

Virtual Annual General Meeting of Schaeffler AG on April 25, 2024

Report on the occasion of the convocation of the extraordinary general meeting on February 2, 2024 (not updated)

Under agenda item 1 of the extraordinary general meeting on February 2, 2024, the Board of Managing Directors and the Supervisory Board propose to cancel the preferential right to profits of the non-voting common shares and thereby convert the non-voting common shares of Schaeffler AG (the “**Company**”) into common shares with voting rights. Under agenda item 2 of the extraordinary general meeting on February 2, 2024, the Board of Managing Directors and the Supervisory Board also propose that the voting common shareholders approve agenda item 1 by special resolution as a precautionary measure. At the separate meeting of non-voting common shareholders, which will also take place on February 2, 2024, the Board of Managing Directors and the Supervisory Board will also propose that the resolution of the extraordinary general meeting on agenda item 1 also be approved by special resolution.

The Board of Managing Directors substantiates and explains these proposed resolutions in this report, which is also part of the invitations to the extraordinary general meeting and the separate meeting of the non-voting common shareholders on February 2, 2024 and is also available at the meetings and on the Internet at

www.schaeffler.com/agm.

The Chairman of the Board of Managing Directors and the Chairman of the Supervisory Board are also publishing a letter to the Company’s shareholders in connection with the intended measures, which the Board of Managing Directors adopts as its own and which is as part of this report also published in section I below.

I. Letter to the Company’s shareholders

“Stronger Together”

Herzogenaurach, December 20, 2023

Dear Shareholders,

Schaeffler is taking the next major step in its development: Through the planned merger with Vitesco, we are creating a unique Motion Technology Company with four focused divisions, each with leading market positions in their respective markets. The combined company will have a projected pro-forma annual turnover of around EUR 25 billion, employ more than 120,000

people worldwide and have more than 100 production plants in all major regions of the world.

The merger with Vitesco will further improve our competitiveness considerably. The two companies have a highly complementary technology portfolio, particularly in the field of electrification. As a combined company, we will be able to offer a complete product range in this area and thus better advantage-taking of the accelerated growth potential of electromobility. The transaction also offers considerable synergy potential with an expected EBIT effect of EUR 600 million per year, which should be fully achieved in 2029. This will be offset by one-off integration costs of up to EUR 665 million. The transaction is expected to have a positive impact on earnings per share for the first time in 2026.

To create this leading Motion Technology Company, we announced a three-step overall transaction on October 9, 2023 and concluded an agreement on the business combination (so-called business combination agreement) with Vitesco on November 27, 2023. The first step of the overall transaction is the public tender offer for all outstanding Vitesco shares, which we expect to successfully complete shortly.

The second step is now pending: the planned simplification of Schaeffler's shareholder structure. In this regard, we are offering you, dear shareholders, to vote on the conversion of your non-voting common shares into voting common shares. For this purpose, we invite you to the extraordinary general meeting of Schaeffler AG and to the separate meeting of the non-voting common shareholders on February 2, 2024 in Herzogenaurach.

The acquisition offer and the simplification of the shareholder structure follows the third step of the overall transaction in the course of 2024: the merger of Vitesco into Schaeffler. This step will then require the approval of the respective general meetings of both companies, which are expected to take place on April 24, 2024 (Vitesco) and April 25, 2024 (Schaeffler).

First, however, the vote on the conversion of the non-voting common shares into voting common shares with full voting rights at a ratio of 1:1 is pending. In our view, the proposed standardization of the classes of shares offers you, dear non-voting common shareholders, two significant advantages:

Firstly, you will benefit from significantly improved co-determination rights in our Company. With the conversion of the non-voting common shares into voting common shares, Schaeffler will apply with the principle of "one share, one vote" in the future, i.e. each share is associated with a voting right at the general meeting. We are thus responding to a request often expressed by capital market participants for greater participation in our

Company. This will further increase Schaeffler's attractiveness as an investment for many institutional investors.

Secondly: In addition to a simplified shareholder structure with only one class of shares, the conversion into voting common shares, together with the intended merger, will lead to improved liquidity in the share and an increased free float. On this basis, the Schaeffler shares are expected to be included in the MDAX and the MSCI Europe indices after completion of the transaction.

In addition, we continue to view Schaeffler shares as a dividend-paying security that provides you with reliable recurring income and intend to maintain the current payout ratio wherever possible.

By granting voting rights, the family shareholders are therefore not only supporting the overall transaction. They are also making you an offer, which is in line with a long-standing request of the non-voting common shareholders. Due to this exclusively advantageous structure, we are confident that this offer is entirely in your interest and that you will accordingly vote in favor of converting your non-voting common shares into voting common shares.

