of the employees



The new Executive Board compensation system is characterized in total by the following basic principles, which were partially adopted from the previous system due to the continued market and strategy conformity and partially newly added to the system due to the current developments of MTU as well as on the basis of the requirements of investors:

- / Compensation components of total compensation continue to be composed of non-performance-related and performance-related components with a particular focus on performance-related components, in particular the long-term performance component.
- / Within this structure, the performance-related components were further developed as follows:
 - Short-term incentive (STI): Integration of ESG as an independent performance criterion, which emphasizes the focus on sustainability, as well as the inclusion of a strategic multiplier, which enables the Supervisory Board to focus the Executive Board on special strategic and transformative processes and measures
 - Performance Share Plan (PSP): Introduction of a future-oriented, long-term incentive (PSP/LTI) that meets investor expectations and is based on financial performance criteria as well as ESG-related performance criteria. As one of the key performance indicators of MTU, EPS is used as a performance criterion. Thus, the (adjusted) EBIT will in the future only be taken into account for granting the short-term incentive. Relative Total Shareholder Return (TSR) will continue to be integrated as an indicator in the LTI plan but measured as part of the TSR percentile ranking to better represent performance compared to other companies. Due to the switch to a performance share plan, the applicable forfeiture rules were adjusted in line with regulatory requirements and market practice.
 - Incorporation of the possibility of granting an additional event driven incentive compensation, which the Supervisory Board may offer to the Executive Board in exceptional cases in order to meet extraordinary challenges that are not reflected in regular short- or long-term variable compensation.

- Integration of flexibility in the definition of performance criteria and target achievement, which enables the Supervisory Board to react to changes in strategy and to take into account unforeseeable internal and external developments and special achievements as well as ensuring that payout from performance-related components for Executive Board members is consistent with MTU performance, investor expectations and compensation for the entire workforce.
- / Increase in the maximum compensation to give the Supervisory Board flexibility for future remuneration adjustments and new hires.
- / Adjustment of the amount of the shareholding obligations as part of the conversion of the LTI plan from a restricted stock plan to a performance share plan

B. Procedure for determining and implementation

B.1. Procedures for determining and reviewing the compensation system

By law, the Supervisory Board is responsible for the determination, implementation and review of the remuneration and the compensation system for the Executive Board members. In this context and taking into account the voting results of the Annual General Meeting and the feedback of our investors, the Supervisory Board of MTU has decided to further develop the compensation system of the Executive Board members. In this regard, last year the Personnel Committee has identified those items that require change or further development in order to better align the compensation system with investor expectations and the company strategy. For the revision, the DAX40 market practice as well as those of the international companies comparable to MTU was also considered in detail and taken into account in the presented compensation system with the assistance of an independent remuneration expert and other external consultants. The Supervisory Board of MTU decides on the compensation system of the Executive Board members upon proposal of the independent Personnel Committee within the meaning of the GCGC. The compensation system as resolved by the Supervisory Board on 24th October 2023 and 11th December 2023 on the recommendation of the Personnel Committee, will be submitted to the Annual General Meeting for approval. If the compensation system is not approved by the Annual General Meeting, the Supervisory Board shall submit a reviewed compensation system for approval at the next Annual General Meeting.



The design of the Executive Board compensation system is regularly reviewed by the Personnel Committee for any need for adjustment. If there is a need for change, the Personnel Committee submits proposed adjustments to the Supervisory Board. In the event of substantial changes, but at least every four years, the compensation system shall be resubmitted to the Annual General Meeting for approval.

B.2. Implementation and initial use procedures

The new compensation system will be implemented retroactively from 1st January 2024, subject to the vote of the Annual General Meeting. Consequently, the remuneration of the members of the Executive Board for the period from 1 January 2024 is to be determined in accordance with the new compensation system.

At the latest at the beginning of the fiscal year, the Supervisory Board shall determine the specific remuneration of the Executive Board members in accordance with the compensation system submitted to the Annual General Meeting and shall define the performance criteria and target values for the upcoming fiscal year on which the Executive Board performance will be measured.

B.3. Appropriateness of Executive Board compensation

When determining the remuneration of the members of the Executive Board, the Supervisory Board ensures in accordance with Section 87 (1) German Stock Corporation Act (AktG) that the remuneration is commensurate with the tasks and performance of the respective Executive Board member as well as the economic situation of the company, success of the company and future prospects of MTU. It also ensures that the usual compensation is not exceeded without good cause.

The Personnel Committee reviews the appropriateness and alignment with the market of the Executive Board compensation regularly. For this purpose, a comparison is carried out with the support of an independent compensation expert against other suitable companies (horizontal comparison). The composition of the peer group determined by the Supervisory Board is disclosed in the compensation report.

In addition, the terms and conditions of employment for employees are taken into account when determining compensation, and a vertical comparison is made which examines MTU's internal compensation structure. For this purpose, the compensation of the Executive Board is compared with that of tier 1 managers (OFK), of tier 2 managers (FK) and of employees covered by the collective wage agreement, and the status quo and the development of these ratios over time are examined.

C. Overview of the Executive Board compensation system

C.1. The components of the compensation system

The following table shows the basic components of the compensation system.

Overview of the compensation components

Overview of the compensation components		
Non-performance-related components	Fixed compensation	Fixed, contractually agreed compensation, paid out in twelve equal installments
	Fringe benefits	- Taxable reimbursements of expenses - Cash equivalents of payments in kind - Insurance premiums
	Pension benefits	As of January 1, 2021, newly appointed Executive Board members receive an annual cash payment in lieu of pension contributions for their own provision instead of a defined benefit commitment to a company pension plan
Performance-related components	Short-term incentive (STI)	Financial and ESG-related performance criteria: - 50% adjusted EBIT - 30% Free Cashflow - 20% ESG Capped at 0% - 200% Strategic goals taken into account by multiplier (0.8 - 1.2) Cap: 240% of the target amount
		Performance period: 4 years Financial and ESG-related performance criteria: - 40% Relative total shareholder return - 40% EPS (adjusted) - 20% ESG Capped at 0% - 200% Cap (incl. share price development and dividend payments): 250% of target amount
	Performance Share Plan (PSP)	Possibility for the Supervisory Board to award further performance-related compensation in special exceptional cases Cap: 80 % of base pay
	Additional Event Driven Incentive Compensation	



Additional compensation provisions	Maximum compensation	Limitation of total remuneration awarded for a fiscal year in accordance with Section 87a (1) sentence 2 no. 1 German Stock Corporation Act (AktG): - CEO: € 8.5 million - Ordinary Board members: € 5.0 million
	Sign-On payment	In exceptional cases: in the case of new employment, settlement of forfeited remuneration from the previous employer
	Share ownership guidelines	Obligation to hold MTU shares amounting to 200% (CEO) or 100% (Ordinary board members) of the fixed compensation (gross) until two years after the end of the Board member's term of office
	Malus and clawback provisions	Possibility for the Supervisory Board to partially or fully reduce or reclaim performance-related compensation components in the event of serious violations or incorrect consolidated financial statements
	Severance payment cap	Payments in the event of premature contract termination, including in the event of a change of control, may not exceed two years' compensation and may not compensate for more than the remaining term of the contract

C.2. Compensation Components and Structure

The compensation of the Executive Board members is composed of non-performance-related and performance-related components, the sum of which constitutes the total compensation of an Executive Board member.

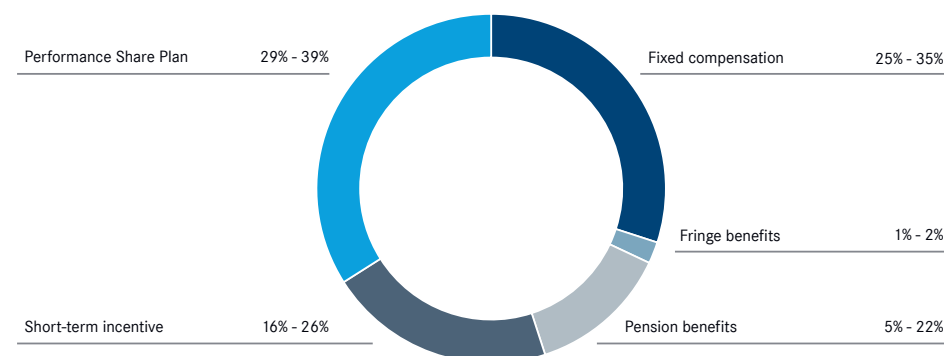
The non-performance-related components comprise fixed compensation, fringe benefits and pension benefits. The performance-related components regularly consist of a short-term variable compensation in the form of the Short-term incentive (STI) and a long-term variable compensation in the form of a Performance Share Plan (PSP). In special exceptional cases, the Supervisory Board may also award a performance-related bonus for the Executive Board.

The total of the fixed compensation, the target amount of the STI and the grant value of the PSP constitute the target direct compensation of the members of the Executive Board. In order to strengthen the pay-for-performance concept of the compensation system, the target direct compensation consists mainly of performance-related components. In addition, the majority of the

performance-related components are linked to the achievement of long-term targets. Targeted direct compensation is therefore structured to ensure long-term, sustainable development.

The sum of total target direct compensation, fringe benefits and pension benefits constitute the total target compensation of the Executive Board members.

Structure of the total target compensation



If a member of the Executive Board receives a payment as compensation for the loss of compensation entitlements from their previous employer in connection with his or her initial appointment or is granted additionally, in an exceptional case, an event driven incentive compensation, the proportions of the individual components may differ.

C.3. Maximum remuneration

In accordance with Section 87a (1) sentence 2 no. 1 German Stock Corporation Act (AktG), the Supervisory Board has set a maximum remuneration for each Executive Board member, which includes all fixed and variable components (fixed remuneration, ancillary benefits, pension scheme, short-term incentive and performance share plan and, if necessary, additional cause-related incentive compensation). Maximum compensation limits the total amount of compensation granted for a given fiscal year, regardless of the payout date. It amounts to €8.5 million for the CEO and €5.0 million for the Ordinary Board members.



D. Detailed analysis of the individual compensation components

D.1. Non-performance-related components

Non-performance-related compensation consists of fixed compensation, fringe benefits and pension benefits.

D.1.1. Fixed compensation

Fixed compensation is a fixed, contractually agreed compensation that is paid in twelve equal installments.

D.1.2. Fringe benefits

Fringe benefits comprise taxable reimbursements of expenses and the cash equivalent of payments in kind, such as the use of a company car for business and private purposes, an annual medical check-up, and insurance premiums, including any taxes on such benefits that have been reimbursed. Insurance premiums include premiums for a D&O insurance policy concluded for the Executive Board members with a deductible of 10% of the damage for up to an amount of 1.5 times the annual fixed compensation.

D.1.3. Pension benefits

The active members of the Executive Board appointed before fiscal year 2021 earn company pension entitlements in the fiscal year in accordance with the "MTU Pension Capital" plan which governs the post-employment benefits for members of the Executive Board of MTU Aero Engines AG. The pension target is to provide a pension level of 60% of the basic fixed compensation after 15 years of service on the Executive Board.

When the previous plan was replaced, the benefits granted up to the start of the appointment to the Executive Board were transferred to the new plan as the initial transfer amount.

Once the initial transfer amount has been determined, a pension account is opened for each authorized member of the Executive Board, to which further capital units are determined on the basis of the individual Executive Board member's contribution and an age-related factor. The age-related factor represents an interest rate of 6% p.a. until the age of 60. As a rule, the contribution period is limited to 15 years of service on the Executive Board and ends when the member reaches the age of 60. From the age of 61, the pension account earns interest at 4% per year until the pension is drawn (bonus amount). The total of accrued capital units plus the initial transfer amount and any bonus amounts credited, make up the pension capital that is available to finance post-employment benefits.

If benefits are payable due to disability or death, before reaching the fixed age limit of 60 years, 50% of the benefits earnable up to the fixed age limit are added to the accrued balance of the pension account, taking into account the promised contribution period. The amount credited is based on the contributions paid at the time of exit. When an insured event occurs, the pension capital is generally granted as a one-time payment or at the request of the respective Executive Board member – and subject to the Group's approval already granted – a life-long annuity may be granted, based on interest of 6% on the pension capital and benefit increases of 1% p.a. Furthermore, the pension balance can alternatively be paid out as capital in 10 instalments, each with a 4% increase in the capital balance, at the request of the Executive Board member. When an insured event occurs, the pension account is topped up to the level of benefit commitment under the previous plan (guaranteed capital). Pension benefits do not become payable until an insured event occurs (i.e. on reaching pensionable age, disability or death) even if the insured party leaves the Executive Board. The pension entitlement is vested from inception.

Members of the Executive Board who are newly appointed to the Executive Board on or after January 1, 2021 will receive a pension allowance as a lump-sum, earmarked amount for their own pension provision, which is paid out annually in cash, instead of the previously described commitment. This enables the Executive Board members to take care of their own pension provision at their own discretion. By awarding a cash payment in lieu of pension contributions, MTU eliminates all interest rate risks and other biometric risks associated with financing a pension plan.

D.2. Performance-related components

The performance-related compensation regularly consists of the components Short-term incentive (STI) as well as Performance Share Plan (PSP). In special exceptional cases, the Supervisory Board may also award an event driven incentive compensation for the Executive Board.

D.2.1. Short-term incentive (STI)

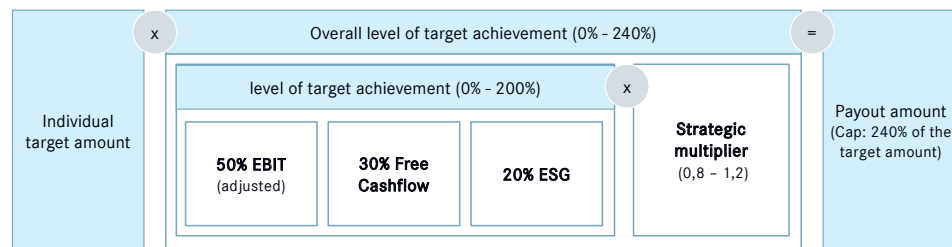
Principles of the STI

The Short-term incentive (STI) is granted as performance-related compensation with short-term incentive effect. It amounts to around 40% of the performance-related Executive Board compensation and is intended to ensure the achievement of operational targets important for the long-term development of MTU.



