

We pioneer motion

Interim Financial Report H1 2023

Key figures

Key figures

	1 st six months			
Income statement (in € millions)	2023	2022		Change
Revenue	8,208	7,548	8.7	%
• at constant currency			10.1	%
EBIT	527	434	21.6	%
• in % of revenue	6.4	5.7	0.7	%-pts.
EBIT before special items ¹⁾	625	458	36.4	%
• in % of revenue	7.6	6.1	1.5	%-pts.
Net income ²⁾	267	249	7.2	%
Earnings per common non-voting share (basic/diluted, in €)	0.41	0.38	7.9	%
Statement of financial position (in € millions)	06/30/2023	12/31/2022		Change
Total assets	14,799	14,284	3.6	%
Additions to intangible assets and property, plant and equipment ³⁾	405	303	33.5	%
Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill ³⁾	461	457	0.7	%
Reinvestment rate	0.88	0.66		
Shareholders' equity ⁴⁾	3,982	4,141	-159	€ millions
• in % of total assets	26.9	29.0	-2.1	%-pts.
Net financial debt	3,231	2,235	44.5	%
• Net financial debt to EBITDA LTM ratio before special items ¹⁾	1.5	1.1		
• Gearing ratio (Net financial debt to shareholders' equity ⁴⁾ , in %)	81.1	54.0	27.2	%-pts.
	1 st six months			
Statement of cash flows (in € millions)	2023	2022		Change
EBITDA	1,024	921	11.2	%
Cash flows from operating activities	463	170	294	€ millions
Capital expenditures (capex) ⁵⁾	419	331	87	€ millions
• in % of revenue (capex ratio)	5.1	4.4	0.7	%-pts.
Free cash flow (FCF) before cash in- and outflows for M&A activities	29	-204	234	€ millions
• FCF-conversion (ratio of FCF before cash in- and outflows for M&A activities to EBIT) ⁶⁾	0.1	-		
Value-based management (LTM)				Change
ROCE (in %)	11.6	11.1	0.6	%-pts.
ROCE before special items (in %) ¹⁾	13.2	11.6	1.6	%-pts.
Schaeffler Value Added (in € millions)	148	89	66.4	%
Schaeffler Value Added before special items (in € millions) ¹⁾	293	136	> 100	%
Employees	06/30/2023	12/31/2022		Change
Headcount	83,705	82,773	1.1	%

	1 st six months			
Automotive Technologies division ⁷⁾ (in € millions)	2023	2022		Change
Revenue	4,840	4,514	7.2	%
• at constant currency			8.3	%
EBIT	151	79	90.6	%
• in % of revenue	3.1	1.8	1.4	%-pts.
EBIT before special items ¹⁾	207	92	> 100	%
• in % of revenue	4.3	2.0	2.2	%-pts.
Automotive Aftermarket division ⁷⁾ (in € millions)				Change
Revenue	1,131	970	16.6	%
• at constant currency			17.6	%
EBIT	189	127	48.3	%
• in % of revenue	16.7	13.1	3.6	%-pts.
EBIT before special items ¹⁾	192	128	50.1	%
• in % of revenue	17.0	13.2	3.8	%-pts.
Industrial division ⁷⁾ (in € millions)				Change
Revenue	2,237	2,065	8.3	%
• at constant currency			10.6	%
EBIT	188	227	-17.4	%
• in % of revenue	8.4	11.0	-2.6	%-pts.
EBIT before special items ¹⁾	225	238	-5.2	%
• in % of revenue	10.1	11.5	-1.4	%-pts.

¹⁾ Please refer to p. 14 for the definition of special items.

²⁾ Attributable to shareholders of the parent company.

³⁾ Amounts for the first six months.

⁴⁾ Including non-controlling interests.

⁵⁾ Capital expenditures on intangible assets and property, plant and equipment.

⁶⁾ Only reported if free cash flow before cash in- and outflows for M&A activities and EBIT positive.

⁷⁾ Prior year information presented based on 2023 segment structure.

LTM = Financial indicator based on the last four quarters.

Highlights H1 2023

Year-on-year revenue increase at all divisions and regions

Revenue at **EUR 8.2 bn**
(up 10.1% at constant currency)

(prior year: EUR 7.5 bn)

Robust margin despite challenging market environment

EBIT margin before special items **7.6%**

(prior year: 6.1%)

Free cash flow improved considerably from H1 2022

Free cash flow before cash in- and outflows
for M&A activities at **EUR 29 m**

(prior year: EUR -204 m)

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Schaeffler Group

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* Part of the group interim management report.

Navigation aid

 Further details

Significant events – first half 2023

Acquisition of the Ewellix Group and ECO-Adapt SAS completed

The Schaeffler Group completed the acquisition of the **Ewellix Group**, closing the transaction on January 3, 2023. The acquisition of this manufacturer and supplier of drive and linear motion solutions expands the Schaeffler Group's linear technology portfolio in the Industrial division.

The acquisition of **ECO-Adapt SAS** was completed when the Schaeffler Group closed this transaction on April 28, 2023. ECO-Adapt SAS offers innovative solutions for condition monitoring based on electrical signal analysis and systems for optimizing energy consumption. The acquisition further expands the Industrial division's portfolio of lifetime solutions.

Changes to Executive Board

On March 3, 2023, the Schaeffler Group announced that Corinna Schittenhelm, who has been the **Chief Human Resources Officer** of Schaeffler AG since January 2016, will not extend her contract. Corinna Schittenhelm's current contract runs until the end of 2023.

At its meeting on May 26, 2023, the Supervisory Board of Schaeffler AG appointed Sascha Zaps to the Board of Managing Directors of Schaeffler AG as **CEO of the Industrial division** for a three-year term of office effective May 1, 2024. Sascha Zaps succeeds Dr. Stefan Spindler, who will not extend his contract beyond April 30, 2024, for reasons of age.

Schaeffler AG holds virtual annual general meeting

On April 20, 2023, Schaeffler AG's **annual general meeting** passed a resolution to pay a dividend of EUR 0.44 (prior year: EUR 0.49) per common share and EUR 0.45 (prior year: EUR 0.50) per common non-voting share to Schaeffler AG's shareholders for 2022. This represents a dividend payout ratio of 48.3% (prior year: 43.9%) of net income attributable to shareholders before special items. The dividend was paid by April 25, 2023. Maria-Elisabeth Schaeffler-Thumann stepped down from her position on the Supervisory Board of Schaeffler AG effective at the end of the annual general meeting.