We look forward to welcoming you in person at the extraordinary general meeting and the separate meeting of the non-voting common shareholders on February 2, 2024 in Herzogenaurach. Of course, registered shareholders also have the opportunity, in accordance with their respective participation and voting rights, to follow the extraordinary general meeting and the separate meeting of the non-voting common shareholders via the Internet and to cast their votes or to authorize a proxy designated by the Company to exercise their voting rights in accordance with their instructions. We ask you to make use of these opportunities if you are unable to attend the meetings in person. Please note that you must register in good time as described in the invitations to the meetings.

Thank you very much for your support.

Yours sincerely

Georg F.W. Schaeffler

Family Shareholder and
Chairman of the Supervisory Board

Klaus Rosenfeld

Chairman of the
Board of Managing
Directors

II. Further Report of the Board of Managing Directors

1. Reason for and subject of the proposed resolutions

The Company's share capital is currently divided into 500,000,000 common bearer shares with voting rights and 166,000,000 non-voting common bearer shares. The non-voting common shares carry a preferential dividend of EUR 0.01 per share and are admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

The Company is seeking to merge Vitesco Technologies Group Aktiengesellschaft („**Vitesco**“) into the Company as the acquiring legal entity (the “**Merger**“). With the Merger, the Company is pursuing the goal of combining the strengths of the Company and Vitesco in the area of mobility and thus being able to meet the challenges in this area (in particular e-mobility) even better and more efficiently. The Merger is also intended to create the basis for joint sustainable investments in research and development as well as the expansion of the existing cooperation with Vitesco to leverage further significant synergies. As a result of the Merger, Vitesco would cease to exist and Vitesco shareholders would become shareholders of the Company in accordance with the merger ratio to be examined by an independent expert auditor in accordance with the law.

In preparation for and in connection with the Merger, the Board of Managing Directors and the Supervisory Board of the Company propose to convert the existing non-voting common shares into voting common shares at a ratio of 1:1 (the “**Change of Class of Shares**“).

The Change of Class of Shares shall be effected by cancellation of the existing preferential right to profits of the Company's non-voting common shares and is to be registered in the Company's commercial register (*Handelsregister*) as close in time as possible to the Merger, without, however, delaying the fastest possible entry of the Merger. It is intended that at the time the Merger becomes effective, the Company's share capital will consist solely of voting common shares, which will be immediately admitted to trading on the Frankfurt Stock Exchange. In the interests of the non-voting common shareholders in particular, this is intended to result in an increased liquidity of the voting common shares of the Company, which will then be listed on the stock exchange and

provide an opportunity for a possible increase in the value of their shares.

Accordingly, the proposed resolution contains an instruction to the Company's Board of Managing Directors not to submit the amendments to the Articles of Association to be resolved under agenda item 1 for registration in the commercial register until a separate general meeting of the Company has approved a merger agreement to be concluded between the Company and Vitesco. Furthermore, the registration of the amendments to the Articles of Association to be resolved under agenda item 1 shall be subject to the prior or simultaneous registration of the Merger of Vitesco into the Company in the Company's commercial register.

In order to ensure the appropriate preparation of the Merger and to ensure the prompt submission of the merger agreement to the general meeting, an instruction on the further preparation of the Merger with Vitesco will be submitted to the general meeting for resolution in this context.

The conversion of the non-voting common shares into voting common shares and the subsequent admission of the voting common shares to trading on the Frankfurt Stock Exchange will provide the Company's non-voting common shareholders with the opportunity to exercise their voting rights on the resolutions of the general meeting and simplify the Company's governance. The conversion of the non-voting common shares to voting common shares is therefore accompanied by a number of advantages for the Company and its shareholders, which are not offset by any significant disadvantages (see no. 6 for more details).

2. Current share and capital structure

Currently, the share capital amounts to EUR 666,000,000.00. It is divided in 500,000,000 common shares with voting rights and 166,000,000 non-voting common shares. Each of the voting common shares and the non-voting common shares has a notional value in the share capital of EUR 1.00.

The non-voting common shares have a preferential right to profits in accordance with section 22.2 of the Articles of Association. Accordingly, unless the general meeting resolves otherwise, the Company's retained earnings are used in the following order: (1) to pay any arrears of preference dividends on the non-voting common shares from previous years, whereby no interest is payable and the older arrears are to be repaid before the more recent ones; (2) to pay a preference dividend amounting to EUR 0.01 per non-voting common share; (3) to distribute any

further profit shares to the voting and non-voting common shares in proportion to their shares in the Company's share capital.

The non-voting common shares do not confer any voting rights at the Company's general meetings, subject to mandatory legal requirements.

3. Future share and capital structure

The conversion of the non-voting common shares to voting common shares will not change the amount of the Company's share capital. It will continue to amount to EUR 666,000,000.00. However, the share capital in future will be divided into 666,000,000 no-par value common bearer shares with voting rights.