This short-term variable compensation is granted to the beneficiaries annually in the amount of the target amount defined individually in the Executive Board employment contract. The amount of short-term incentive (STI) may increase or decrease depending on the performance of MTU. Financial performance criteria as well as independently weighted ESG performance criteria are the basis for assessment, which are defined by the Supervisory Board for the respective fiscal year and communicated to the Executive Board members with corresponding objectives. A strategic multiplier also rewards the Board members' performance in achieving strategic and transformational tasks in parallel to achieving short-term financial and non-financial objectives. After expiry of a one-year performance period in accordance with the fiscal year of the MTU, from 1st January to 31st December, the short-term incentive is determined by multiplying the individual target amount by the overall target achievement level and paid out in cash.

Short-term incentive (STI)



The individual target amount, the defined target values of the financial and ESG performance criteria, the agreed strategic targets within the scope of the multiplier as well as the determined target achievements and the overall target achievement are disclosed in the compensation report for each fiscal year with the resulting payout amount.

Financial and ESG Performance Criteria of STI

Overall target achievement for the respective STI is generally based on the following performance criteria:

- / 50% adjusted EBIT
- / 30% free cash flow
- / 20% ESG
- / Strategic objectives as a multiplier

Adjusted EBIT describes MTU's adjusted earnings before interest and taxes. The adjustment serves to eliminate special items. In this way, the success of managing operating activities is measured. EBIT (adjusted) thus enables an assessment of the economic success of MTU and its focus on sustainable and profitable growth.

In addition to EBIT (adjusted), the second performance criterion - free cash flow - represents an additional value-driving key performance indicator for MTU. The purpose of optimizing cash flow is to ensure that the group maintains its financial strength. This makes it possible to invest in maintaining MTU's technological leadership and consequently to achieve MTU's growth strategy. The inclusion of free cash flow into the STI provides incentives for implementing the corporate strategy. MTU determines its free cash flow by combining its cash flow from operating activities and cash flows from investing activities. Cash flow from investing activities is adjusted for non-recurring cash outflows - comprising payment for the acquisition of shares in engine programs, payments in connection with interest-bearing loans and financial assets held for the purpose of liquidity management. Optimizing cash flow ensures that the Group's financial strength is maintained. This enables investments in maintaining MTU's leading technology position and thus achieving MTU's growth strategy. The anchoring of free cash flow in the STI thus provides incentives for the implementation of the company strategy.

ESG performance criteria are determined by the Supervisory Board based on MTU's sustainability strategy. Based on the relevance of the strategic ESG focus, the Supervisory Board selects up to three performance criteria and defines ambitious objectives to be achieved over the performance period of the respective STI.



The following catalog of ESG criteria is used for this purpose:

Catalog for ESG criteria

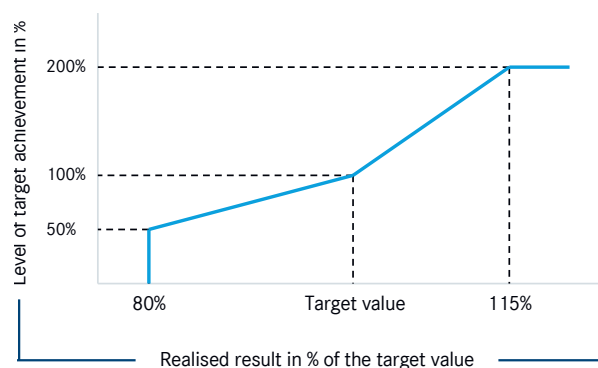
Environmental management	Social commitment	Compliance	Growth & resilience	Product responsibility & quality
Innovation	Attractiveness as employer	Employees & Diversity	Responsible procurement	Digital

For each financial and ESG-related performance criterion, the Supervisory Board establishes a minimum value, a target value and a maximum value at the latest at the beginning of the respective grant year.

After the end of the respective fiscal year, the actual achieved value for each performance criterion, which results from the audited IFRS consolidated financial statements of MTU, prepared in accordance with the respectively valid accounting regulations, is compared with the predetermined target value. The target achievement is 0% if the realized result is below the minimum value set by the Supervisory Board. When the minimum value is reached, the target achievement is 50%. When the target value is reached, the target achievement is 100%. If the realized result corresponds to the maximum value specified by the Supervisory Board or is above the maximum value, this results in a target achievement of 200%. Target achievement is limited to 200%. Linear interpolation is carried out between the three defined points.

The following target achievement curve applies to the financial performance criteria:

Short-term incentive (STI) – Target achievement curve



The Supervisory Board may adjust the respective minimum and maximum values of the target achievement curve for future grants if this is necessary in accordance with MTU's corporate planning and strategic objectives.

In order to be able to react to changes in the company's key performance indicators, the Supervisory Board may replace individual performance criteria and their respective weightings with other external financial reporting performance criteria, taking into account MTU's corporate planning and strategic objectives. In the event of such a replacement, the Supervisory Board will disclose the reasons in the compensation report. The replacement will take place at the latest at the beginning of the respective grant year for which the short-term incentive is granted.



Strategic multiplier of STI

In addition to financial performance criteria and non-financial ESG targets, strategic targets are also taken into account as part of the STI by means of a multiplier ranging from 0.8 to 1.2. The following exemplary list takes into account criteria that are relevant to the corporate strategy. This offers the Supervisory Board the possibility to implement targets in the STI that are relevant to the long-term and sustainable success of MTU.

Examples of strategic criteria

New and further development of business relationships with strategic business partners (customers, suppliers, development partners, etc.)	Further development of technology, production and location strategies	Further development and introduction of (digital) solutions	Organizational and cultural change
---	---	---	------------------------------------

The target achievement per defined performance criterion and thus the overall target achievement are published in the compensation report for the respective reporting year.

In determining the achievement of the target, the Supervisory Board may – at its reasonable discretion and in justified special cases – take into account extraordinary positive and negative developments that do not have a specific connection to the performance of the Executive Board. This can lead to an increase as well as to a reduction in the achievement of the target. Only significant business changes that are not taken into account in the target setting and whose effects cannot be adequately recognized in the target achievement are considered to be extraordinary developments. Generally unfavorable market developments are expressly not considered to be extraordinary developments. Should the Supervisory Board make an adjustment, the Supervisory Board will report on this in detail and transparently in the remuneration report for the respective financial year.

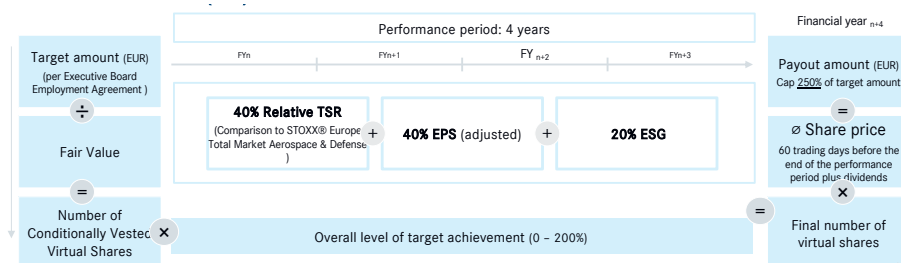
D.2.2. Performance Share Plan (PSP/LTI)

Principles of the PSP/LTI

The long-term variable compensation in the form of the Performance Share Plan (PSP/LTI) is granted as performance-related compensation with long-term incentive effect. Under the Performance Share Plan, the long-term variable remuneration is granted to the beneficiaries annually in the form of a conditionally allocated number of virtual shares (performance shares), which results from the individually defined target amount of the long-term remuneration divided by the fair value of a performance share to be taken into account at the time of granting. The

number of virtual shares may increase or decrease, depending on the long-term performance of MTU, as measured by the performance criteria established for this purpose, after the end of the four-year performance period. The final number of virtual shares is determined by multiplying the conditionally allocated shares by the overall level of target achievement of the performance criteria. The final number of virtual shares is limited to 200%. The relevant payout amount is derived from multiplying the final number of virtual shares by the MTU's average share price over the 60 trading days prior to the end of the performance period plus dividend payments during the performance period. The payout amount is limited to a maximum of 250% of the individual contractually defined target amount of the long-term compensation (cap).

Performance Share Plan (PSP)



Performance criteria of the PSP/LTI

The overall target achievement for the respective PSP/LTI tranche is based on the following financial and ESG-related performance criteria:

- / 40% relative TSR
- / 40% EPS (adjusted)
- / 20% ESG

Relative TSR is recognized as an external performance criterion geared to the capital market. It enables relative measurement of performance against relevant competitors and a link between the interests of the Executive Board and shareholders. Relative TSR compares MTU's TSR performance with the TSR performance of the STOXX® Europe Total Market Aerospace & Defense. This creates incentive for long-term and sustainable outperformance of the MTU share on the capital market.



The relative TSR performance of the MTU is determined based on the percentile ranking method. The relative TSR is therefore defined as the ranking of the MTU's TSR performance compared to the TSR performance of the STOXX® Europe Total Market Aerospace & Defense Index companies. In order to determine the relative TSR target achievement, the TSR performance of the MTU stock during the performance period is determined and the TSR performance of the companies of the STOXX® Europe Total Market Aerospace & Defense (Comparison Index) is compared. MTU's TSR performance is the share price performance plus fictitiously reinvested gross dividends. Analogous to the determination of the TSR performance of MTU, the TSR performance of the companies of the benchmark (STOXX® Europe Total Market Aerospace & Defense) is determined. The average value of the 60 trading days before the respective key date is used for the start and end value.

In the event that the selected benchmark index is significantly restructured, adjusted or discontinued during the performance period, the Supervisory Board of MTU reserves the right to select an alternative benchmark index and, if necessary, to recalibrate the target achievement curve.

EPS (adjusted) is a key performance indicator, particularly for our shareholders. The target achievement for EPS (adjusted) is calculated as the arithmetic mean of the adjusted EPS figures realized during the four-year performance period in the consolidated and audited financial statements compared to the defined target value.

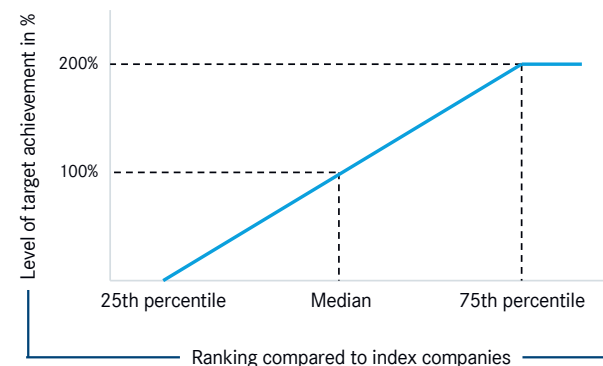
ESG performance criteria are determined by the Supervisory Board based on MTU's sustainability strategy. Based on the relevance of the strategic ESG focus, the Supervisory Board selects up to three performance criteria and defines ambitious objectives to be achieved over the performance period of the respective tranche.

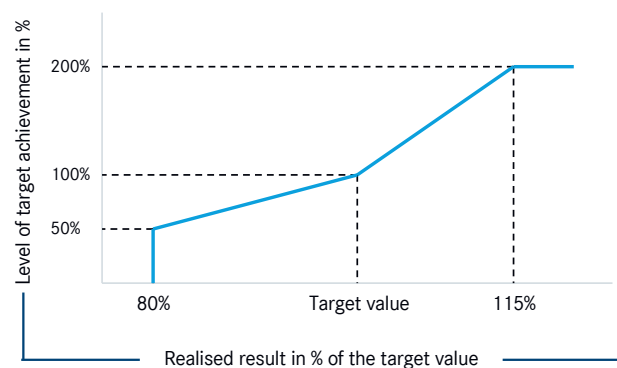
For each financial and ESG-related performance criterion, the Supervisory Board establishes a minimum value, a target value and a maximum value at the latest at the beginning of the respective fiscal year.

After the end of the respective four-year performance period, the actual achieved value is determined and compared to the predetermined target value. The target achievement is 0% if the realized result is below the minimum value set by the Supervisory Board. When the minimum value is reached, the target achievement is 0% in the case of the TSR criterion or 50% in view of possible additional criteria, depending on the performance criterion. When the target value is reached, the target achievement is 100%. If the realized result corresponds to the maximum value specified by the Supervisory Board or if this is above the maximum value, this corresponds to a target achievement of 200%. Target achievement is limited to 200%. Linear interpolation is performed between the three defined points.

The following target achievement curve applies to the financial performance criteria:

Performance Share Plan (PSP) – Target achievement curve relative TSR



**Performance Share Plan (PSP) – Target achievement curve EPS (adjusted)**

The Supervisory Board may adjust the respective minimum and maximum value of the target achievement curve for future grants, insofar as this is necessary in accordance with the MTU corporate planning and the strategic objectives.

In determining the achievement of the target, the Supervisory Board may – at its reasonable discretion and in justified special cases – take into account extraordinary positive and negative developments that do not have a specific connection to the performance of the Executive Board. This can lead to an increase as well as a reduction in the achievement of the target. Only significant business changes not taken into account in the target setting and whose effects cannot be adequately recognized in the target achievement are considered to be extraordinary developments. Generally, unfavorable market developments are expressly not considered extraordinary developments. Should the Supervisory Board make an adjustment, the Supervisory Board will report on this in detail and transparently in the remuneration report for the respective financial year.