Schaeffler on the capital markets

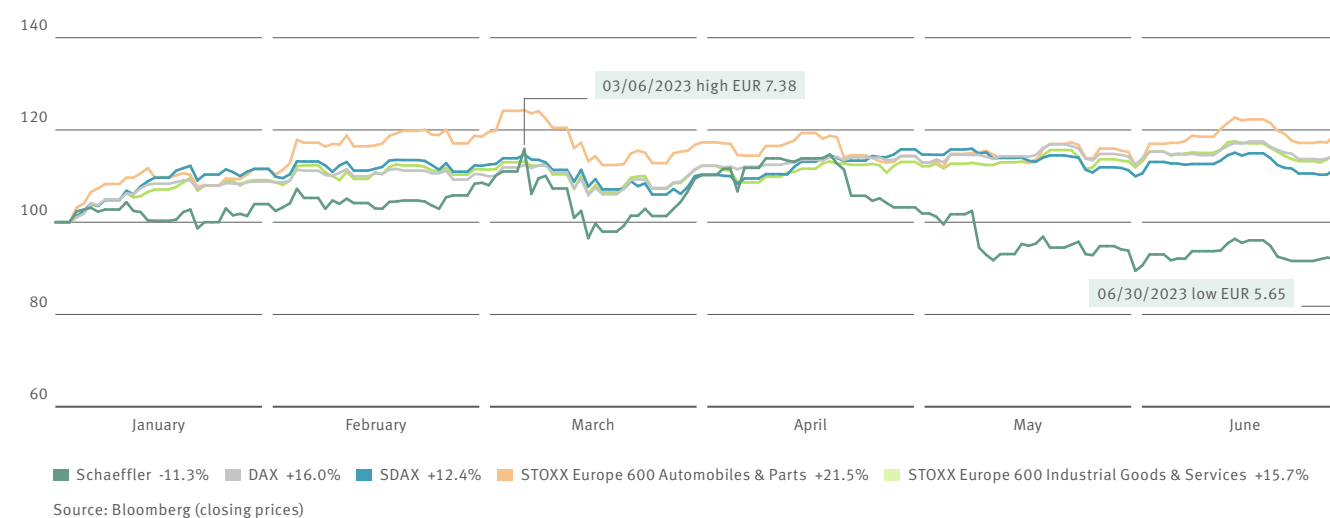
Capital market trends

In the first half of 2023, the equity markets mostly trended upward despite concerns regarding a potential recession and tight monetary policy in both the U.S. and the euro region. In Germany, the DAX rose by approximately 16% during the first six months of 2023, reaching a new all-time high of 16,427 points in mid-June. During the first half of 2023, Schaeffler AG's common non-voting shares underperformed its benchmark indexes SDAX (+12.4% compared to December 31, 2022), STOXX Europe 600 Automobiles & Parts (+21.5%), and STOXX Europe 600 Industrial Goods & Services (+15.7%). As at June 30, 2023, Schaeffler AG's common non-voting shares were quoted at EUR 5.65, down 11.3% from December 31, 2022. Despite encouraging quarterly results, the share price dropped considerably following their publication on May 9, 2023; among other things, many capital market participants had expected the full-year forecast to be raised.

The company was covered by analysts representing a total of 16 banks as at July 19, 2023, with eight of them issuing recommendations of either "buy" or "overweight" on Schaeffler AG's common non-voting shares. Their average upside target was EUR 7.14.

Schaeffler share price trend 2023

in percent (12/31/2022 = 100)



Schaeffler share performance

	1 st six months	
	2023	2022
Schaeffler share closing price 06/30 (in €) ¹⁾	5.65	5.40
Average trading volume (number of shares) ¹⁾	503,653	916,995
Market capitalization 06/30 (in € millions) ¹⁾	938	896
Earnings per share (in €)		
• Common shares	0.40	0.37
• Common non-voting shares	0.41	0.38

¹⁾ Source: Bloomberg

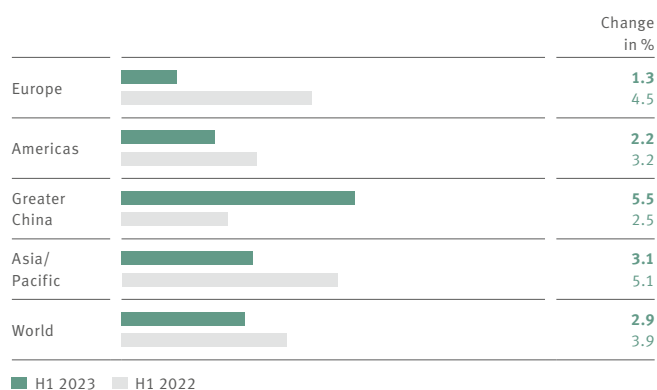
Information on the Schaeffler Group's bonds and ratings on pp. 17 et seq.

See page 43 for financial calendar.

1. Report on the economic position

1.1 Economic environment

Gross domestic product



■ H1 2023 ■ H1 2022

Source: Oxford Economics (July 2023).

Regions reflect the regional structure of the Schaeffler Group.

Macroeconomic environment

Global economic growth was affected by the persistently challenging environment during the reporting period. Along with geopolitical tensions, especially worth mentioning here are more restrictive financing conditions resulting from considerably

tighter monetary policy and partly also from uncertainty in the financial markets emanating from the banking sector. Persistently high levels of inflation hampered global economic activity as well. Despite declining during the reporting period due to prices for energy and food increasing more slowly, inflation continued to exceed the rate targeted by central banks in many key economies. Increased inflation combined with tight labor markets has led to considerably higher labor costs worldwide.

Nevertheless, based on preliminary estimates, global gross domestic product grew at a higher rate during the reporting period than originally forecasted. This is primarily attributable to China's economic output for the first quarter of 2023 exceeding expectations, the country having previously ended its strict zero covid policy. The U.S. economy proved more robust than anticipated as well.

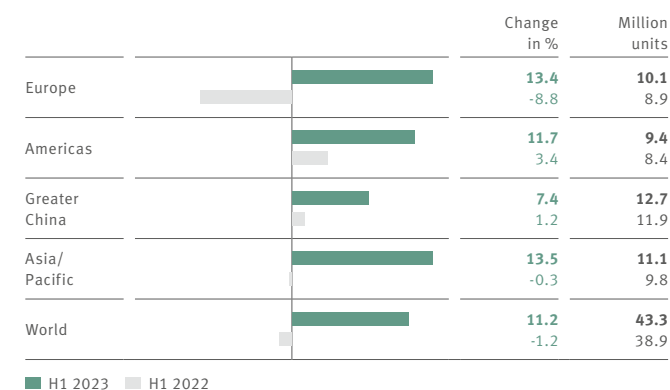
Short-term indicators suggest that economic growth in key economies including China became less dynamic toward the end of the reporting period.

In the **currency markets**, the euro rose against the Chinese renminbi but fell against the U.S. dollar. On average, the euro was valued at USD 1.08 and CNY 7.49, respectively, during the reporting period (prior year: USD 1.09 and CNY 7.08, respectively; European Central Bank).

Further information on foreign currency translation on page 31.

Sector-specific environment

Automobile production



■ H1 2023 ■ H1 2022

Source: S&P Global Mobility (July 2023).