In future, i.e. after the registration of the amendments to the Articles of Association to be resolved under agenda item 1 in the Company's commercial register, the preference dividend attributable to the current non-voting common shares will no longer apply, so that each share will have the same dividend entitlement.

Assuming that the conversion of the non-voting common shares into voting common shares will become effective in accordance with the registration instruction after the next general meeting of the Company, which is expected to resolve on the Merger, and before the end of the financial year 2024, in accordance with section 22.2 of the Articles of Association, the preference dividend is to be taken into account for the last time when distributing the net profit for the financial year 2023.

As a result of the elimination of the preferential right to profits, the former non-voting common shareholders will receive voting rights at the general meeting following the conversion of their shares into voting common shares in accordance with statutory provisions (section 141 para. 4 of the German Stock Corporation Act (*Aktiengesetz*) ("**AktG**")). Each share in the Company then has the same voting rights of one vote per share.

4. Course of the conversion

The conversion of the non-voting common shares into voting common shares is carried out by canceling the preferential right to profits associated with the non-voting common shares by way of an amendment to the Articles of Association. As a result, the

features of the non-voting common shares are adjusted to those of the voting common shares and the class of non-voting common shares is completely canceled. A share swap will therefore not take place. Instead, the rights associated with the non-voting common shares will be adjusted to the effect that the preferential right to profits will be canceled and the shares will have voting rights. The respective proportional participation of each shareholder in the share capital remains unchanged. No additional payment will be made by the non-voting common shareholders.

The conversion of the non-voting common shares into common shares with voting rights requires a resolution by the general meeting to amend the Articles of Association, which must be passed with a simple majority of the votes cast and the share capital represented in accordance with section 179 para. 2 AktG in conjunction with section 19.4 of the Company's Articles of Association. This resolution shall be adopted by the extraordinary general meeting on February 2, 2024 under agenda item 1.

Furthermore, it is proposed to the voting common shareholders to approve the resolution of the general meeting by way of a special resolution in accordance with section 179 para. 3 AktG as a precautionary measure. This special resolution also requires a simple majority of the votes cast and the share capital represented in accordance with section 179 para. 3 AktG in conjunction with section 179 para. 2 sentence 2 AktG in conjunction with section 19.4 of the Company's Articles of Association and shall also be adopted on February 2, 2024 under agenda item 2.

The resolution on the conversion of the non-voting common shares into voting common shares also requires the approval of the non-voting common shareholders, who shall decide on this by special resolution at a separate meeting of the non-voting common shareholders, also to be held on February 2, 2024 following the extraordinary general meeting. In accordance with section 141 para. 3 sentence 2 AktG, this special resolution of the non-voting common shareholders requires a majority of at least three quarters of the votes cast.

In order to ensure the appropriate preparation of the Merger and to ensure the prompt submission of the merger agreement to the general meeting, an instruction for the further preparation of the Merger with Vitesco pursuant to section 119 para. 2 AktG in conjunction with section 83 AktG will also be submitted to the extraordinary general meeting for resolution in this context. The Board of Managing Directors shall be instructed to prepare the conclusion of a merger agreement with Vitesco and to negotiate and conclude a merger agreement with Vitesco for this purpose and to submit it to the Company's general meeting for approval. Once the proposed instruction has been issued by the general

meeting, the Board of Managing Directors is obliged to implement the instructed measures (section 83 para. 2 AktG).

If the necessary resolutions are passed, the amendments to the Articles of Association will only be submitted for registration in the commercial register once a separate general meeting of the Company has approved a merger agreement concluded in accordance with the instruction of the extraordinary general meeting between the Company and Vitesco as the transferring legal entity in accordance with the registration instruction to the Board of Managing Directors included in the resolutions. It is intended that the general meeting of the Company will decide on the approval of the merger agreement probably at the end of April, shortly after the shareholders of Vitesco have already given their approval to the merger agreement. The Merger does not require a separate resolution by the non-voting common shareholders, as they are not entitled to vote in this regard (section 65 para. 2 UmwG).

The submission of the amendments to the Articles of Association must also be subject to the prior or simultaneous entry of the Merger of Vitesco into the Company in the Company's commercial register. This ensures that the Change of Class of Shares does not become effective without the Merger and that it becomes effective as simultaneously as possible with the capital increase of the Company taking place in this context – provided that the Change of Class of Shares is then already registrable.

The submission will therefore not take place before or without an approving resolution of the general meeting on the Merger.

Once the amendments to the Articles of Association have been registered with the commercial register, they will take effect, the structure of the shares held by the existing non-voting common shareholders will be adjusted to that of the voting common shares and the special class of the existing non-voting common shares will be canceled.