The specified target values, minimum and maximum values as well as the actual values achieved and the resulting target achievements per performance criterion and thus the overall target achievement are published in the compensation report after the end of the performance period.

In order to be able to respond to changes, the Supervisory Board can replace individual performance criteria and their respective weighting with other performance criteria of external financial reporting, taking into account the company planning and the strategic objectives of MTU. In the event of such a replacement, the Supervisory Board shall disclose the reasons in the compensation report. The replacement will occur before the start of the relevant grant year for which the PSP tranche is granted.

D.2.3 Additional event driven incentive compensation

In special exceptional cases, the Supervisory Board may grant the Executive Board additional incentive compensation to meet exceptional challenges that are not reflected in regular short-term or long-term variable compensation. The targets and the corresponding target corridors of this event-related performance-related remuneration are defined in advance. The incentivization period can be within a fiscal year, but also beyond this. The maximum payout will not exceed the amount of 80% of the fixed compensation and the payout will be considered for the maximum compensation.

D.3 Sign-on payment

If a member of the Executive Board loses compensation claims against his or her previous employer due to the change to MTU, in exceptional cases, the Supervisory Board may grant appropriate and market-based compensation to new members of the Executive Board. This is to ensure that the best possible candidates can be won for MTU. Such one-time compensation payment will be separately identified and justified in the compensation report.

D.4 Share ownership guidelines

To strengthen the long-term and sustainable development of MTU and to further align the interests of the Executive Board and shareholders, the compensation system stipulates share ownership guidelines for the Executive Board members. The members of the Executive Board are obliged to acquire MTU shares equivalent to 200% (CEO) or 100% (Ordinary Board Members) of their gross fixed compensation within a four-year build-up phase and to hold these shares for a period of two years after their term of office as an Executive Board member has ended.



D.5 Malus und Clawback

The Supervisory Board has the option in certain cases to reduce performance-related compensation components that have not yet been paid out or to reclaim performance-related compensation components that have already been paid out.

In the event of a serious breach of MTU's fundamental principles of conduct, a material contractual obligation or duties of care as defined in Section 93 German Stock Corporation Act (AktG), the Supervisory Board may, at its due discretion, reduce performance-related compensation components in part or in full (malus).

If the performance-related compensation components have already been paid out, the Supervisory Board may in the above cases also, at its due discretion, demand partial or full repayment of amounts paid out (compliance clawback).

Moreover, the Supervisory Board has the option to demand partial or full repayment of performance-related compensation components already determined or paid out on the basis of incorrect consolidated financial statements (performance clawback) if, on the basis of corrected consolidated financial statements, a lower amount or no amount at all would have resulted from the performance-related compensation components.

E. Compensation-related transactions

E.1. Terms of the Executive Board contracts of service

The term of Executive Board contracts of service is based on the respective appointment period resolved by the Supervisory Board. The Supervisory Board observes the requirements of the German Stock Corporation Act as well as the recommendations of the GCGC both when appointing Executive Board members and in the agreed term for Executive Board contracts of service. For this reason, Executive Board contracts of service are concluded for a maximum term of five years. Executive Board contracts of service do not provide for the possibility of ordinary termination; the right of both parties to terminate without notice for good cause remains unaffected. In the event of premature termination of an appointment, the Executive Board contract of service may be terminated by either party with six months' notice prior to the end of a calendar year.

E.2. Regulations in the event of an entry or exit during the year

In the event of joining or leaving the Company during the fiscal year, entitlements to fixed remuneration and performance-related remuneration components are reduced pro rata temporis.

E.3. Premature termination

E.3.1. Severance payment

Members of the Executive Board whose contract of service is terminated prematurely by MTU are entitled to receive a severance payment equivalent to the total of the prorated fixed compensation, prorated short-term incentive (STI) and prorated compensation under the Performance Share Plan (PSP) for the original remaining term of their contract. The severance payment is capped at twice the departing Executive Board member's total annual compensation ("severance payment cap"). If the contract of service is terminated by MTU for good cause, no severance package is paid.

In the event of a change of control, Executive Board members have the right to resign from their office as a member of the Executive Board for good cause. Under the contracts of service for members of the Executive Board in effect since January 1, 2016, a change of control is deemed to have occurred if a shareholder, alone or on the basis of voting rights attributable to him or her pursuant to Sections 33 et seq. of the German Securities Trading Act (WpHG), acquires the majority of the voting rights and this results in significant disadvantages for the Executive Board. Material disadvantages are, in particular, if the Executive Board member is removed, if his/her responsibilities and duties are significantly altered, or if the Executive Board member is asked to accept a reduction in employment benefits or to agree to premature termination of his/her contract of service. In such a case, each member of the Executive Board shall have a special right of termination, which is to be exercised within a period of six months, with a period of notice of three months to the end of a month. If a member of the Executive Board makes use of his/her special right of termination, or if the Executive Board member's contract of service is terminated by mutual consent within nine months of the change of control, the Executive Board member receives a severance payment corresponding to the benefits still to be awarded up to the end of the contract term originally agreed. For the calculation of the severance payment, 100% target achievement is agreed for the variable compensation components. The maximum amount of the severance payment is limited to the severance payment cap.



E.3.2. Incapacity to work and death

In the event of incapacity to work due to illness, accident or another reason for which the Executive Board member is not responsible, the Executive Board member shall continue to receive his or her fixed compensation for a period of 12 months, but no longer than until the end of the Executive Board contract of service. The short-term incentive will also continue to be granted. For the Performance Share Plan, a pro rata reduction of the payment amount determined at the end of the performance period is made according to the ratio of the number of full months beyond the period of 12 months to the entire performance period.

If the Executive Board member dies during the term of the Executive Board contract of service, the spouse, registered partner or dependent children receive the (pro rata) fixed compensation for the month of death and the three months following the month of death. A pro rata claim up to the end of the month of death arises for STI. In this case, the payout ratio to 100% and the strategic multiplier by factor 1 are considered and multiplied by the individual target amount. With respect to the tranche(s) of the Performance Share Plan prior to the expiration of the performance period, all virtual performance shares will be forfeited, and a compensatory payment will be made for the virtual performance shares. Hereby, the conditionally vested number of virtual shares is multiplied by the average share price of the MTU last 60 trading days before the date of death and the dividends paid within the performance period up to that point are added.

E.3.3. Performance-related compensation in the event of premature termination

Short-term incentive (STI)

If the appointment is revoked by MTU for good cause, the Executive Board member shall not receive any short-term incentive for the fiscal year in progress at the time of expiry of fiscal unity if the Executive Board contract of service is terminated without notice.

Performance Share Plan (PSP)

In the event that the Executive Board employment agreement begins or ends during the financial year, the PSP is granted pro rata temporis for the financial year. If the Executive Board employment agreement ends by extraordinary termination for good cause in accordance with Section 626 (1) BGB by MTU or by the resignation from the mandate by the Executive Board member without mutual agreement, or is the appointment withdrawn by the Supervisory Board for good cause pursuant to section 84 (3) German Stock Corporation Act (AktG) before the end of the performance period, or if the Executive Board member withdraws before the end of the performance period without mutual consent, all performance shares of the PSP will be forfeited without compensation.

E.4. Secondary activities of Executive Board members

Any paid or unpaid secondary activity, an office as a member of a supervisory board or advisory board, an honorary office in the commercial sector or similar activities require the prior written approval of the Supervisory Board, which may be revoked at any time.

At the request of the Supervisory Board, Executive Board members shall accept, without separate compensation, supervisory board mandates and similar offices in companies in which MTU holds a direct or indirect interest. Executive Board members will give up or resign from such activities and offices at any time at the request of the Supervisory Board, but no later than upon leaving the Company.

F. Temporary deviations from the compensation system

In accordance with section 87a (2) sentence 2 German Stock Corporation Act (AktG), the Supervisory Board has the right to temporarily deviate from the established compensation system in special and exceptional circumstances (e.g. in the event of a serious financial or economic crisis) if this becomes necessary in the interests of MTU's long-term well-being. Generally unfavorable market developments are expressly not considered to be special and exceptional circumstances that permit a temporary deviation from the compensation system.

Deviation from the compensation system is only possible by means of a resolution to this effect by the Supervisory Board, based on a proposal by the Personnel Committee and after careful consideration of the necessity. Even in the event of a deviation, compensation must continue to be geared to the long-term, sustainable development of MTU and be in line with the success of the Company and the performance of the Executive Board.



3. Further information on agenda item 9: Resolution adopting the compensation report

Management compensation report

The compensation report describes the principles applied in determining the compensation for the Executive Board and Supervisory Board of MTU Aero Engines AG, and states the amount and composition of that compensation. The compensation report complies with the provisions of Section 162 of the German Stock Corporation Act (AktG) and was prepared jointly by the Supervisory Board and the Executive Board.

Principles of the compensation system for members of the Executive Board

At the proposal of the Personnel Committee of MTU Aero Engines AG, the Supervisory Board decides on a system of compensation for the members of the Executive Board, including the material contractual elements such as the total amount of the compensation and its breakdown into non-performance-related and performance-related components. The Personnel Committee regularly reviews the appropriateness and market alignment of the Executive Board compensation. For this, it also uses the expertise of independent external compensation experts with regard to both the compensation system and the structure of the target direct compensation compared with relevant stock market segments. For MTU, the comparison is based on the MDAX stock market segment. In addition, given MTU's inclusion in the DAX in 2019, it refers to the DAX segment (peer group for the horizontal comparison). If a need for adjustment is identified, the Personnel Committee submits a corresponding proposal to the Supervisory Board. In accordance with the statutory requirements, the compensation system is resubmitted to the Annual General Meeting for approval at the latest every four years and in the event of significant modifications.

The management compensation system, which was developed in 2021 to take account of the second Shareholder Rights' Directive (ARUG II) and the German Corporate Governance Code (GCGC) and approved by the Annual General Meeting on April 21, 2021 (agenda item 7) has been applied unchanged since 2021 – including in 2023. In accordance with Section 120a (4) of the German Stock Corporation Act (AktG), the compensation report 2022 was submitted to the Annual General Meeting for approval on May 11, 2023 and was approved by 73.53% of the votes cast.

In agreement with the Executive Board members, the Supervisory Board plans to submit a modified compensation model, effective from 2024, to the Annual General Meeting for approval. The modifications take into account the statutory requirements and fulfillment of the recommendations of the German Corporate Governance Code (GCGC). Furthermore, the aim is to find a balance between market-aligned compensation of the Executive Board members and the relevant

expectations of MTU's investors. The Supervisory Board strives to address the suggestions and criticism of investors and the signal effect of the change in the "say-on-pay" approval rate with regard to the compensation report (Annual General Meeting 2023: 73.53%; Annual General Meeting 2022: 76.86%). The planned modifications to the compensation system in fiscal year 2024 are described below in Section II.2.

Principles of total compensation

Structure of the compensation system (total target direct compensation)

Non-performance-related components ¹⁾	~ 39%	Fixed compensation	Contractually agreed fixed compensation, paid in 12 equal installments
	~ 1%	Fringe benefits	- Taxable reimbursements of expenses - Cash equivalent of payments in kind - Insurance premiums
Performance-related components	~ 60%	Short-term incentive (STI) (performance-related component excluding long-term incentive)	~ 40% of variable compensation Financial performance criteria: Adjusted EBIT and free cash flow Cap 0 - 200 % Non-financial ESG targets are taken into account via a multiplier (0.8-1.2)
		Restricted Stock Plan (RSP) (performance-related component as long-term incentive)	~ 60% of variable compensation Financial performance criteria (multi-year approach): Adjusted EBIT and relative Total Shareholder Return Cap 0-200 % Effectively granted as MTU shares (4-year holding period)

¹⁾ Executive Board members appointed after January 1, 2021 receive a pension allowance as contribution to a pension plan.

All amounts are rounded to full euros, unless otherwise specified. Due to rounding, it is possible that individual amounts in the compensation report may not correspond exactly to the totals stated and that the percentages presented may not correspond exactly to the absolute amounts they refer to.



Non-performance-related components

Non-performance-related compensation, which normally makes up around 40% of the target direct compensation, is paid on a monthly basis and consists of fixed compensation and fringe benefits. The fringe benefits comprise taxable reimbursements of expenses such as insurance premiums, including any taxes thereon, and the cash equivalent of payments in kind such as the provision of company cars for business and private purposes.

Performance-related components

Performance-related compensation makes up around 60% of the target direct compensation; it consists of a short-term incentive (STI) and the Restricted Stock Plan (RSP / LTI).

Short-term incentive (STI)

Performance-related compensation is paid in the form of a short-term incentive (STI). It normally comprises approximately 40% of the performance-related components. Its effective calculation depends on the degree of target achievement for two equally weighted targets, which are the Group's key performance indicators (KPIs) adjusted EBIT (profitability) and free cash flow (liquidity).

Group KPI adjusted earnings before interest and taxes (adjusted EBIT)

Adjusted EBIT does not come under the provisions of the International Financial Reporting Standards (IFRS); it is to be regarded explicitly as an addition to the key financial indicators reported pursuant to IFRS and is calculated as follows: As in previous periods, the EBIT calculated in accordance with IFRS is adjusted to eliminate the following recurring special items "effects from purchase price allocation" and "effects from the increase in the stake in IAE-V2500". Further, an adjustment is made for significant non-period earnings impacts on the basis of the internal materiality criterion for external reporting. In the reporting period, as in previous periods, such adjustments relate to "impairment losses," "restructuring expenses" and "changes in the consolidated group", and thus to the corresponding earnings contributions, in other words "other significant non-period earnings impacts". It is common practice for items to be classified as special items to be eliminated in the reconciliation to adjusted EBIT by consultation between the CEO, the CFO, the Chairman of the Supervisory Board, and the Audit Committee. Background information and quantified details of the special items for which adjustments were made in the reconciliation to adjusted EBIT in the reporting period can be found in the management report in the section headed *Economic report / Results of operations / Reconciliation to adjusted key performance indicators*.