Regions reflect the regional structure of the Schaeffler Group.

Report on the economic position

Economic environment

The strong growth in global **automobile production**¹ during the reporting period is attributable to both the significantly improved supply situation and the low prior-year basis for comparison. In the first half of 2022, disruptions related to the war in Ukraine, strict lockdown measures in China, and persistent supply shortages of semiconductors had led to a decrease in global production.

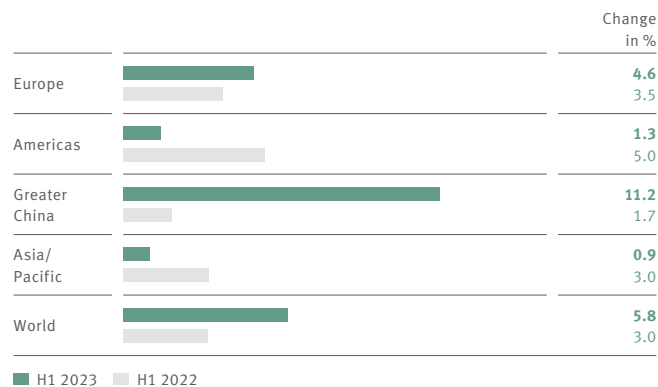
According to preliminary estimates, all regions except Greater China experienced double-digit growth rates in both quarters of the reporting period. In Greater China, however, the 20.6% jump during the second quarter of 2023 contrasted with a 4.4% decline in the first quarter of 2023 that was the result of production downtimes due to a Covid outbreak and the Chinese New Year celebrations. Against this background, the global rate of growth in automobile production of 15.5% for the second quarter of 2023 was more than twice that for the first quarter of 2023 (7.1%).

Within the Europe region, automobile production in the euro region jumped by 20.4%. In the Americas region, both the U.S. (10.5%) and Mexico (14.0%) experienced double-digit growth rates. Growth in automobile production in Brazil was not as strong at 6.7%. In the Asia/Pacific region, the growth rates reported by Japan (18.9%) and South Korea (20.3%) were clearly the highest among the major production countries. In contrast, India's 6.4% growth rate was considerably lower.

In line with macroeconomic trends, growth in global **industrial production** for the first half of 2023 exceeded expectations. Given the considerable recovery in China in the first quarter and falling energy prices in Europe, preliminary estimates indicated a slight increase of 1.3% worldwide (Oxford Economics, June 2023), whereas earlier forecasts had anticipated stagnation. A similar trend emerged in the sectors particularly relevant to Schaeffler, mechanical engineering, transport equipment, and electrical equipment, with preliminary estimates of global growth considerably exceeding forecasts made as recently as this spring.

However, short-term indicators suggest that business conditions in the manufacturing industry have deteriorated continuously over the course of the reporting period, especially toward the end of the second quarter of 2023. While economic activity had previously been influenced by disruptions on the supply side, growth for the reporting period was hampered by increasingly weaker demand.

Industrial production in the mechanical engineering, transport equipment, and electrical equipment sectors



Source: Oxford Economics (June 2023).

Regions reflect the regional structure of the Schaeffler Group.

Within the Europe region, the relevant industrial production in the euro region increased by 5.8% according to preliminary estimates. While the mechanical engineering sector grew by less, the transport equipment and especially the electrical equipment sectors generated above-average growth. In the Americas region, the relevant industrial production in the U.S. grew by 1.4%. This expansion was driven by growth in the aerospace industry; mechanical engineering was approximately flat with prior year, while production in the electric equipment sector declined slightly. The Greater China region experienced double-digit growth rates in both quarters. The growth rate

reported for the second quarter was largely due to the weak prior-year basis related to strict containment measures taken against the coronavirus pandemic. In the Asia/Pacific region, Japan reported a 1.6% decrease for the reporting period largely due to a continuous decline in mechanical engineering, especially in the first quarter of 2023. South Korea, on the other hand, saw its relevant industrial production increase by a considerable 9.6% in the first half of 2023. While all relevant sectors reported growth, the largest contribution to this expansion was the jump in production of transport equipment. The relevant industrial production in India was approximately flat with prior year, as growth in the mechanical engineering sector was offset by declines in the remaining sectors.

Procurement markets

In the **procurement markets**, average prices for all commodities and input materials significant to the Schaeffler Group (including energy) were lower than in the prior year period (International Monetary Fund; S&P Global Commodity Insights). Procurement market price trends affect the Schaeffler Group's cost to varying degrees and partly with some delay, depending on the terms of the relevant supplier contracts.

¹ Measured as the number of vehicles up to six tons in weight produced (S&P Global Mobility [July 2023]). Includes content supplied by S&P Global © [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. All rights reserved.

Report on the economic position

Earnings

1.2 Earnings

Schaeffler Group earnings

The increase in **revenue**, excluding the impact of currency translation, in the first half of 2023 was primarily attributable to higher volumes at all divisions. A favorable impact of sales prices in the three divisions further bolstered the revenue trend, especially since considerable rises in factor input costs were largely passed on to the market.

Revenue growth in the **Automotive Technologies division**, excluding the impact of currency translation, resulted from higher volumes in all business divisions. The additional revenue at the **Automotive Aftermarket division**, excluding the impact of currency translation, was primarily driven by significant volume growth at the Independent Aftermarket business in the Europe region. The increase in **Industrial division** revenue, excluding the impact of currency translation, was predominantly due to the contribution made by the Ewellix Group which was acquired at the beginning of the year.

The increase in **EBIT margin before special items** in the first half of 2023 was mainly attributable to the favorable impact of volumes and sales prices.

in € millions	1 st six months			2 nd quarter		
	2023	2022	Change in %	2023	2022	Change in %
Revenue	8,208	7,548	8.7	4,056	3,790	7.0
• at constant currency			10.1			9.8
Revenue by division						
Automotive Technologies	4,840	4,514	7.2	2,400	2,221	8.0
• at constant currency			8.3			10.7
Automotive Aftermarket	1,131	970	16.6	549	506	8.5
• at constant currency			17.6			10.2
Industrial	2,237	2,065	8.3	1,107	1,062	4.2
• at constant currency			10.6			7.9
Revenue by region ¹⁾						
Europe	3,639	3,203	13.6	1,790	1,620	10.5
• at constant currency			14.0			10.8
Americas	1,832	1,702	7.6	911	868	5.0
• at constant currency			5.6			5.9
Greater China	1,642	1,620	1.3	813	778	4.4
• at constant currency			6.6			12.8
Asia/Pacific	1,096	1,023	7.1	542	524	3.4
• at constant currency			10.9			8.9
Cost of sales	-6,338	-5,845	8.4	-3,170	-2,958	7.2
Gross profit	1,870	1,703	9.8	886	832	6.4
• in % of revenue	22.8	22.6	-	21.8	22.0	-
Research and development expenses	-397	-390	1.8	-192	-188	2.1
Selling and administrative expenses	-901	-836	7.8	-441	-434	1.7
Other income and expense	-44	-22	> 100	30	-14	-
Income (loss) from equity-accounted investees	0	-22	-	0	-11	-
Earnings before financial result and income taxes (EBIT)	527	434	21.6	283	186	51.7
• in % of revenue	6.4	5.7	-	7.0	4.9	-
Special items ²⁾	98	24	> 100	6	14	-56.7
EBIT before special items	625	458	36.4	289	200	44.3
• in % of revenue	7.6	6.1	-	7.1	5.3	-
Financial result	-91	-66	37.9	-45	-37	20.4
Income taxes	-156	-105	48.3	-93	-30	> 100
Net income ³⁾	267	249	7.2	138	113	22.5
Earnings per common non-voting share (basic/diluted, in €)	0.41	0.38	7.9	0.22	0.17	29.4

¹⁾ Based on market (customer location).