5. Effect on the stock exchange listing

As a result of the Change of Class of Shares, the previous stock exchange listing of the non-voting common shares will expire, meaning that they can no longer be traded on the stock exchange in future. However, it is intended to obtain the admission of all voting common shares of the Company – including the “new” voting common shares resulting from the Change of Class of Shares and the additional “new” voting common shares to be issued as part of the Merger – to trading on the Frankfurt Stock Exchange

with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

The custodian banks will convert their customers' holdings of non-voting common shares into voting common shares immediately after the conversion of the non-voting common shares to voting common shares becomes effective and the global certificates securitizing the shares are exchanged for voting common shares at Clearstream Banking AG immediately thereafter. The shareholders themselves have nothing to do in this regard. There are no separate costs for the shareholders associated with the conversion of the non-voting common shares to voting common shares. The Company has no influence on the exact timing of the registration in the commercial register that changes the law. However, it is intended to facilitate the smoothest possible conversion process in close coordination with the Frankfurt Stock Exchange on the one hand and the relevant commercial register on the other. A temporary suspension of stock exchange trading in the Company's shares should be avoided wherever possible. The Company will provide information on the planned exact date of registration of the Change of Class of Shares in company reports and by public announcement.

6. Advantages for the Company and the shareholders associated with the Change of Class of Shares

The conversion of the non-voting common shares to voting common shares is in the interests of the Company and the shareholders. It will lead to a standardization of the structure of the Company's shares and thus to a simplification and greater transparency of the capital structure. As a result of the Change of Class of Shares, all shares in the Company will in future have the same rights, in particular voting rights, and will participate in the Company's net profit to the same extent.

In particular from the perspective of international investors, the intended standardization and simplification will create an increased level of transparency, which can further increase the attractiveness of an investment in the Company. This increase in attractiveness is further enhanced by the fact that the creation of a single class of shares with prior or simultaneous implementation of the Merger will increase the number of shares in free float and thus tendentially also the liquidity of the Company's shares on the capital market and thus also the possibility of inclusion in prominent share indices in the future. In particular, this is also in

the interests of non-voting common shareholders, who will consequently be provided with a better liquidity of their shares.

At the same time, the future concentration on one class of shares is in line with internationally recognized and widespread corporate governance, according to which each share also entitles the holder to exercise one vote (*“one share – one vote”*).

The consolidation of the share classes will also reduce the Company’s administrative expenses and simplify reporting. Separate reporting of earnings per share figures for voting and non-voting common shares is no longer necessary. In addition, there is no need for a separate meeting of the non-voting common shareholders, which is currently still required for certain resolutions by the general meeting.

The advantages for the Company described above are not offset by any significant disadvantages. The conversion of the non-voting common shares to voting common shares is initially associated with one-off costs for the Company. However, the Company assumes that the Change of Class of Shares will reduce costs overall in the future.

The non-voting common shareholders will also be provided with the opportunity of a significant increase of the value of their shares, as voting common shares are often traded at a higher stock market price than non-voting common shares, with the difference between the stock market price of a non-voting common share and a voting common share regularly exceeding the amount of the non-voting common share’s preferential right to profits. The sole voting common shareholder of the Company has indicated that, in view of the advantages for the Company associated with the Change of Class of Shares in connection with the Merger, it supports the Change of Class of Shares in accordance with the proposed procedure despite the potential dilution of its voting rights associated. In comparable cases of other companies, however, non-voting common shareholders have often only been provided with the opportunity to change the class of their non-voting common shares to voting common shares either in return for a substantial additional payment or at a less favorable exchange ratio for the non-voting common shareholders, so that the proposed procedure is particularly advantageous for the non-voting common shareholders.

The conversion of the non-voting common shares to voting common shares also facilitates the implementation of the Merger of Vitesco into the Company, which is in the economic interest of the Company, as the existing shareholders of Vitesco, who have previously held only voting common shares in Vitesco, will remain invested in a comparable manner in a voting and liquid share

without the Company having to admit two separate and correspondingly less liquid classes of shares for trading on the regulated market in the future.

The shareholders will benefit from the advantages described above; the Change of Class of Shares will not result in any significant disadvantages for them. As a result, the conversion of the non-voting common shares to voting common shares is clearly in the interests of the Company and its shareholders. The advantages associated with the standardization of the Company's capital structure cannot be realized in a comparable manner in any other way. As there are no significant disadvantages associated with the Change of Class of Shares, according to the persuasion of the Board of Managing Directors, which is shared by the Supervisory Board, the proposed measures are objectively justified.

In agreement with the Supervisory Board, the Board of Managing Directors therefore recommends that the voting common shareholders and the non-voting common shareholders grant the necessary approvals for the proposed unification of the share classes.