Group KPI free cash flow

MTU determines its free cash flow by combining its cash flow from operating activities with its cash flow from investing activities and eliminating components of the latter (non-recurring cash flows) that lie outside the operational management of the core business. To arrive at the free cash flow, these non-recurring cash flows were therefore eliminated from the cash flow from investing activities. Following its standard practice, MTU identified non-recurring cash flows in connection with

- / the acquisition of stakes in OEM engine programs and MRO programs,
- / interest-bearing sales financing arrangements and investments for the purpose of efficient liquidity management,
- / the acquisition and divestment of material equity investments.

Background information and quantified details of the special items for which adjustments were made in the reconciliation to adjusted free cash flow in the reporting period can be found in the management report in the section headed *Economic report / Results of operations / Reconciliation to adjusted free cash flow*.

The performance targets adjusted EBIT and free cash flow to be achieved in the respective fiscal year to ensure full payment of the STI component of the target direct compensation are set annually in advance by the Supervisory Board, taking the operational business plan into account. The target achievement levels for both performance targets are calculated on this basis, the arithmetic mean of which corresponds to the STI target achievement level. The entry threshold for the STI target achievement level was set at 80%. If it is achieved, it corresponds to a payment of 50% of the STI component. There is no STI entitlement below this entry threshold. Similarly, the maximum payment is capped at 200%, which is payable if the maximum STI target achievement of 120% is reached. Between the entry threshold, the 100% level and maximum STI target achievement, the payment percentage is interpolated on a straight line in each case.

The non-financial performance targets of relevance for the STI comprise ESG targets from the areas of environmental management, compliance, social commitment, growth & resilience, product stewardship & quality, innovation, attractiveness as an employer, employees & diversity as well as responsible procurement and digital issues. The ESG targets, their level and the target achievement ranges are also set annually by the Supervisory Board, taking corporate planning into account. The corresponding ESG multiplier is derived from the achievement of the ESG targets and takes the form of a scaled increase or reduction in the STI payment, based on the achievement of the financial targets, of up to 20% - ESG multiplier between 0.800 and 1.200.



If the term of office of a new Executive Board member starts during a fiscal year, the entitlement to the STI for that fiscal year is granted on a pro rata temporis basis.

Restricted Stock Plan (RSP) / Long-term incentive (LTI)

For the long-term performance-related compensation component Restricted Stock Plan (RSP or LTI - long-term incentive), payment is calculated on the basis of the level of achievement of the multi-year RSP/LTI performance targets, in other words, from target achievement over a three-year performance period, comprising the fiscal year in which the payment is granted and the two preceding years. The payment percentage and the multi-year target achievement level for the RSP / LTI are calculated from the arithmetic mean of the achievement of the average adjusted EBIT target and the average relative total shareholder return (TSR) of MTU shares relative to the STOXX Europe Total Market Aerospace & Defense index (reference index) - TSR target achievement - in each case within the three-year performance period (performance criteria).

Target achievement for the adjusted EBIT performance criteria is calculated as the arithmetic mean of the corresponding payment percentage for the fiscal years in the performance period using the same method as is used to determine the STI payment percentage.

Achievement of the TSR target for each year in the performance period is derived by comparing the average performance of shares in MTU and the reference index in the 30 trading days immediately prior to the end of the fiscal year or the end of the preceding fiscal years. The entry threshold for the TSR target component has been set at a relative performance versus the reference index of -10 percentage points. This corresponds to a payment of 50%. The maximum TSR target achievement is outperformance of the index by +10 percentage points, corresponding to an LTI payment level of 200%. Analogously to the STI, the TSR target achievement level is interpolated on a straight line between the entry threshold, and a relative performance of zero and maximum target achievement.

The RSP / LTI payment percentage for the three-year performance period is calculated as the arithmetic mean of the multi-year achievement of the adjusted EBIT target or the related adjusted EBIT payment percentage and the TSR target achievement or the associated TSR payment percentage. The RSP / LTI payment percentage is based on a scale of between 0% to 200% based on the target direct compensation agreed with the individual Executive Board member.

If the term of office of a new Executive Board member starts during a fiscal year, the entitlement to the RSP / LTI is granted on a pro rata temporis basis. When calculating the RSP / LTI payment percentage for fiscal years in which the new member did not serve on the Executive Board or only served for part of the year, target achievement for the two performance criteria (adjusted EBIT and TSR) is set at 100%. For those years in which the individual served a full year on the Executive Board, the actual target achievement for the year is used.

If an RSP / LTI is granted for the reporting period, settlement takes the form of a taxable cash payment, which is paid on the condition that, after deduction of individual income tax, it will be used for the purchase of MTU shares; these are subject to a four-year lock-up period.

Further rules on compensation

All Executive Board members appointed prior to fiscal year 2021 received direct defined benefit pension commitments. The structure of these commitments is outlined below in the section *Rules when terminating the contracts of Executive Board members*. Instead of such defined benefit entitlements, Executive Board members appointed on or after January 1, 2021 receive an annual pension allowance as a contribution to a pension plan.

Further, the compensation system for the Executive Board contains penalty and claw-back rules. This enables the Supervisory Board, at its discretion, to reduce performance-related components that have not been paid out (penalty clause) or claim reimbursement of performance-related components that have already been paid (claw-back clause). The penalty and claw-back clauses take effect in cases of serious breaches of contract, for example of the Code of Conduct or compliance guidelines, and retrospective adjustment of performance-related compensation components that have been determined and/or paid on the basis of inaccurate consolidated financial statements if the amended consolidated financial statements would have resulted in a lower payment.



The share ownership guidelines require the CEO and the other members of the Executive Board to acquire shares in MTU equivalent to 300% (CEO) and 200% (other Executive Board members) respectively of their gross annual basic salary within four years. Shares acquired through the RSP are included. All Executive Board members fulfilled this individual obligation in the reporting period. The shares held in compliance with the share ownership guidelines are subject to a two-year lock-up period when a member leaves the Executive Board.

Under Section 87a (2) sentence 2 of the German Stock Corporation Act (AktG), in specific exceptional circumstances (e.g. in the event of a serious financial or economic crisis), the Supervisory Board may temporarily depart from the defined compensation system if this is in the long-term interests of MTU. General unfavorable market developments explicitly do not constitute specific exceptional circumstances permitting temporary departure from the compensation system. Departure from the compensation system is only possible on the basis of a corresponding resolution by the Supervisory Board, based on a proposal by the Personnel Committee, after careful examination of its necessity. Even in such cases, the compensation must still be geared to the long-term and sustainable development of MTU and reflect the success of the company and the performance of the Executive Board.

The components of the compensation system where such departures are permitted in the circumstances outlined above are the performance criteria for the STI and RSP and their weighting, the ranges for possible achievement of the targets and the methods used to determine target achievement. Similarly, the Supervisory Board can temporarily grant additional compensation components or replace individual compensation components by other compensation components if the incentive effect of the compensation of the Executive Board cannot be achieved adequately by adjusting the existing compensation components.

In accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has set a maximum level of compensation for each member of the Executive Board. This comprises all fixed and variable components (fixed compensation, fringe benefits, pension arrangements, STI, and RSP / LTI). The maximum compensation caps the total compensation granted for a fiscal year, irrespective of the time of payment. It is €5.5 million for the Chairman of the Executive Board and €3.0 million for the other Executive Board members and thus unchanged from the previous year.

Planned modification of Executive Board compensation system as of fiscal year 2024

The basic principles of the new compensation system for the Executive Board – to be applied from fiscal year 2024, subject to the approval of the Annual General Meeting – are set out below. Some have been taken over from the present system as they are still aligned with the market and strategy, while others have been newly incorporated into the system on the basis of the present developments at MTU and the feedback from investors:

The total compensation will still comprise non-performance-related components (fixed compensation, fringe benefits) and performance-related components (STI, Performance Share Plan – PSP/LTI). Special attention has been paid to the ongoing development of the performance-related components, especially the performance-related long-term component. The rules on pension arrangements are unchanged.

The STI remains a performance-related component with a short-term incentive effect. Within this structure, the previous performance-related financial key performance indicators, adjusted EBIT and free cash flow, will be supplemented by non-financial ESG performance criteria. The payment of the STI will therefore be based on the level of achievement of financial and non-financial performance criteria. To this extent, the new compensation system takes account of the increasing significance of ESG / sustainability aspects of corporate governance and the corresponding demands made by investors.

Furthermore, the introduction of a strategic multiplier enables the Supervisory Board to reward the success of the Executive Board in implementing specific strategic and transformative measures. As in the previous system, the STI targets and the corresponding target achievement curves and thus the entry thresholds and caps on target achievement / payment percentages will be set by the Supervisory Board at the beginning of each fiscal year.

The previous performance-related long-term incentive component, the Restricted Stock Plan (RSP / LTI), is to be replaced by a Performance Share Plan (PSP / LTI). The planned introduction of the PSP / LTI will grant a market-oriented, long-term incentive (LTI) that correlates better with investors' expectations. In particular, payment will reflect both financial performance criteria and non-financial ESG performance criteria. Unlike the old RSP / LTI, the financial performance criteria will be adjusted earnings per share (adjusted EPS) and the relative total shareholder return (TSR), which measure the success of MTU shares in comparison (TSR percentile ranking) to the STOXX Europe Total Market Aerospace & Defense index (benchmark index).



Contrary to the former RSP / LTI component, in the planned PSP / LTI from 2024, the targets for the financial performance criteria and the non-financial ESG performance criteria, the corresponding target achievement curves, and thus the entry thresholds and caps on the target achievement / payment percentages, will be defined by the Supervisory Board on the basis of a recommendation by the Personnel Committee at the start of the respective grant year for the entire performance period. The performance period has been extended to four years, comprising the grant year and the following three years.

Further details of the planned modification of the compensation system for the Executive Board and supplementary criteria, penalty and clawback rules, share ownership guidelines, etc. can be found in the invitation to the Annual General Meeting 2024.

Development of performance-related components

Short-term incentive (STI)

The Supervisory Board set the following performance targets for the short-term incentive (STI) for the reporting period: adjusted EBIT of €750 million (actual: €818 million) and free cash flow (FCF) of €330 million (actual: €352 million). Consequently, the entry threshold for target achievement for the STI was exceeded in the reporting period and the target achievement level, as outlined above, was therefore 139.25% (previous year: 200%).

Despite MTU's operational success in 2023, the Executive Board felt obligated to waive compensation components for the reporting period because the expected financial burden in connection with the PW1100G-JM Geared Turbofan fleet management plan initiated in 2023 resulted in a net loss (before adjustments) in the reporting period, and a corresponding impact on liquidity is expected in subsequent years.

Specifically, the Executive Board members declared that they would waive those portions of variable compensation with a short- and long-term incentive effect (STI and RSP / LTI) to which they would have been contractually entitled as a result of the attainment of certain adjusted financial targets for 2023 that exceed a threshold of 100%. The ESG multiplier for the STI, based on achievement in the reporting period, is applied in accordance with the contractual ruling.

As ESG targets for the reporting period, the Supervisory Board defined the areas of environmental management (criterion: ESG target "CO₂", which is focused on reducing climate-related CO₂ emissions in the operation of the sites) and attractiveness as an employer and employees & diversity (criterion: "number of training days per employee"). A target range of 80 – 120% was set for each of these criteria. Both criteria are included with an equal weighting in the determination of the ESG multiplier. Compared with the previous year, the basis used to measure target achievement for the non-financial "CO₂" performance criterion was extended to include two further Group companies – in Vancouver and Serbia (both part of the MRO segment). Consequently, all fully consolidated production / maintenance location are integrated into MTU's climate protection strategy, the ecoRoadmap, which aims to achieve climate-neutral production and maintenance activity at MTU's sites or to systematically reduce their CO₂ emissions. The most important elements of this multi-faceted strategy are: higher energy efficiency, captive generation of sustainable energy at the site, procurement of low-emission energy sources such as green electricity, and emissions compensation. By setting specific climate goals, MTU wants to play a part in achieving the climate targets set out in the Paris Agreement.

The non-financial performance criterion CO₂ takes into account, as subcomponents, remaining CO₂ emissions as "maximum remaining CO₂ emissions in kt CO₂ absolute" and "CO₂ abatement realized through sustainable measures in kt CO₂ absolute." In view of the capacity-intensive requirements relating to the measurement and review of CO₂, this criterion was determined for a 12-month performance period of December 1, 2022 through November 30, 2023. Consequently, the performance period differs from the reporting period. Target achievement for the subcomponent "CO₂ abatement realized through sustainable measures in kt CO₂ absolute" is determined using the emission factors for the baseline year 2019 – the year when MTU introduced its "ecoRpadmap" climate strategy.

The maintenance operation (group company) in Vancouver, Canada included for the first time in 2023 was already operational in 2019, so it increases the CO₂ emissions in the baseline year 2019. To evaluate the realized climate protection measures at this location, the emissions from the baseline year 2019 are used in the subcomponent "CO₂ abatement realized through sustainable measures in kt CO₂ absolute."

The new maintenance facility in Nova Pazova, Serbia was not operational in the baseline year 2019. All CO₂ emissions from this site contribute to emissions in the context of organic growth but do not increase the emissions measured in the baseline year 2019. When evaluating the climate protection measures realized at this site, the first year of operation (2023) is therefore



taken as the baseline. The planned emissions from this site in 2023 form the basis for the subcomponent “CO₂ abatement through sustainable measures in kt CO₂ absolute” and are therefore included in the definition of the overall target for this subcomponent. For the Nova Pazova site, the common country-specific emissions factor for each energy source for 2023 is used.

In this way, integration of the target values for the new locations takes into account the requirements set out in the Greenhouse Gas Protocol.