²⁾ Please refer to p. 14 for the definition of special items.

³⁾ Attributable to shareholders of the parent company.

The **financial result** changed by EUR -25 m compared to the prior year period.

Schaeffler Group financial result

in € millions	1 st six months	
	2023	2022
Interest expense on financial debt ¹⁾	-64	-49
Gains and losses on derivatives and foreign exchange	7	-16
Interest income and expense on pensions and partial retirement obligations	-29	-15
Other	-5	14
Total	-91	-66

¹⁾ Incl. amortization of transaction costs.

The increase in interest expense on financial debt in the first half of 2023 is largely due to a EUR 500 m term loan drawn down during the first quarter of 2023 and higher variable interest rates.

 Further information on financial debt on pp. 17 et seq.

Derivatives and foreign currency translation gave rise to a gain of EUR 7 m (prior year: loss of EUR 16 m), primarily since the euro rose against the U.S. dollar.

Interest on pensions and partial retirement obligations resulted in EUR 29 m (prior year: EUR 15 m) in expenses due to the rise in interest rates during the reporting period.

Income tax expense for the reporting period amounted to EUR 156 m (prior year: EUR 105 m), representing an effective tax rate of 35.7% (prior year: 28.6%). The change in the effective tax rate compared to the prior year was primarily the result of higher non-creditable withholding taxes and non-recognition of deferred taxes on loss and interest carry-forwards. Deferred taxes were not recognized to the full extent on certain loss and interest carry-forwards of a few group companies as it is currently not considered probable that the loss and interest carry-forwards will be fully utilized. A change in the mix of taxable income with respect to higher- and lower-tax countries had an offsetting impact.

Net income attributable to shareholders of the parent company increased to EUR 267 m (prior year: EUR 249 m) in the first six months of 2023. **Net income before special items** amounted to EUR 338 m (prior year: EUR 265 m).

Basic and diluted earnings per common share rose to EUR 0.40 during the reporting period (prior year: EUR 0.37). Basic and diluted **earnings per common non-voting share** amounted to EUR 0.41 (prior year: EUR 0.38). The number of shares used to calculate earnings per common share and earnings per common non-voting share was 500 million (prior year: 500 million) and 166 million (prior year: 166 million), respectively.

ROCE before special items for the reporting period was 13.2% (prior year: 11.6%), **Schaeffler Value Added before special items (SVA)** EUR 293 m (prior year: EUR 136 m). The increase was primarily due to considerably higher EBIT before special items compared to the prior year period.

Report on the economic position

Earnings

Automotive Technologies division earnings

Revenue growth, excluding the impact of currency translation, for the first half of 2023 mainly resulted from a market-driven increase in volumes contributed to by all business divisions. Sales prices had an additional favorable impact on revenue, especially since considerable rises in factor input costs were largely passed on to customers by adjusting sales prices.

Revenue growth, excluding the impact of currency translation, was less than the trend in global automobile production overall.

Outperformance H1 2023

	Europe	Americas	Greater China	Asia/Pacific	Total
Revenue growth (in %) ¹⁾	14.8	1.2	2.6	12.8	8.3
LVP growth (in %) ²⁾	13.4	11.7	7.4	13.5	11.2
Outperformance (in percentage points)	1.4	-10.5	-4.8	-0.7	-2.9

Revenue growth in the **E-Mobility BD** was primarily due to considerable additional volumes in the Europe region. Growth in **Engine & Transmission Systems BD** revenue was mainly driven by volume increases in the Europe and Asia/Pacific regions. **Bearings BD** growth resulted mainly from higher volumes in the Europe region. Additional volumes in the Europe region were pivotal to the favorable trend at the **Chassis Systems BD**.

The **EBIT margin before special items** rose primarily as a result of the favorable impact of sales prices and volumes.

in € millions	1 st six months			2 nd quarter		
	2023	2022	Change in %	2023	2022	Change in %
Revenue	4,840	4,514	7.2	2,400	2,221	8.0
• at constant currency			8.3			10.7
Revenue by business division						
E-Mobility BD	632	600	5.4	296	293	0.9
• at constant currency			6.6			3.6
Engine & Transmission Systems BD	2,658	2,469	7.7	1,318	1,212	8.8
• at constant currency			8.4			11.2
Bearings BD	1,323	1,273	3.9	664	631	5.3
• at constant currency			5.5			8.5
Chassis Systems BD	226	172	31.4	121	86	41.8
• at constant currency			32.6			44.1
Revenue by region ³⁾						
Europe	1,932	1,688	14.5	955	837	14.0
• at constant currency			14.8			14.5
Americas	1,186	1,141	3.9	587	576	1.8
• at constant currency			1.2			1.6
Greater China	1,008	1,034	-2.5	510	477	6.9
• at constant currency			2.6			15.2
Asia/Pacific	714	651	9.6	349	331	5.5
• at constant currency			12.8			10.1
Cost of sales	-3,992	-3,723	7.2	-1,991	-1,865	6.8
Gross profit	848	791	7.2	409	357	14.7
• in % of revenue	17.5	17.5	-	17.0	16.1	-
Research and development expenses	-303	-309	-1.9	-147	-147	0.2
Selling and administrative expenses	-361	-373	-3.4	-174	-190	-8.5
Other income and expense	-34	-9	> 100	19	-8	-
Income (loss) from equity-accounted investees	0	-21	-100	0	-10	-100
EBIT	151	79	90.6	107	1	> 100
• in % of revenue	3.1	1.8	-	4.4	0.0	-
Special items ⁴⁾	56	13	> 100	-4	10	-
EBIT before special items	207	92	> 100	102	11	> 100
• in % of revenue	4.3	2.0	-	4.3	0.5	-

Prior year information presented based on 2023 segment structure.

¹⁾ Constant-currency revenue growth compared to prior year.

²⁾ Includes content supplied by S&P Global Mobility © [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. All rights reserved.

³⁾ Based on market (customer location).

⁴⁾ Please refer to p. 14 for the definition of special items.

Report on the economic position

Earnings

Automotive Aftermarket division earnings

The increase in **revenue**, excluding the impact of currency translation, in the first half of 2023 was mainly attributable to a significant increase in volumes from a comparatively low prior year period. Sales prices had a favorable impact on revenue as well, since increases in procurement costs were passed on to the market.

The division's revenue growth, excluding the impact of currency translation, was driven especially by increases in the **Europe region**; Independent Aftermarket volumes were expanded considerably, primarily in Central & Eastern Europe. In the **Americas region**, revenue growth resulted mainly from the volume trend in the Independent Aftermarket business in South America as well as the increase in volumes in the Automotive OES business in the U.S. The increase in revenue in the **Greater China region** was attributable to growth in the e-commerce and Independent Aftermarket business. In the **Asia/Pacific region**, revenue growth was driven especially by higher volumes in the Automotive OES and Independent Aftermarket businesses in India.

The increase in **EBIT margin before special items** during the first half of 2023 was predominantly the result of a higher gross profit margin due to a favorable revenue mix during the reporting period, as well as adjustments to sales prices. The rise in selling and administrative expenses was primarily due to the impact of volume-related cost increases. Exchange gains had a favorable impact on the EBIT margin before special items as well.

in € millions	1 st six months		Change in %	2 nd quarter		Change in %
	2023	2022		2023	2022	
Revenue	1,131	970	16.6	549	506	8.5
• at constant currency			17.6			10.2
Revenue by region ¹⁾						
Europe	748	643	16.4	354	337	5.0
• at constant currency			17.1			5.1
Americas	241	209	15.3	121	110	10.1
• at constant currency			14.1			12.5
Greater China	72	56	29.0	38	26	46.5
• at constant currency			36.6			59.1
Asia/Pacific	70	62	12.8	37	34	8.9
• at constant currency			18.1			16.3
Cost of sales	-749	-671	11.6	-373	-352	5.8
Gross profit	382	299	28.1	177	154	14.7
• in % of revenue	33.8	30.8	-	32.2	30.4	-
Research and development expenses	-9	-9	-0.5	-4	-4	-5.4
Selling and administrative expenses	-196	-167	17.9	-96	-91	5.3
Other income and expense	12	4	> 100	10	6	79.9
EBIT	189	127	48.3	87	64	35.5
• in % of revenue	16.7	13.1	-	15.8	12.6	-
Special items ²⁾	4	1	> 100	3	0	> 100
EBIT before special items	192	128	50.1	89	64	39.3
• in % of revenue	17.0	13.2	-	16.3	12.7	-

Prior year information presented based on 2023 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to p. 14 for the definition of special items.

Report on the economic position

Earnings

Industrial division earnings

The increase in **revenue** in the first half of 2023, excluding the impact of currency translation, was predominantly due to the contribution made by the Ewellix Group acquired at the beginning of the year, which was reflected in the Industrial Automation sector cluster. Especially a favorable impact of sales prices contributed to growth as well.

All regions contributed to the division's revenue growth overall, the Europe, Americas, and Greater China regions especially so. In the **Europe region**, revenue growth resulted mainly from volume increases in the Industrial Automation, Raw Materials, Aerospace, and Rail sector clusters as well as a price-related impact at Industrial Distribution. Growth in the **Americas region** resulted largely from the volume trend in the Industrial Automation and Raw Materials sector clusters as well as Industrial Distribution's price and volume trend. The favorable trend in the **Greater China region** was especially attributable to the volume increase in the Wind and Industrial Automation sector clusters. The trend in the **Asia/Pacific region** resulted mainly from the price-related revenue growth at Industrial Distribution.

The decline in **EBIT margin before special items** in the first half of 2023 was partly due to the gross margin trend, which was adversely affected by the revenue mix and temporary inefficiencies in connection with the consolidation of the footprint in Europe. Additionally, selling and administrative expenses for the reporting period increased from the prior year. Exchange losses had an adverse impact on the EBIT margin before special items as well. Further, the structural impact of the acquisition of the Ewellix Group had a slightly dilutive effect on the EBIT margin before special items.

in € millions	1 st six months		Change in %	2 nd quarter		Change in %
	2023	2022		2023	2022	
Revenue	2,237	2,065	8.3	1,107	1,062	4.2
• at constant currency			10.6			7.9
Revenue by region ¹⁾						
Europe	958	872	9.9	481	445	8.1
• at constant currency			10.1			8.1
Americas	405	352	15.0	203	182	11.9
• at constant currency			15.0			15.5
Greater China	562	531	5.8	265	275	-3.8
• at constant currency			11.4			4.2
Asia/Pacific	312	310	0.7	157	160	-2.0
• at constant currency			5.4			4.9
Cost of sales	-1,597	-1,451	10.1	-807	-741	8.9
Gross profit	639	614	4.2	300	322	-6.8
• in % of revenue	28.6	29.7	-	27.1	30.3	-
Research and development expenses	-85	-73	17.4	-41	-37	11.0
Selling and administrative expenses	-344	-296	16.3	-171	-153	12.2
Other income and expense	-22	-17	29.8	1	-11	-
EBIT	188	227	-17.4	89	121	-26.3
• in % of revenue	8.4	11.0	-	8.1	11.4	-
Special items ²⁾	38	10	> 100	8	3	> 100
EBIT before special items	225	238	-5.2	97	125	-22.1
• in % of revenue	10.1	11.5	-	8.8	11.7	-

Prior year information presented based on 2023 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to p. 14 for the definition of special items.

Performance indicators and special items

Please refer to pp. 15 et seq. and 32 et seq. of the Schaeffler Group's annual report 2022 for a detailed discussion of performance indicators and special items. Additionally, this reporting period, the company has included in special items, for the first time, unrealized fair value losses incurred on forward exchange contracts that are not subject to cash flow hedge accounting and are used to hedge currency risk related to operations.

EBIT for the reporting period was impacted by **special items**, most of which were recognized in other expenses and other income. The **legal cases** category primarily comprises EUR 10 m in gains on the reversal of a provision related to a court ruling in the U.S., partly offset by an addition of EUR 3 m. The **restructuring** category includes expenses recognized in connection with the "Roadmap 2025" divisional subprograms, mainly related to consolidation of the footprint in Europe. Gains on adjusting the provision for further restructuring measures adopted by Schaeffler AG's Board of Managing Directors in November 2022 and on adjusting the provision for the project to establish a shared service center started in 2017 had an offsetting impact. The **M&A** category includes expenses related to the acquisition of subsidiaries. The **energy derivatives and forward exchange contracts** category mainly comprises fair value losses on forward contracts for electricity and gas prices and on short-, medium-, and long-term price and supply agreements (power purchase agreements) held to secure the Schaeffler Group's energy supply at fair value. In order to portray the profitability of the Schaeffler Group's operations, this reporting period, the company has included in the

Special items

In order to facilitate a transparent evaluation of the company's results of operations, the Schaeffler Group reports EBIT, EBITDA, net income, net financial debt to EBITDA ratio, ROCE, and Schaeffler Value Added before special items (= adjusted).