The two subcomponents are considered separately and, in particular, not cumulatively. Furthermore, measurement of target achievement for the non-financial targets is based on an integral view of MTU’s global production / maintenance locations in Munich, Hanover, Ludwigsfelde, Rzeszów, Vancouver and Nova Pazova.

For the non-financial performance criterion “CO₂” at the beginning of 2023 the Supervisory Board defined 54 kt remaining CO₂ emissions as 100% target achievement for the subcomponent “maximum remaining CO₂ emissions in kt CO₂ absolute”. For the component “CO₂ abatement realized through sustainable measures in kt CO₂ absolute”, the Supervisory Board defined a reduction in CO₂ of 3.54 kt compared with the audited baseline year (2019) as the basis for 100% target achievement in the reporting period. Furthermore, the Supervisory Board decided that the target achievement for the components of the non-financial “CO₂” performance criterion would be measured by means of linear interpolation within a range of 70% (remaining emissions of 70 kt CO₂ / sustained CO₂ reduction of 2.48 kt) to 130% (remaining emissions of 38 kt CO₂ / sustained CO₂ reduction of 4.60 kt). Target achievement for the ESG target “CO₂” is derived as the arithmetic mean of the target achievement of the subcomponents, with a minimum CO₂ target achievement of 80% and a maximum target achievement of 120%.

Thanks to reduction in CO₂ emissions and the additional purchase of green power, the “maximum remaining CO₂ emissions in kt CO₂ absolute” for the relevant performance period of the reporting period were just 49 kt CO₂, which was 9% below the target of 54 kt CO₂. Therefore, the corresponding target achievement for this component is 109%. Moreover, as a result of operational measures and investments in the reporting period and previous periods, a calculated reduction of 4.52 kt CO₂ was achieved in the performance period for the component “CO₂ abatement realized through sustainable measures in kt CO₂ absolute”, which exceeded the target saving of 3.54 kt CO₂ by 28%. The corresponding target achievement level is therefore 128%. The arithmetic mean of the target achievement of each of the subcomponents gives a target achievement level of 119% for the ESG (non-financial) target “CO₂” in the reporting period.

Achievement of the non-financial (ESG) performance criterion “number of training days per employee” was derived from the average training days per employee at the German locations (Munich, Hanover, Ludwigsfelde), based on training undertaken in the period January 1, 2023 through December 9, 2023. In this way, the company sets a strategic, forward-looking focus on proactive learning and individual development as a prerequisite for the recruitment and retention of employees, who realize their potential and put their ideas into practice. Through this ESG target, the company is strengthening its established leadership values “we transform”, “we empower” and “we create trust”, for all managerial staff by making the employee leadership and development process a central management focus. Guiding employee development in addition to the management task of successfully driving forward the respective business and balancing resources is a particularly complex challenge for executives. For the ESG target “number of training days per employee,” the Supervisory Board defined an average of 2.5 training days per employee at the German locations as 100% target achievement. The target range is between 80% and 120%. A target achievement level of 80% is defined as 2 training days per employee, while 3 training days per employee equate to target achievement of 120%.

The average number of training days per employee at the Germany locations was 3.6 in 2023, so target achievement for the criterion “number of training days per employee” is 120%.

The target achievement levels of 119% for the ESG target “CO₂” and 120% for the “number of training days per employee” target give an arithmetic mean of 119.50% and an ESG multiplier of 1.195.

In combination with the achievement of the financial targets of relevance for the STI, i.e., adjusted EBIT and free cash flow, and taking into account the Executive Board’s waiver for the reporting period (payment percentage 100.00%) and the non-financial performance targets “CO₂” and “number of training days per employee” (ESG multiplier 1.195), the effective STI payment percentage for the reporting period is 119.50%.



Restricted Stock Plan (RSP) / Long Term Incentive (LTI)

The value of the Restricted Stock Plan (RSP or LTI - long-term incentive) is based on the contractually agreed RSP grant value and the realized multi-year RSP / LTI performance level. As outlined above, the latter is calculated individually for each Executive Board member for each RSP/LTI tranche in the reporting period as the arithmetic mean of the target achievement of the adjusted EBIT and the relative total shareholder return (TSR) measured against the STOXX® Europe Total Market Aerospace and Defense in the reporting period and the two preceding years.

Achievement of the multi-year RSP / LTI performance targets developed as follows:

Achievement of the RSP / LTI performance targets in 2023

	2023	2022	2021
Adjusted EBIT			
Target level in € million	750	560	400
Actual level in € million	818	655	468
Adjusted EBIT performance (in % of target level)	109.08%	116.96%	117.03%
Achievement adjusted EBIT target in %	145.40%	184.80%	185.15%
Three-year average of target achievement adjusted EBIT in %	171.78%		
Relative total shareholder return (TSR)			
TSR performance MTU in %	-4.97%	17.25%	-15.15%
TSR performance reference index in %	36.24%	18.47%	5.43%
Delta TSR in percentage points	-41.21%	-1.22%	-20.58%
TSR target achievement in %	0.00%	93.90%	0.00%
Three-year average of target achievement TSR in %	31.30%		
Total target achievement (three-year average)	101.54%		

The performance-related compensation component RSP / LTI granted for the reporting period on the basis of multi-year target achievement is normally paid in the following year.

Despite MTU's operational success in 2023, the Executive Board felt obligated to waive compensation components for the reporting period because the expected financial burden in connection with the PW1100G-JM Geared Turbofan fleet management plan initiated in 2023 resulted in a net loss (before adjustments) in the reporting period, and a corresponding impact on liquidity is expected in subsequent years.

Specifically, the Executive Board members declared that they waive those portions of variable compensation with a short- and long-term incentive effect (STI and RSP / LTI) to which they would be contractually entitled as a result of the attainment of certain adjusted financial targets for 2023 that exceed a threshold of 100%.

The next table shows the basis for determining the multi-year target achievement level for the performance-related components:

Variable compensation payment percentages

	2023	2022	2021	2020 ¹⁾	2019 ¹⁾
STI	119.50 ²⁾	219.00	218.00	0.00	180.00
RSP / LTI	100.00 ³⁾	106.51	116.84	173.60	164.87
Price of RSP shares purchased					
Purchase price per share	N.N. ⁴⁾	228.92	209.50	119.20	209.20

¹⁾ Payment percentage calculated on the basis of the compensation system applicable up to and including fiscal year 2020.

²⁾ In light of the waiver by the Executive Board members, the actual total target achievement of 139.25% is capped at 100.00%. The ESG multiplier of 119.50% is applied. This results in a payment percentage of 119.50%.

³⁾ In light of the waiver by the Executive Board members, the actual target achievement of 101.54% is capped at 100.00%.

⁴⁾ The RSP / LTI compensation components will only be paid out in 2024 so the purchase price per share will not be set until after preparation of this compensation report.



Compensation of individual members of the Executive Board

Compensation for the reporting period

The following table contains an individual breakdown of the compensation of each Executive Board member for the reporting period. The non-performance-related compensation is reported as compensation granted and corresponds to the amounts paid in the reporting period. The performance-related compensation is presented as compensation granted and owed and corresponds to the expected amount of performance-related compensation based on the audited consolidated financial statements for the reporting period.

Despite MTU's operational success in 2023, the Executive Board felt obligated to waive compensation components for the reporting period because the expected financial burden in connection with the PW1100G-JM Geared Turbofan fleet management plan initiated in 2023 resulted in a net loss (before adjustments) in the reporting period, and a corresponding impact on liquidity is expected in subsequent years.

Specifically, the Executive Board members declared that they would waive those portions of variable compensation with a short- and long-term incentive effect (STI and RSP / LTI) to which they would be contractually entitled as a result of the attainment of certain adjusted financial targets for 2023 that exceed a threshold of 100%. The following ESG multiplier for the STI, based on achievement in the reporting period, is applied in accordance with the contractual ruling in agreement with the Supervisory Board.

Total compensation granted and owed

	Lars Wagner Chief Executive Officer	Peter Kameritsch Chief Financial Officer and Chief Information Officer	Dr. Silke Maurer Chief Operating Officer since February 1, 2023	Michael Schreyögg Chief Program Officer	Summe
Members of the Executive Board					
in €	2023	2023	2023	2023	2023
Fixed compensation	999,996	600,000	550,000	600,000	2,749,996
Pension allowance			183,333 ¹⁾		183,333
Fringe benefits ²⁾	36,386	9,863	16,001	26,826	89,077
Total non-performance-related compensation	1,036,382	609,863	749,335	626,826	3,022,406
Proportion of non-performance-related compensation in %	34%	39%	46%	39%	
STI ³⁾	896,250	430,200	394,350	430,200	2,151,000
RSP / LTI ³⁾	1,100,000	540,000	495,000	540,000	2,675,000
Total performance-related compensation	1,996,250	970,200	889,350	970,200	4,826,000
Proportion of performance-related compensation in %	66%	61%	54%	61%	
Total compensation granted and owed	3,032,632	1,580,063	1,638,685	1,597,026	7,848,406

¹⁾ Amount paid out in the reporting period for discretionary personal pension provision.

²⁾ Fringe benefits include charges to taxable income covering benefits in kind amounting to €58,279 and premiums for insurance policies taken out on behalf of members of the Executive Board amounting to €5,997 and membership contributions amounting to €24,802.

³⁾ The performance-related compensation granted for the reporting period will be paid out in the following year, after adoption of the consolidated financial statements.



Members of the Executive Board did not receive any compensation for supervisory board and similar appointments at Group companies. The Group did not grant any loans to members of the Executive Board in the reporting period or the previous year. The compensation of the Executive Board did not have to be adjusted due to a penalty or claw-back ruling in either the reporting period or the previous year. Moreover, there was no need to temporarily depart from the defined compensation system due to specific exceptional circumstances. The agreed maximum compensation of €5.5 million for the CEO and €3.0 million for each of the other Executive Board members was not exceeded in any case.

Former Executive Board members received pension payments of €908,259 in the reporting period (Reiner Winkler €601,634; Dr. Rainer Martens €306,625).

The following table shows the change in the individual compensation of the Executive Board and Supervisory Board members, the earnings indicators for the company and the Group and the average compensation of the workforce.

Moreover, the review of the target direct compensation of the Executive Board members is performed on a multi-year basis, as in the past, and not on a one-year basis, as is the case for the rest of the workforce. It is always benchmarked using a comparison within the relevant stock market segment (horizontal comparison): MTU has been included in the DAX segment since 2019; before that it was in the MDAX segment.

From an overall perspective, the following aspects need to be taken into consideration in the vertical comparison, especially with regard to the development of compensation over time:

- / The impact of performance-related compensation components varies greatly in the vertical comparison because of the differentiated compensation structures and are not a reflection of the development of the target direct compensation.
- / To date, the review of the target direct compensation of the Executive Board members has been performed on a multi-year basis, whereas the review and adjustment of compensation for the remaining workforce has been performed annually.
- / Moreover, when considering the development of the target direct compensation of Executive Board members, structural aspects need to be taken into account; in particular, these include the rising demands made on the Executive Board following MTU's inclusion in the DAX stock market segment.



Vertical comparison

	2023	Change 2023 vs. 2022 in %	2022	Change 2022 vs. 2021 in %	2021	Change 2021 vs. 2020 in %	2020	Change 2020 vs. 2019 in %	2019
Compensation granted and owed to Executive Board members active in the reporting period									
Lars Wagner ¹⁾	3,032,632	53%	1,977,460	9%	1,809,566	32%	1,374,109	-28%	1,919,319
Peter Kameritsch	1,580,063	-20%	1,973,178	9%	1,812,449	31%	1,379,276	-28%	1,926,888
Dr. Silke Maurer	1,638,685	- ²⁾							
Michael Schreyögg	1,597,026	-20%	1,991,578	9%	1,830,669	31%	1,395,212	-28%	1,940,722
Earning indicators									
Adjusted Group EBIT (IFRS)	818	25%	655	40%	468	13%	416	-45%	757
Net profit of MTU Aero Engines AG (German Commercial Code [HGB]) ³⁾	-255	-195%	267	35%	198	50%	132	64%	80
Average compensation of the workforce									
Employees in Germany ⁴⁾	94,380	6%	88,870	2%	87,118	8%	81,035	-7%	86,922

¹⁾ Appointed CEO effective January 1, 2023 – as a result, his target direct compensation was adjusted.

²⁾ Executive Board member since February 1, 2023.

³⁾ As in the previous year: does not provide a meaningful insight into the economic development of the MTU Group and therefore agreed between the Executive Board and Supervisory Board as not relevant for compensation.

⁴⁾ Includes the active workforce in Germany (permanent employees, including employees on parental leave working part-time) standardized to full-time equivalents (FTEs) based on the following compensation elements: performance-unrelated basic salary and, depending on employment group, collectively agreed one-time payments or performance-related variable compensation (profit-sharing bonus, bonuses I and II, STI and RSP / LTI).

**Vertical comparison**

	Change 2023 vs. 2022 in %	Change 2022 vs. 2021 in %	Change 2021 vs. 2020 in %	Change 2020 vs. 2019 in %
Compensation of former Executive Board members				
Dr. Rainer Martens	1%	34%	- ¹⁾	
Dr. Stefan Weingartner	- ²⁾	-100% ²⁾	- ²⁾	
Reiner Winkler	- ³⁾			
Compensation granted and owed to present Supervisory Board members				
Gordon Riske (Chairman of the Supervisory Board, Personnel Committee and Nomination Committee) (Supervisory Board member since May 5, 2022)	55%	- ⁴⁾		
Josef Mailer (Deputy Chairman of the Supervisory Board)	0%	74%	-6%	1%
Dr. Joachim Rauhut (Chairman of the Audit Committee; member of the Personnel Committee and Nomination Committee since May 11, 2023)	14%	85%	-5%	-6%
Dr. Christine Bortenlänger (member of the Audit Committee since April 22, 2021)	0%	97%	17%	-9%
Thomas Dautl (Supervisory Board member until May 11, 2023)	-65%	67%	3%	-9%
Kai Eisenblätter (Supervisory Board member since May 11, 2023)	- ³⁾			
Daniele Frijia (Supervisory Board member since August 17, 2022)	152%	- ⁴⁾		
Dr.-Ing. Jürgen M. Geißinger (Supervisory Board member until May 11, 2023)	-63%	49%	2%	2%
Dr. Marc Haltrich (Supervisory Board member since May 11, 2023)	- ³⁾			
Anita Heimerl	3%	67%	0%	-7%
Heike Madan (Supervisory Board member until May 11, 2023)	-64%	81%	-6%	-7%
Dr. Rainer Martens (Supervisory Board member since January 26, 2021)	3%	77%	- ¹⁾	
Claudia Sowa-Frank (Supervisory Board member since May 11, 2023)	- ³⁾			
Univ.-Prof. Dr. Marion A. Weissenberger-Eibl	3%	67%	3%	-9%
Michael Winkelmann (Supervisory Board member between May 1, 2020 and May 11, 2023)	-65%	67%	48%	- ⁵⁾
Ute Wolf (Supervisory Board member since May 11, 2023)	- ³⁾			

¹⁾ First-time payment in fiscal year 2021.²⁾ One-time payment in fiscal year 2021.⁵⁾ First-time payment in fiscal year 2020.³⁾ First-time payment in reporting period.⁴⁾ First-time payment in fiscal year 2022.



In view of the extensive operating activities of the national companies in the MTU Group, considerations on retaining earnings at national companies for business policy reasons, and the fact that MTU Aero Engines AG performs central tasks for the MTU Group, for example financing and its role as a tax group, the net profit of MTU Aero Engines AG calculated in accordance with the German Commercial Code (HGB) is not a good reflection of the performance of the MTU Group. Consequently, the net profit of MTU Aero Engines AG is not a suitable reference base for performance-related compensation components, which regularly take into account financial and non-financial targets for the Group. Therefore, the adjusted EBIT for the Group is included in the vertical comparison as an additional earnings indicator as it is used as the financial performance indicator for the performance-oriented compensation components of both the Executive Board and the entire workforce in Germany. In all compensation groups evaluated, the calculation of the annual changes in compensation excludes company pension schemes.

Perspective for the compensation of the Executive Board members in/for 2024

The compensation system for Executive Board members is to be modified from fiscal year 2024 – provided that this is approved by the Annual General Meeting 2024. The financial and non-financial / strategic targets of relevance for the performance-related compensation components for the Executive Board for 2024 will be set in parallel with the preparation of the compensation report and the audited consolidated financial statements for 2023. In view of the sensitivity of the forecasts on which the targets are based, in keeping with the procedure used in the year under review and previous periods, they will be published in the compensation report 2024. The aforementioned financial and non-financial targets are naturally consistent with the forward looking statements in the management report (forecast and non-financial statement) in the Annual Report 2024.

Rules when terminating the contracts of members of the Executive Board

In the reporting period, the active members of the Executive Board who were appointed prior to January 1, 2021 were granted defined benefit commitments whose structure corresponds to that of pension commitments for members of governing bodies of peer-group companies. Executive Board members appointed after January 1, 2021 receive a pension allowance as a contribution to a pension plan, paid out annually in cash, instead of the pension commitment outlined above. This enables Executive Board members to take responsibility for building up their personal pension provision at their own discretion. Granting a pension allowance relieves MTU of the opportunities and risks related to defined benefit commitments.

Defined benefit commitments for retirement and survivors' pensions

The active members of the Executive Board – provided they were appointed before fiscal year 2021 – earn company pension entitlements in the fiscal year in accordance with the “MTU Pension Capital” plan, which governs the post-employment benefits for members of the Executive Board of MTU Aero Engines AG. The benefit target is to provide a pension amounting to 60% of the basic salary after 15 years of service on the Executive Board.

To replace any MTU pension entitlements earned by individual Executive Board members prior to their appointment to the Executive Board, they are granted an initial transfer amount equal to their individually earned pension capital.

Once the initial transfer amount has been determined, a pension account is opened for each eligible member of the Executive Board, to which further capital units are credited annually. The annual capital units are determined on the basis of the individual Executive Board member's contribution and an age-related factor. The age-related factor represents an interest rate of 6% p.a. until the age of 60. The contribution period is normally limited to 15 years of service on the Executive Board and ends at the age of 60. From the age of 61, the pension account earns interest at 4% p.a. until the pension is drawn (= bonus amount). The total of the accrued capital units, plus the initial transfer amount and any bonus amounts credited, make up the pension capital available to finance post-employment benefits.

If benefits are payable because a member of the Executive Board becomes disabled or dies before reaching the fixed retirement age of 60, 50% of the benefits earnable up to the fixed age limit are added to the accrued balance on the pension account, taking into account the promised contribution period. The amount credited is based on the contribution paid at the time of exit.

When an insured event occurs, the pension capital is generally granted as a one-time payment. At the request of the Executive Board member and subject to the Group's approval already granted, a lifelong annuity may be granted, based on interest of 6% on the pension capital and benefit increases of 1% p.a. Alternatively, at the request of the Executive Board member, the capital may be drawn in 10 installments, with a 4% increase in each case. When an insured event occurs, the pension account is topped up to the level of benefit commitment under the plan (guaranteed capital). Pension benefits do not become payable until an insured event occurs (i.e., on reaching pensionable age, or in the event of disability or death), even if the insured party leaves the Executive Board. The pension entitlement is vested from inception.



Basic details of the above-mentioned commitments and benefits are shown in the following table:

Existing post-employment benefit entitlements					
Members of the Executive Board in €	Initial transfer amount ¹⁾	Guaranteed capital ²⁾	Annual contribution	End of contribution period	Annual pension amount ³⁾
Lars Wagner	207,344	207,344	486,341	1.1.2033	791,687
Peter Kameritsch	461,573	461,573	258,072	1.4.2029	303,253
Michael Schreyögg	365,627	365,627	275,975	1.8.2026	337,719

¹⁾ Credit for past service up to date of changeover to new system - Michael Schreyögg: July 1, 2013; Peter Kameritsch and Lars Wagner: January 1, 2018.

²⁾ Level of benefits to which the insured party would have been entitled under the previous pension plan.

³⁾ All entitlements to company pension benefits (excluding the individual employee-funded capital account ["Pension Capital Aufbaupkonto"]) taking into account the maximum contribution period.

The differences in the annual contributions to the pension accounts result from the remaining periods of service until the end of the respective maximum contribution period, the respective age-related factors, and the individual amounts of pensionable compensation.

The following table shows the service cost for the reporting period and the previous year, and the corresponding levels of provisions, recognized in accordance with IFRS for members of the Executive Board:

Allocations to pension provisions and total amounts recognized				
Members of the Executive Board	Year	Service cost (IFRS)	Past service cost (IFRS)	Carrying amount of pension provisions as of Dec. 31 (IFRS) ¹⁾
in €				
Lars Wagner	2023	474,533	1,685,142 ^{2) 3)}	5,074,706
	2022	320,096		2,264,977
Peter Kameritsch	2023	169,433	223,116 ²⁾	5,593,686
	2022	149,132		4,593,904
Michael Schreyögg	2023	158,430	297,777 ²⁾	6,427,521
	2022	133,115		5,300,916
Total	2023	802,396	2,206,035	17,095,913
Total	2022	602,343		12,159,797

¹⁾ Where appropriate, the provisions include obligations relating to claims arising from the individual employee-funded capital accounts ("Pension Capital Aufbaupkonto") from previous service periods.

²⁾ In the reporting period, the IFRS pension expenses (IAS 19) were influenced by past service costs in connection with the adjustment of the basic compensation as of January 1, 2024, which determines the respective pension commitment.

³⁾ In the reporting period, the IFRS pension expenses (IAS 19) were influenced to a large extent by past service costs in connection with the adjustment of the basic compensation due to appointment as CEO effective January 1, 2023.

The defined benefit obligations (DBO) for former members of the Executive Board, measured in accordance with International Financial Reporting Standards (IFRS), amount to €22,113,042 (previous year: €9,542,940).

Severance payments on premature termination of contracts of service with members of the Executive Board

If the appointment of an Executive Board member is terminated by MTU for cause and termination of the contract takes place with immediate effect, the STI or RSP / LTI will not be paid for that fiscal year. If the contract of service is terminated by MTU or the Executive Board member subject to the period of notice, the Executive Board member is entitled to a pro-rata STI or RSP / LTI payment for the remaining term of the contract.



If, before the end of the holding period for shares under the RSP, the Executive Board member's contract of service ends as a result of extraordinary termination by MTU for cause pursuant to Section 626 (1) of the German Civil Code (BGB) or due to the resignation of the Executive Board member without reaching mutual agreement, or if the appointment is revoked by the Supervisory Board for cause pursuant to Section 84 (3) of the German Stock Corporation Act (AktG) before the end of the holding period, or if the Executive Board member resigns before the end of the holding period, the Executive Board member must refund the (gross) value of the RSP that has been paid out.

Severance payments on premature termination of contracts of service with members of the Executive Board in the event of a change of control or changes of shareholders of MTU Aero Engines AG

Under the contracts of service for members of the Executive Board in effect since January 1, 2021, a change of control is deemed to have occurred if a shareholder, alone or on the basis of the voting rights attributable to him or her pursuant to Section 33 et seq. of the German Securities Trading Act (WpHG), acquires the majority of the voting rights and this results in material disadvantages for the Executive Board. Material disadvantages are, in particular, if the Executive Board member is removed, if the member's responsibilities and duties are significantly altered, or if the Executive Board member is asked to accept a reduction in employment benefits or to agree to premature termination of the respective contract of service. In such case, each member of the Executive Board shall have a special right of termination, which is to be exercised within a period of six months, with a period of notice of three months to the end of a month. If a member of the Executive Board makes use of the special right of termination, or if the Executive Board member's contract of service is terminated by mutual consent within nine months of the change of control (CoC), the Executive Board member receives a severance payment corresponding to the benefits still to be awarded up to the end of the contract term originally agreed. For the calculation of the severance payment, 100% target fulfillment is agreed for the variable compensation components.

Severance payments made to a member of the Executive Board as a result of early termination of their contract, including in the event of a change of control (CoC), are always limited to two years' total annual compensation or the compensation due for the remaining term of the contract, whichever is lower (cap on termination benefits).

Compensation of the Supervisory Board

The rules governing Supervisory Board compensation are laid down in the articles of association of MTU Aero Engines AG. The compensation is relative to the size of the Group and the duties and responsibilities of the Supervisory Board members.

Pursuant to Article 12 of the current articles of association of MTU Aero Engines AG, members of the Supervisory Board receive fixed annual compensation of €80,000, payable after the end of the fiscal year. The chair of the Supervisory Board receives three times and the deputy one-and-a-half times the amount of fixed compensation. In addition to this compensation, members serving on one of the Supervisory Board's committees receive an additional €20,000 for the fiscal year and a further €40,000 for the fiscal year if they chair a committee. Furthermore, members of the Supervisory Board receive an attendance fee of €3,000 per meeting of the Supervisory Board and its committees, limited to €3,000 per day. Expenses incurred in connection with the exercise of their office are reimbursed, as is any value-added tax payable on compensation. The members of the Supervisory Board do not receive any share-based compensation.

The following table contains an individualized breakdown of the compensation of each Supervisory Board member in the reporting period (figures exclude value-added tax). The fixed annual payment and compensation for committee membership are disclosed as compensation owed and comprise the compensation for the reporting period paid out at the start of the following year.

The attendance fees are disclosed as compensation granted and are the amounts paid to each member in the reporting period.



Compensation granted and owed to the Supervisory Board for 2023

Supervisory Board members	Fixed annual payment		Compensation for membership in committee		Attendance fees		Total compensation	
	in €	in %	in €	in %	in €	in %	in €	in %
Gordon Riske (Chairman of the Supervisory Board, Personnel Committee and Nomination Committee)	240,000	66%	90,000	25%	33,000	9%	363,000	100%
Josef Mailer (Deputy Chairman of the Supervisory Board) ^{1) 4) 9)}	120,000	60%	40,000	20%	39,000	20%	199,000	100%
Dr. Joachim Rauhut (Chairman of the Audit Committee) ^{2) 8)}	80,000	40%	79,167	39%	42,000	21%	201,167	100%
Dr. Christine Bortenlänger ⁴⁾	80,000	59%	20,000	15%	36,000	26%	136,000	100%
Thomas Dautl (until May 11, 2023)	29,111	83%			6,000	17%	35,111	100%
Kai Eisenblätter (since May 11, 2023) ⁹⁾	51,111	74%			18,000	26%	69,111	100%
Daniele Frijia (since August 17, 2022) ^{1) 9)}	80,000	65%	20,000	16%	24,000	19%	124,000	100%
Dr.-Ing. Jürgen M. Geißinger (until May 11, 2023) ^{3) 7)}	29,111	59%	10,917	22%	9,000	18%	49,028	99%
Dr. Marc Haltrich (since May 11, 2023)	51,111	74%			18,000	26%	69,111	100%
Anita Heimerl ⁹⁾	80,000	77%			24,000	23%	104,000	100%
Heike Madan (until May 11, 2023) ^{6) 9)}	29,111	60%	7,278	15%	12,000	25%	48,389	100%
Dr. Rainer Martens	80,000	77%			24,000	23%	104,000	100%
Claudia Sowa-Frank (since May 11, 2023) ^{5) 9)}	51,111	60%	12,778	15%	21,000	25%	84,889	100%
Univ.-Prof. Dr. Marion A. Weissenberger-Eibl	80,000	77%			24,000	23%	104,000	100%
Michael Winkelmann (until May 11, 2023) ⁹⁾	29,111	83%			6,000	17%	35,111	100%
Ute Wolf (since May 11, 2023)	51,111	74%			18,000	26%	69,111	100%
Total	1,160,889		280,139		354,000		1,795,028	

¹⁾ Member of the Personnel Committee.