Impact of currency translation/constant-currency

Constant-currency revenue figures, i.e., excluding the impact of currency translation, are calculated by translating revenue using the same exchange rate for both the current and the prior year or comparison reporting period.

Rounding differences may occur.

Reconciliation

	1 st six months		1 st six months		1 st six months		1 st six months	
	2023	2022	2023	2022 ¹⁾	2023	2022 ¹⁾	2023	2022 ¹⁾
Income statement (in € millions)	Total		Automotive Technologies		Automotive Aftermarket		Industrial	
EBIT	527	434	151	79	189	127	188	227
• in % of revenue	6.4	5.7	3.1	1.8	16.7	13.1	8.4	11.0
Special items	98	24	56	13	4	1	38	10
• Legal cases	-7	0	-4	0	0	0	-2	0
• Restructuring	4	24	-10	13	-1	1	14	10
– including divisional Roadmap 2025 subprograms of	10	24	-6	13	0	1	15	10
• M&A	2	0	0	0	0	0	2	0
• Energy derivatives and forward exchange contracts	98	-	70	-	5	-	23	-
EBIT before special items	625	458	207	92	192	128	225	238
• in % of revenue	7.6	6.1	4.3	2.0	17.0	13.2	10.1	11.5

energy derivatives and forward exchange contracts category, for the first time, unrealized fair value losses incurred on forward exchange contracts that are not subject to cash flow hedge accounting and are used to hedge currency risk related to operations. The unrealized loss on forward exchange contracts (used to hedge currency risk related to operations) that was not adjusted for as a special item in the prior year period amounted to EUR 5 m.

Report on the economic position

Earnings

Reconciliation

	1 st six months	
	2023	2022
Income statement (in € millions)		Total
EBIT	527	434
• in % of revenue	6.4	5.7
Special items	98	24
• Legal cases	-7	0
• Restructuring	4	24
– including divisional Roadmap 2025 subprograms of	10	24
• M&A	2	0
• Energy derivatives and forward exchange contracts	98	-
EBIT before special items	625	458
• in % of revenue	7.6	6.1
Net income ²⁾	267	249
Special items	71	16
• Legal cases	-8	-2
• Restructuring	7	24
• M&A	2	0
• Energy derivatives and forward exchange contracts	98	-
– Tax effect ³⁾	-28	-6
Net income before special items ²⁾	338	265
Statement of financial position (in € millions)	06/30/2023	12/31/2022
Net financial debt	3,231	2,235
/ EBITDA LTM	2,066	1,963
Net financial debt to EBITDA ratio LTM	1.6	1.1
Net financial debt	3,231	2,235
/ EBITDA before special items LTM	2,203	2,030
Net financial debt to EBITDA ratio before special items LTM	1.5	1.1

	1 st six months	
	2023	2022
Statement of cash flows (in € millions)		
EBITDA	1,024	921
Special items	98	27
• Legal cases	-7	0
• Restructuring	4	27
• M&A	2	0
• Energy derivatives and forward exchange contracts	98	-
EBITDA before special items	1,122	948
Free cash flow (FCF)	-670	-265
-/+ Cash in- and outflows for M&A activities	700	61
FCF before cash in- and outflows for M&A activities	29	-204
/ EBIT	527	434
FCF-conversion ⁴⁾	0.1	-
FCF before cash in- and outflows for M&A activities	29	-204
Special items	137	195
• Legal cases	-27	-9
• Restructuring	157	204
• Other	7	0
FCF before cash in- and outflows for M&A activities and before special items	167	-9
Value-based management LTM (in € millions)		
EBIT	1,067	931
/ Average capital employed	9,195	8,423
ROCE (in %)	11.6	11.1
EBIT before special items	1,213	978
/ Average capital employed	9,195	8,423
ROCE before special items (in %)	13.2	11.6
EBIT	1,067	931
– Cost of capital	920	842
Schaeffler Value Added (SVA)	148	89
EBIT before special items	1,213	978
– Cost of capital	920	842
SVA before special items	293	136

¹⁾ Prior year information presented based on 2023 segment structure.

²⁾ Attributable to shareholders of the parent company.

³⁾ Based on each entity's specific tax rate and country-specific tax environment.

⁴⁾ Only reported if free cash flow before cash in- and outflows for M&A activities and EBIT positive.

LTM = Financial indicator based on the last four quarters.

1.3 Financial position

Cash flow and liquidity

Cash flow

in € millions	1 st six months			2 nd quarter		
	2023	2022	Change in %	2023	2022	Change in %
Cash flows from operating activities	463	170	> 100	307	-30	-
Cash used in investing activities	-1,097	-404	> 100	-205	-172	18.9
• including acquisition of subsidiaries	-690	-60	> 100	-9	0	-
• including acquisition of interests in joint ventures and other equity investments	-13	-1	> 100	-9	0	-
• including disposal of subsidiaries	4	1	> 100	0	1	-100
Cash provided by (used in) financing activities	158	-913	-	-322	-354	-9.1
• including principal repayments on lease liabilities	-36	-31	16.3	-18	-16	15.7
Net increase (decrease) in cash and cash equivalents	-476	-1,147	-58.5	-220	-556	-60.5
Effects of foreign exchange rate changes on cash and cash equivalents	-17	20	-	-9	8	-
Cash and cash equivalents as at beginning of period	1,069	1,822	-41.3	805	1,243	-35.2
Cash and cash equivalents as at June 30	576	694	-17.0	576	694	-17.0
Less cash and cash equivalents classified as assets held for sale as at June 30	4	-13	-68.3	4	-13	-68.3
Cash and cash equivalents as at June 30 (consolidated statement of financial position)	572	681	-16.0	572	681	-16.0
Free cash flow (FCF)	-670	-265	> 100	84	-218	-
Free cash flow (FCF) before cash in- and outflows for M&A activities	29	-204	-	103	-219	-

Cash flows from operating activities rose predominantly as a result of working capital expanding EUR 211 m less extensively than in the prior year, mainly due to the change in inventories. The EUR 103 m increase in EBITDA contributed to this rise as well.

Capital expenditures on property, plant and equipment and intangible assets (capex) included in **cash used in investing activities** rose by EUR 87 m to EUR 419 m (prior year: EUR 331 m).

Capital expenditures amounted to 5.1% (prior year: 4.4%) of revenue (capex ratio). Expenditures for the acquisition of subsidiaries related primarily to the Ewellix Group.

More on investing activities on page 17.

Cash provided by (used in) financing activities includes the dividends of EUR 306 m (prior year: EUR 336 m) paid in the second quarter of 2023. Changes in financial debt resulted in EUR 500 m in net cash inflows during the reporting period (prior year: net cash outflows of EUR 546 m).