²⁾ Member of the Personnel Committee since May 11, 2023.

³⁾ Member of the Personnel Committee until May 11, 2023.

⁴⁾ Member of the Audit Committee.

⁵⁾ Member of the Audit Committee since May 11, 2023.

⁶⁾ Member of the Audit Committee until May 11, 2023.

⁷⁾ Member of the Nomination Committee until May 11, 2023.

⁸⁾ Member of the Nomination Committee since May 11, 2023.

⁹⁾ These employee representatives have declared that they will donate their Supervisory Board compensation to the Hans-Böckler-Stiftung, in accordance with the guidelines of the Confederation of German Trade Unions.

For the Executive Board

Lars Wagner
Chief Executive Officer

Peter Kameritsch
Chief Financial Officer &
Chief Information Officer

For the Supervisory Board

Gordon Riske
Chairman of the Supervisory Board



Independent Auditor's Report

To MTU Aero Engines AG, München

Report on the audit of the remuneration report

We have audited the attached remuneration report of MTU Aero Engines AG, München, for the financial year from 1 January to 31 December 2023, including the related disclosures.

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of MTU Aero Engines AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from 1 January to 31 December 2023, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services MTU Aero Engines AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, 19 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Huber-Strasser
Wirtschaftsprüferin
[German Public Auditor]

Hanshen
Wirtschaftsprüfer
[German Public Auditor]



III. Report of the Executive Board on agenda item 10 (resolution on the authorization to purchase and use treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) and to exclude subscription rights, revocation of the existing authorization) pursuant to Section 71 (1) no. 8 sentence 5 in conjunction with Section 186 (4) sentence 2 of the German Stock Corporation Act (AktG)

In accordance with customary business practice, the proposal for a resolution put forward by the Executive Board and the Supervisory Board provides on the basis of Section 71 (1) no. 8 German Stock Corporation Act (AktG) for authorization by the Annual General Meeting for the Company to acquire treasury shares amounting to up to 10% of the current capital stock for two years. The Executive Board already had such an authorization. It expires on April 10, 2024. In order to maintain sufficient flexibility for the company with regard to the acquisition and use of treasury shares in the future, it is to be replaced by a new authorization with a term until May 7, 2026.

When making a decision on the use of treasury shares, the Executive Board shall be guided solely by the interests of the shareholders and the Company. The Executive Board shall report to the Annual General Meeting on any exercise of the proposed authorization.

When purchasing treasury shares, the principle of equal treatment must be observed pursuant to Section 53a German Stock Corporation Act (AktG). Such envisioned purchase of the shares on the stock exchange or through a public offer to buy (or a public call to submit a sell offer) observes this principle. Insofar as a public offer or a public call to submit an offer is oversubscribed, acquisition must take place pro rata. If the number of MTU shares offered for sale in a public purchase offer exceeds the total volume intended for purchase by the company, the shares may be purchased to the exclusion of shareholders' tender rights in proportion to the number of shares offered per shareholder rather than in proportion to the percentage of shares held, in order to simplify the allocation procedure. This simplification is also served by the possibility of preferential treatment for small numbers of up to 100 offered shares. The Management Board considers the exclusion of any further shareholder tender rights to be objectively justified and reasonable for the shareholders. For the resale of treasury shares purchased, the law provides in principle for the sale on the stock exchange or through an offer to all shareholders, by which means the principle of equal treatment pursuant to Section 53a German Stock Corporation Act (AktG) is observed.

The Annual General Meeting may, however, also resolve a disposal by other means in analogous application of Section 186 (3) and (4) German Stock Corporation Act (AktG). In this respect, the resolution provides that the Executive Board is authorized to effect disposal of the purchased treasury shares in a manner other than on the stock exchange or through an offer addressed to all shareholders if the treasury shares that have been purchased are sold in return for a cash payment at a price which is not significantly lower than the stock exchange price of shares of the Company of the same class and terms of issue at the time of disposal. The Executive Board shall allocate any markdown on the stock exchange price based on the market conditions



prevailing at the time of placement so that it is as low as possible. Any discount on the relevant exchange price is not expected to exceed 3%, but in any case no more than 5% of the exchange price. This option to exclude subscription rights provided for in Section 186 (3) sentence 4 German Stock Corporation Act (AktG) enables the company to quickly, flexibly and cost-effectively take advantage of opportunities arising from the respective stock market situation. Overall, the shareholders' interests in terms of assets and voting rights are adequately safeguarded in the event of a sale of treasury shares to third parties with the exclusion of shareholders' subscription rights on the basis of Section 71 (1) no. 8 German Stock Corporation Act (AktG). The authorization to sell treasury shares in return for a cash payment, including shares for which subscription rights are excluded in application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) when making use of the authorized capital and/or when exercising the authorization to issue convertible bonds and/or bonds with warrants, is restricted to a maximum of 10 % of the Company's capital stock when the authorization becomes effective or – if such value is lower – when this authorization is exercised. It is thereby ensured that no purchased treasury shares are sold based on the simplified exclusion of subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) where this would result in the exclusion of the subscription rights of the shareholders for a total of more than 10 % of the capital stock in direct or indirect application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). This restriction is in the interest of the shareholders who would like to maintain, if possible, the proportion of their shareholding and who are basically able to retain the amount of their shareholding in the Company in this manner by purchasing MTU shares through the stock exchange. The Executive Board and the Supervisory Board take the view that this framework serves the Company's interests, given the strategy pursued by the Company, and is also suitable to serve the shareholders' interests.

The resolution further provides for an authorization for the Executive Board, to use the acquired treasury shares in whole or in part to satisfy the claims of the Company's employees and officers accruing from the Company's stock programs. MTU promotes a culture of ownership within the Company and, through share-based compensation and employee stock programs, enables the Executive Board, executive employees and staff to participate in the Company and its development. In the interests of the company and its shareholders, this is intended to strengthen the understanding and willingness to assume joint economic responsibility and provide an incentive to ensure that the company's value is increased. Against this backdrop, treasury shares may be used in connection with share-based compensation or employee stock programs of the Company or its affiliated companies and issued to persons who are, or were, employees or officers of the Company or one of its affiliated companies. Furthermore, treasury

shares may be used to service purchase rights or obligations to purchase shares that have been or will be agreed with members of the company's Executive Board as part of the rules governing Executive Board compensation. The relevant details of a right or obligation to purchase MTU shares by a member of the Executive Board are determined by the Supervisory Board in compliance with the provisions of the German Stock Corporation Act. In terms of legal technique, this form of use is contingent on the subscription rights of the shareholders being excluded in this respect with regard to the treasury shares of the Company. The exclusion of subscription rights required for such use is in the interests of the Company and its shareholders.

Furthermore, the resolution provides for an authorization for the Executive Board to offer to third parties, and/or to make use of, all or some of the acquired treasury shares as (part) counter payment, in the context of business combinations or in the acquisition, whether direct or indirect, of companies, parts of companies or holdings in companies. The company faces global competition. When opportunities arise, the Company is to be enabled to implement targeted acquisitions of companies or of holdings in accordance with the Company's object, as set out in its Articles. In an international context in particular, owners of companies and holdings frequently expect to receive shares in the acquiring company as a counter payment for the disposal of the company or holding. The proposed authorization places the Company in a position in which it is also able, for instance, to make use of available treasury shares as a counter payment in concrete acquisition projects in which it may be in competition with other prospective buyers, and hence under certain circumstances to be able to forego increasing the capital stock in return for non-cash contributions as would otherwise be necessary. If subscription rights were granted, mergers with other companies and the acquisition of companies, parts of companies or interests in companies in return for the granting of acquired treasury shares would be excluded and the associated benefits for the company and shareholders would not be achievable. In terms of legal technique, this form of use is also contingent on the subscription rights of shareholders being excluded in this respect with regard to treasury shares of the Company, which is provided for by the resolution in this sense.



Moreover, the Executive Board is to be entitled, with the consent of the Supervisory Board, to use acquired treasury shares to fulfill conversion rights or obligations arising under convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or a combination of these instruments) issued by the Company or by affiliated companies. This authorization is in the interests of the Company and of the shareholders simply because it enables the Company, insofar as is proper in the specific case, to avoid issuing new shares from the Conditional Capital, and hence increasing the capital and diluting shareholders' voting rights and quotas. The price at which the shares are issued in the cases described above depends on the respective circumstances of the individual case and on the point in time. In setting prices, the Executive Board will orient itself in line with the interests of the Company. It is also a prerequisite in terms of legal technique for the subscription rights of the shareholders to be excluded in this respect with regard to the treasury shares of the Company, which is a constitutive element of the resolution.

Treasury shares acquired on the basis of the present authorizing resolution may be redeemed by the Company without a new resolution by the Annual General Meeting with the consent of the Supervisory Board. In accordance with Section 237 (3) no. 3 German Stock Corporation Act (AktG), the Company's Annual General Meeting may resolve the redemption of its fully paid-up non-par shares without thereby necessitating a reduction in the capital stock of the Company. The proposed authorization explicitly provides for this alternative, in addition to a redemption that is coupled with a capital reduction. In the event of redemption of treasury shares without a capital reduction, the mathematical proportion of the remaining non-par shares in the Company's capital stock increases automatically. The Executive Board shall hence be authorized to effect the amendment to the Articles of Association necessitated thereby with regard to the number of shares altered by such redemption.

On the basis of the above considerations, the Executive Board and the Supervisory Board regard the proposed authorization concerning the acquisition of treasury shares as being in the interests of shareholders, and in individual cases can justify the exclusion of shareholders' subscription rights. The respective corporate bodies shall hence examine and consider on a case-by-case basis whether the sale or other use of treasury shares, excluding subscription rights, is in the overriding interest of the Company.



III. Further information and notes on the 2024 Annual General Meeting

1. Total number of shares and voting rights

At the time of convening the 2024 Annual General Meeting, the Company's capital stock consisted of 53,824,489 registered non-par shares, each representing one vote. At the time of meeting convocation, voting rights may be exercised in respect of 53,770,914 of these shares, as no voting rights may be exercised in respect of the 53.575 treasury shares held by the Company.

2. Conditions for participating in the virtual Annual General Meeting and for exercising voting rights

On the basis of Section 118a German Stock Corporation Act (AktG) and the authorization in Section 14 (3) of the company's Articles of Association, the Company's Executive Board has decided, with Supervisory Board approval, to hold the Annual General Meeting as a virtual shareholders meeting, so that there is no physical attendance requirement for shareholders or their proxies (except for the Company's authorized proxies).

The Annual General Meeting is held at the Communication Center at the headquarters of MTU Aero Engines AG, Dachauer Strasse 665, 80995 Munich, with a notary public present to record the meeting minutes.

The entire proceedings of the Annual General Meeting will be broadcast to shareholders in an audiovisual transmission via a password protected InvestorPortal on the Company's website at www.mtu.de/hv. Interested non-shareholders will be able to follow the Annual General Meeting up to the end of the speech delivered by the CEO via a public webcast available under the above-mentioned link. Physical attendance by shareholders or their proxies is not allowed (except for the Company's authorized proxies). Shareholders will have the opportunity to exercise their electronic voting rights by means of electronic media. They may also delegate these rights to a proxy or choose to participate in electronic postal vote, either directly or through the intermediary of a proxy. Shareholders also have the option of submitting a statement and objecting to resolutions of the Annual General Meeting via electronic communication.

In order to participate in the virtual Annual General Meeting and exercise their voting and other rights, shareholders must be listed in the Company's share register, and their requests to register their shareholding must be received by the Company at the latest by the end of **Wednesday, May 1, 2024 (24:00 hours CEST)**.



Shareholders listed in the share register can register their shareholding in text form in German or English with MTU Aero Engines AG at the following address:

MTU Aero Engines AG
c/o Computershare Operations Center
80249 Munich

or by sending an e-mail to

anmeldestelle@computershare.de

or electronically by registering online at

www.mtu.de/hv

For online registration on the website above, you will require the personal access data that is provided with your shareholders' documentation. Shareholders who have consented to receiving invitations via e-mail will receive information for accessing the InvestorPortal sent to the e-mail address they have provided. More detailed information on the registration procedure can be found in the shareholders' documentation sent to you and on the website mentioned above.

Professional agents and other persons specified in Section 135 German Stock Corporation Act (AktG) are not permitted to exercise voting rights for shares which they do not own and for which they are not listed in the share register as the holders, without the express authorization of the shareholder.

The shareholding listed in the share register on the date of the Annual General Meeting determines the entitlement to participate in the meeting and exercise voting rights. Please note that for administrative reasons, no share ownership changes will be recorded in the share register after the last day of registration up to and including the date of the Annual General Meeting, i.e. from Wednesday May 1, 2024 through and including Wednesday, May 8, 2024 (24:00 hours CEST). Shares that have been registered for the purposes of the Annual General Meeting are not blocked. After registration, shareholders remain free to dispose of their shares as they wish, even during the above-mentioned period in which changes in share ownership are not immediately recorded.

Shareholders who are not recorded in the share register until 0:00 hours CEST on Wednesday April 17, 2024 are not sent invitations, as provided by law. Such shareholders may however request to receive the invitation documents via the aforementioned communication channels. Such requests must be promptly made to allow sufficient time for the invitation be sent out and registration to occur by the registration deadline.

3. Procedure for exercising voting rights by means of a postal vote

Shareholders listed in the share register have the option of exercising their voting rights by postal voting ballot. This option is also available to proxies such as banks, associations of shareholders and equivalent parties as defined in Section 135 German Stock Corporation Act (AktG).

In all cases, it is imperative that the shareholders are registered at the latest by Wednesday, May 1, 2024 (24:00 hours CEST). Once registered, the shareholders have until Tuesday, May 7, 2024 (24:00 hours CEST), to submit postal votes or to modify or withdraw previously submitted postal votes in text form **by post or e-mail** to one of the addresses specified above in subsection 2 for registration.

Alternatively, the Company's **InvestorPortal** at www.mtu.de/hv may be used to submit postal votes or to modify or withdraw previously submitted postal votes, in which case this may be done during the virtual Annual General Meeting on May 8, 2024, up to the time when the chair of the meeting announces the ending of voting.

Further details and forms for postal voting will be included in the information to shareholders enclosed with the invitation to the Annual General Meeting. The form for exercising voting rights by postal vote is available for download at www.mtu.de/hv.

4. Procedure for designating proxies

Shareholders listed in the share register may have their voting rights exercised by a proxy, an intermediary (e.g. a credit institution), a voting advisor or a shareholders' association. These proxies may only exercise voting rights at the Annual General Meeting by means of a postal vote or through granting power of attorney to the proxy appointed by the Company. The text form is required for the granting and revocation of the power of attorney and for proof of the proxy's authorization if such authorization is granted neither to a professional agent (e.g. a bank) nor to an association of shareholders or equivalent person or institution as defined in Section 135 (8) German Stock Corporation Act (AktG). Proof of the granted or revoked authorization can be submitted to the Company by the shareholder or proxy in text form by sending the appropriate documents to the postal address, e-mail address or website specified in subsection 2 above.

For the authorization of intermediaries (e.g. banks), associations of shareholders or equivalent persons or institutions as defined in Section 135 (8) German Stock Corporation Act (AktG) and for the revocation and proof of such authorization and revocation, the legal requirements,



especially Section 135 German Stock Corporation Act (AktG), shall apply. Please also consider, where necessary, the rules issued in that respect by the professional agents (e.g. banks), associations of shareholders or other equivalent persons or institutions.

In all cases, it is imperative that the shareholder is registered at the latest by Wednesday, May 1, 2024 (24:00 hours CEST). Once registered, the shareholder has until Tuesday, May 7, 2024 (24:00 hours CEST) to grant powers of attorney and send the necessary proof **by post or e-mail** to one of the addresses specified above in subsection 2 for registration.

Alternatively, the Company's **InvestorPortal** at www.mtu.de/hv may be used to grant powers of attorney, in which case this may be done during the virtual Annual General Meeting on May 8, 2024, up to the time when the chair of the meeting announces the ending of voting.

Further details, including forms for granting powers of attorney, will be included in the information to shareholders enclosed with the invitation to the Annual General Meeting. The form for granting power of attorney is available for download at www.mtu.de/hv.

The proxy requires individual access data to use the InvestorPortal. The Company will provide the shareholder with the proxy's access data for forwarding to the proxy as soon as the Company has received proof of the proxy granted. If a proxy is granted via the InvestorPortal, the shareholder will receive the proxy's access data directly via the InvestorPortal.

Shareholders who wish to grant a proxy are requested to do so early enough so that the individual access data can be forwarded to the proxy in due time.

5. Procedure for voting by proxies appointed by the Company

Shareholders may choose to be represented by a Company's authorized proxy in order to exercise the voting rights. In this case, the shareholders must grant power of attorney to the proxy and provide written instructions on how they wish their voting rights to be exercised. These proxies are obligated to vote as instructed. Company's authorized proxies are not allowed to accept instructions to ask questions, table motions or raise objections at the meeting. Proxies such as banks, associations of shareholders and equivalent parties as defined in Section 135 German Stock Corporation Act (AktG) may also choose to grant power of attorney and issue instructions to a Company's authorized proxy.

In all cases, it is imperative that the shareholder are registered at the latest by Wednesday, May 1, 2024 (24:00 hours CEST). Once registered, the shareholder has until Tuesday, May 7, 2024 (24:00 hours CEST), to grant powers of attorney and issue or modify instructions for a Company's authorized proxy and send the necessary proof **by post or e-mail** to one of the addresses specified above in subsection 2 for registration.

Alternatively, the Company's **InvestorPortal** at www.mtu.de/hv may be used to grant powers of attorney, and to issue or modify instructions for a Company's authorized proxy, in which case this may be done during the virtual Annual General Meeting on May 8, 2024, up to the time when the chair of the meeting announces the ending of voting.

Further details, including forms for granting powers of attorney and issuing instructions to proxies, will be included in the information to shareholders enclosed with the invitation to the Annual General Meeting. The form for granting proxy is available for download at www.mtu.de/hv.

6. Further information on the exercising voting rights

If the exercise of voting rights by postal vote and/or powers of attorney and instructions are received by different means of transmission, the last declaration received shall be deemed to be the revocation of the preceding declarations. If postal votes and/or proxies and instructions are received by different means of transmission on the same day, they shall be considered in the following order: 1. electronically via the InvestorPortal, 2. pursuant to Section 67c (1) and (2) sentence 3 German Stock Corporation Act (AktG) in conjunction with Article 2 (1) and (3) and Article 9 (4) of Implementing Regulation (EU) 2018/1212, 3. by e-mail, 4. by letter.

Votes cast by postal vote or by proxy and instructions on agenda item 2 (resolution on the appropriation of net profit) shall remain valid even if the proposal on the appropriation of net profit is amended as a result of a change in the number of shares carrying dividend rights.

If an individual vote is held on an agenda item instead of a collective vote, the postal vote or instruction given on this agenda item shall apply accordingly to each item of the individual vote.



7. Requested additions to the agenda, motions/petitions, nominations, right to speak, right to submit motions, right to information

a) Additions to the agenda requested by a minority pursuant to Section 122 (2) German Stock Corporation Act (AktG)

Shareholders whose shares together represent one twentieth of the capital stock or the proportionate amount of Euro 500,000.00 may call for items to be included in the agenda and published. Each new item must be accompanied by a reason or a draft resolution. Such requests must be received by the Company in writing at the postal address specified under subsection 7 b) at the latest on Sunday, April 7, 2024 (24:00 hours CEST). The parties filing the request shall provide evidence that they have been shareholders for at least 90 days prior to the day of receipt of the request and that they will hold the shares until a decision has been rendered by the Executive Board.

b) Shareholder motions and nominations per Sections 126 (1) and 127 German Stock Corporation Act (AktG)

Pursuant to Section 126 et seq. German Stock Corporation Act (AktG), the Executive Board will make shareholder motions and nominations accessible only if received by the Company by Tuesday, April 23, 2024 (24:00 hours CEST), on the condition that the persons submitting the motions and nominations are listed as shareholders in the share register. Shareholders' motions and questions as defined in Section 126 (1) German Stock Corporation Act (AktG) and nominations as defined in Section 127 German Stock Corporation Act (AktG) will be accepted only if they are sent directly to the Company at one of the following addresses:

Postal address

MTU Aero Engines AG
Investor Relations
Dachauer Strasse 665
80995 Munich

or by sending an e-mail to

Hauptversammlung@mtu.de

Motions and nominations sent to any other address will not be taken into account. Shareholders' motions and nominations received in due time at one of the above addresses will be

published without delay together with the name of the relevant shareholder, the reasons given, and any opinion expressed by management, on the Company's website at

www.mtu.de/hv

and shall be deemed filed as of the point in time of their publishing. If the shareholder submitting a motion or nomination for election has not properly registered for the Annual General Meeting, the motion or election nomination may be excluded from the meeting proceedings.

c) Submission of statements by shareholders prior to the Annual General Meeting

Shareholders duly registered for the Annual General Meeting or their proxies have the right to submit statements on the agenda items in text form by means of electronic communication prior to the Annual General Meeting. The statements should not exceed 10,000 characters (including spaces) and are to be sent exclusively electronically as a file in PDF format by e-mail to the following address:

Hauptversammlung@mtu.de

Any other form of transmission is excluded. Statements may be submitted in English as well as German, but will not be translated. When submitting a statement, please indicate the shareholder number at the same time.

Statement must be made available to the Company no later than five days before the Annual General Meeting, i.e. by Thursday, May 2, 2024 (24:00 hours CEST), by the means described above. Submitted statements that meet the aforementioned requirements and are to be made available in accordance with the statutory provisions will be made available on the InvestorPortal no later than four days prior to the Annual General Meeting, i.e. no later than Friday, May 3, 2024 (24:00 hours CEST), disclosing the name of the shareholder or his proxy.

Statements that are submitted too late or otherwise than via the aforementioned e-mail address, whose content is offensive or otherwise criminally relevant, or which do not relate to the Annual General Meeting, or which do not comply with the technical requirements, will not be made accessible. Further information will be made available on the Company's website at www.mtu.de/hv.



Any motions, election proposals, questions or objections against resolutions of the Annual General Meeting in the submitted statements will not be considered. These are to be submitted separately and exclusively by the means and in the form described in this convening notice.

d) Right to speak, right to make motion, right to information via electronic communication

Properly registered shareholders who are attending electronically are entitled to make speeches, submit motions and request information at the Annual General Meeting. The right to speak may only be exercised by means of video communication via the InvestorPortal. The speech may also include motions or election proposals pursuant to Section 118a (1) sentence 2 German Stock Corporation Act (AktG), as well as requests for information specified in Section 131 German Stock Corporation Act (AktG).

Pursuant to Section 131 German Stock Corporation Act (AktG), information may be demanded on the Company's affairs to the extent necessary to enable proper evaluation of the agenda items. The duty to provide information also extends to the Company's legal and business relations with affiliated companies and the business situation of the corporate group and of subsidiaries included in the consolidated financial statements. In the interest of an efficient conduct of the Annual General Meeting, the chairman of the meeting may reasonably limit the time allowed for the shareholders' right to speak and provide information.

Shareholders are to submit demands for information pursuant to Section 118a (1) sentence 2 no. 4 German Stock Corporation Act (AktG) by means of electronic communication during the virtual Annual General Meeting. The right to information, including any clarifying or follow-up questions, may only be exercised via video communication as determined by the chairman of the meeting. Such a restriction to video communication by the chairman of the meeting is provided for in the Annual General Meeting. No other submission of questions by means of electronic or other communication is intended either before or during the virtual Annual General Meeting.

Speeches or requests for information must be registered via a corresponding button in the InvestorPortal, which is activated 30 minutes before the beginning of the Annual General Meeting. Before the shareholder is admitted to the Annual General Meeting, the functionality of the video communication will be tested. For the purposes of video communication, shareholders must have an internet-enabled device with a camera and microphone as well as a stable internet connection. The shareholder will be given access to a virtual waiting room where he can continue to follow the Annual General Meeting until he is connected. The Company assumes no

responsibility for the functioning of the video communication and reserves the right to reject speakers whose video communication does not function without interruption.

Further information on the procedure for requests to speak and on the conditions for the technical framework and the optimal functioning of video communication will be made available on the Company's website at www.mtu.de/hv. The chairman of the meeting will explain the procedure for requesting and speaking in more detail in the Annual General Meeting.

8. Objections to resolutions during the virtual Annual General Meeting

Shareholders or their proxies attending the meeting by electronic means may use electronic communication to raise objections to resolutions at the Annual General Meeting.

Objection may be raised exclusively via the InvestorPortal at www.mtu.de/hv during the period from the opening of the Annual General Meeting up until its closure by the chair of the meeting.

9. Publications available on the Company's website

This invitation to the Annual General Meeting, the documents to be made available pursuant to Section 124a German Stock Corporation Act (AktG), shareholders' motions, detailed explanations of the above-mentioned shareholders' rights, and other information are available on the Company's website at www.mtu.de/hv.

Further information about the virtual Annual General Meeting will also be posted on such website.

To afford shareholders better preparation for the Annual General Meeting, the speeches of the CEO and the Supervisory Board chair will be posted on www.mtu.de/hv ahead of the Annual General Meeting, probably one week in advance, accessible exclusively to shareholders and their proxies. There may be changes to the text of these speeches however as given on the day of the Annual General Meeting.

Voting results will be posted after the Annual General Meeting at www.mtu.de/hv.



10. Further information on voting per Table 3, Implementing Regulation (EU) 2018/1212

No resolution will be passed under agenda item 1; no vote is therefore planned (see explanation there). The resolutions regarding agenda items 2 - 7 and 10 are binding. The resolution regarding agenda item 8 and 9 is recommendatory in nature.

The possible voting options for agenda items 2 - 10 are yes (in favor), no (against) and abstain.

11. Stated times

Except as expressly stated otherwise, all times stated in this invitation to the Annual General Meeting indicate Central European Summer Time (CEST), applicable for Germany. Coordinated Universal Time (UTC) is Central European Summer Time (CEST) minus two hours.

12. Notes regarding data privacy

When you register to attend the Annual General Meeting or issue a power of attorney, we record personal data about yourself and/or your proxy. We need to do this in order to allow you to exercise your rights in connection with the Annual General Meeting. We may also be required to publish your name under certain circumstances, for instance if you request the addition of an item to the agenda or wish to make a counterproposal or submit a nomination.

If you appoint a proxy to exercise your rights at the Annual General Meeting on your behalf, you must inform that person that we will record their personal data. The proxy's personal data will only be recorded insofar as it is needed in the context of voting and/or assigning powers of attorney during the Annual General Meeting, including verifying their authorization to exercise these rights, especially voting rights.

MTU Aero Engines AG bears the responsibility for processing your data in accordance with the terms of the EU General Data Protection Regulation (GDPR) and in compliance with all other statutory requirements. More information about data privacy is provided online at www.mtu.de/hv. We will gladly send you this information as hardcopy on request.

Munich, March 2024

MTU Aero Engines AG

The Executive Board