More on financing activities on page 17.

The increase in **free cash flow before cash in- and outflows for M&A activities** compared to the first half of 2022 was primarily attributable to working capital expanding less extensively and to improved EBITDA.

Cash and cash equivalents decreased by EUR 491 m during the first six months of 2023.

Cash and cash equivalents amounted to EUR 572 m as at June 30, 2023 (December 31, 2022: EUR 1,063 m) and consisted primarily of bank balances and short-term deposits. EUR 221 m (prior year: EUR 241 m) of this amount related to countries with foreign exchange restrictions and other legal and contractual restrictions. In addition, the Schaeffler Group has a revolving credit facility of EUR 2.0 bn (December 31, 2022: EUR 2.0 bn) and other bilateral lines of credit totaling EUR 114 m (December 31, 2022: EUR 118 m), of which EUR 12 m was drawn as at June 30, 2023. In addition, EUR 82 m (December 31, 2022: EUR 55 m) of these revolving credit facilities was utilized in the form of letters of credit. Deducting bank balances in countries with foreign exchange restrictions and other legal and contractual restrictions results in total available liquidity of EUR 2,319 m (December 31, 2022: EUR 3,317 m).

Report on the economic position

Financial position

Investing activities

The majority of additions to intangible assets and property, plant and equipment were made in the **Automotive Technologies division**. The increase compared to the prior year period was mainly due to new product ramp-ups in the E-Mobility BD in the Europe and Greater China regions. Additionally, the division invested in expanding the development and manufacturing campus for electric mobility in Bühl as well as the campus in Taicang, China. The increase at the **Automotive Aftermarket division** was primarily driven by added equipment for the assembly and packaging center Europe. The increase at the **Industrial division** resulted mainly from the division further expanding production capacities in the Europe, Greater China, and Asia/Pacific regions.

Additions to intangible assets and property, plant and equipment by division

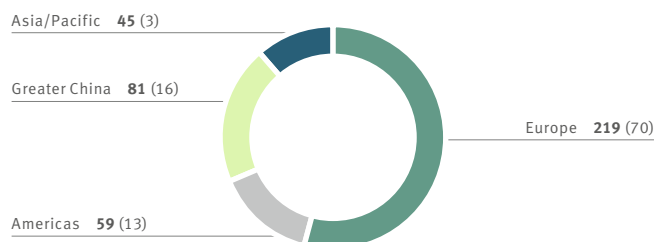
in € millions	1 st six months	
	2023	2022
Additions to intangible assets and property, plant and equipment – Schaeffler Group	405	303
Automotive Technologies	246	193
Automotive Aftermarket	24	17
Industrial	134	93
Reinvestment rate ¹⁾ – Schaeffler Group	0.88	0.66
Automotive Technologies	0.73	0.55
Automotive Aftermarket	1.79	1.21
Industrial	1.24	1.03

¹⁾ The reinvestment rate is the ratio of additions to intangible assets and property, plant and equipment to depreciation, amortization, and impairment losses (excluding depreciation of right-of-use assets under leases and impairments of goodwill).

As part of the “Roadmap 2025”, construction of the new cross-divisional central laboratory facility continued at the Schaeffler Group’s global headquarters in Herzogenaurach. Further funds were invested in the implementation of “SAP S/4 HANA”.

Schaeffler Group capital expenditures ¹⁾
H1 2023 by region

in € millions (change from prior year in € millions)



¹⁾ Additions to intangible assets and property, plant and equipment.

Financial debt

The group’s net financial debt increased by EUR 995 m to EUR 3,231 m (prior year: EUR 2,235 m) in the first half of 2023.

Net financial debt

in € millions	06/30/2023	12/31/2022	Change in %
Bonds	2,941	2,939	0.1
Schuldschein loans	292	297	-1.7
Term loan	499	0	-
Commercial paper	60	50	20.0
Other financial debt	11	12	-13.2
Total financial debt	3,803	3,298	15.3
Cash and cash equivalents	572	1,063	-46.2
Net financial debt	3,231	2,235	44.5

The increase in financial debt compared to December 31, 2022, is largely due to a EUR 500 m term loan drawn down in full during the first quarter.

The net financial debt to EBITDA ratio, defined as the ratio of net financial debt to earnings before financial result and income taxes (EBIT) and depreciation, amortization, and impairment losses (EBITDA), amounted to 1.6 as at June 30, 2023 (December 31, 2022: 1.1). The net financial debt to EBITDA ratio before special items was 1.5 (December 31, 2022: 1.1).

Schaeffler AG is rated by the three rating agencies Fitch, Moody’s, and Standard & Poor’s. While the ratings by Fitch and Standard & Poor’s are unchanged, Moody’s upgraded its rating for Schaeffler AG to “Baa3” in March 2023. The following summary shows the credit ratings as at June 30, 2023:

Schaeffler Group ratings

as at June 30

Rating agency	2023	2022	2023	2022
	Company		Bonds	
	Rating/Outlook		Rating	
Fitch	BB+/stable	BB+/stable	BB+	BB+
Moody’s	Baa3/stable	Ba1/positive	Baa3	Ba1
Standard & Poor’s	BB+/stable	BB+/stable	BB+	BB+

Schaeffler AG has a revolving credit facility of EUR 2.0 bn that was unutilized as at June 30, 2023, except for EUR 82 m (December 31, 2022: EUR 55 m) in the form of letters of credit. The revolving credit facility is due in November 2027.

Schaeffler AG had the following bonds outstanding under its debt issuance program as at June 30, 2023:

Schaeffler Group bonds

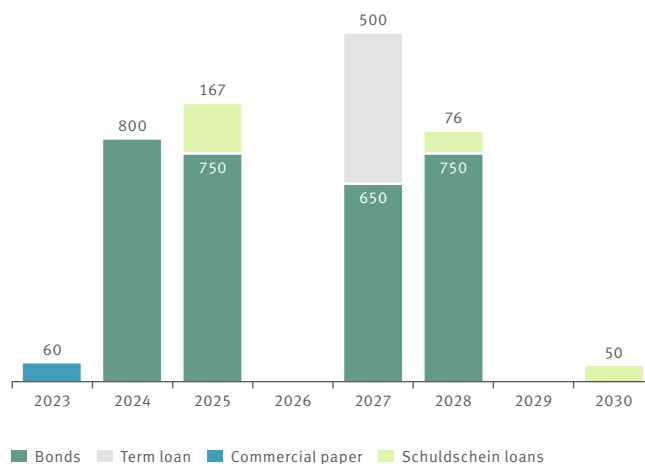
ISIN	Currency	06/30/2023	12/31/2022	06/30/2023	12/31/2022	Coupon	Maturity
		Principal in millions	Principal in millions	Carrying amount in € millions	Carrying amount in € millions		
DE000A2YB7A7	EUR	800	800	799	798	1.875%	03/26/2024
DE000A289Q91	EUR	750	750	748	748	2.750%	10/12/2025
DE000A2YB7B5	EUR	650	650	647	646	2.875%	03/26/2027
DE000A3H2TA0	EUR	750	750	747	747	3.375%	10/12/2028
Total		2,950	2,950	2,941	2,939		

The Schaeffler Group intends to refinance its EUR 800 m bond series due March 26, 2024. Due to the current market environment, such refinancing could occur at terms that may be less favorable than the terms of the bonds to be refinanced.

The company's maturity profile, which consists of a fully drawn term loan, Schuldschein loans, as well as the bonds and commercial paper issued by Schaeffler AG, was as follows as at June 30, 2023:

Maturity profile

Principal outstanding as at June 30, 2023, in € millions



Report on the economic position


Net assets and capital structure

1.4 Net assets and capital structure


Consolidated statement of financial position (abbreviated)

in € millions	06/30/2023	12/31/2022	06/30/2022	Change in %
ASSETS				
Non-current assets	7,853	7,180	7,116	9.4
Current assets	6,946	7,104	6,988	-2.2
Total assets	14,799	14,284	14,105	3.6
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	3,982	4,141	3,900	-3.8
Non-current liabilities	5,638	5,772	5,821	-2.3
Current liabilities	5,179	4,372	4,384	18.5
Total shareholders' equity and liabilities	14,799	14,284	14,105	3.6

The increase in **non-current assets** was mainly attributable to the acquisition of the Ewellix Group.

 More on acquisitions and disposals of companies on page 31.

The decrease in **current assets** was mainly attributable to a reduction in cash and cash equivalents. An increase in inventories and trade receivables had an offsetting impact.

 More on cash flow and liquidity on page 16.

Shareholders' equity including non-controlling interests declined, due in part to the dividends paid to Schaeffler AG's shareholders and to unfavorable items in accumulated other comprehensive income, partly offset by net income. The equity ratio was 26.9% as at June 30, 2023 (December 31, 2022: 29.0%).

 More on the consolidated statement of changes in equity on page 28.

Non-current liabilities decreased mainly because a bond series of EUR 800 m due in 2024 was reclassified to current financial debt. The EUR 500 m term loan drawn down in full under the syndicated credit agreement and an increase in provisions for pensions and similar obligations had an offsetting impact.

Current liabilities increased primarily as a result of the reclassification of a bond series from non-current financial debt and due to higher trade payables.

2. Supplementary report

On July 24, 2023, Schaeffler Technologies AG & Co. KG achieved a result in its negotiations with IG Metall Bayern and signed a supplemental company agreement. This results in an amendment to part of the restructuring measures adopted by Schaeffler AG's Board of Managing Directors on November 7, 2022. The result of the negotiations mainly relates to the cancellation of previously announced relocations at the Herzogenaurach location in the Bearings business division of the Automotive Technologies division as well as to reduced working hours. The amendment is expected to result in a partial reversal of the provision for the restructuring measures in the amount of EUR 29 m in the third quarter of 2023.

No other material events expected to have a significant impact on the net assets, financial position, or results of operations of the Schaeffler Group occurred after June 30, 2023.

3. Report on opportunities and risks

Please refer to pp. 43 et seq. of the Schaeffler Group's annual report 2022 for a discussion of the Schaeffler Group's risk management system and potential opportunities and risks. The statements made there with respect to opportunities and risks are largely unchanged.

In addition to matters disclosed in the annual report 2022, disposals of certain business operations or activities that are no longer considered core strategic activities or not considered sufficiently profitable could expose the Schaeffler Group to contractual risks. These could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

The Schaeffler Group's risks are limited, both individually and in combination with other risks, and do not jeopardize the continued existence of the company.

4. Report on expected developments

4.1 Expected economic and sales market trends

The stronger global economic trend than anticipated for the first half of 2023 has improved the growth outlook. Taking into account the forecast by Oxford Economics (July 2023), the Schaeffler Group now expects global gross domestic product to grow by 2.5 to 3% in 2023 (prior year figure: 3.3%).

For potential risks to global economic growth please refer to the discussion in the report on opportunities and risks.


Taking into account the forecast by S&P Global Mobility (July 2023)¹ and based on internal assessments, the Schaeffler Group now expects global automobile production² to grow by 2 to 4% to up to 85.6 million vehicles in 2023 (prior year figure: 6.7% or 82.3 million vehicles).

Taking into account the forecast by S&P Global Mobility (April 2023)³, the Schaeffler Group now anticipates growth in global vehicle population⁴ for 2023 to be slightly less than for 2022, with the average vehicle age rising slightly (prior year figure: growth of 2.2% and average age 10.7 years)⁵.

Taking into account the forecasts by Oxford Economics (June 2023) and based on internal assessments, the Schaeffler Group continues to expect global industrial production to grow by approximately 1% (prior year figure: 2.3%) in 2023, while production in the sectors particularly relevant to the company – mechanical engineering, transport equipment, and electrical equipment – is anticipated to increase slightly (prior year figure: 4.1%).

4.2 Schaeffler Group outlook

At its meeting on July 25, 2023, the Board of Managing Directors of Schaeffler AG has adjusted the outlook issued on February 27, 2023.

 More on the guidance issued on February 27, 2023, in the annual report 2022 on pp. 56 et seq.

Based on the expected performance of the divisions, the **Schaeffler Group** continues to expect its revenue to grow by 5 to 8%, excluding the impact of currency translation, in 2023.

In addition, the company now expects to generate an EBIT margin before special items of 6 to 8% in 2023.

The Schaeffler Group now anticipates free cash flow before cash in- and outflows for M&A activities of EUR 300 to 400 m for 2023.

The group anticipates that its **Automotive Technologies division** will grow by 0 to 3 percentage points more than global automobile production of passenger cars and light commercial vehicles in 2023. On that basis, the company continues to expect the Automotive Technologies division to generate moderate revenue growth year on year, excluding the impact of currency translation. Additionally, the Automotive Technologies division now expects an EBIT margin before special items of 3 to 5% for 2023.

For the **Automotive Aftermarket division**, the group now anticipates revenue growth, excluding the impact of currency translation, of 10 to 12% and an EBIT margin before special items of 14 to 16% in 2023. This expectation reflects the consistently favorable market environment, growing customer demand, as well as ongoing progress in optimizing logistics processes.

¹ Includes content supplied by S&P Global © [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. All rights reserved.

² Measured as the number of vehicles up to six tons in weight produced.

³ Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO) Forecast, April 2023]. All rights reserved.

⁴ Measured as the number of passenger cars and light commercial vehicles less than 3.5 tons in weight.

⁵ Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO) Forecast, April 2023]. All rights reserved.

Report on expected developments

Schaeffler Group outlook

The company now expects its **Industrial division** to generate revenue growth of 6 to 8%, excluding the impact of currency translation, and an EBIT margin before special items of 9 to 11% in 2023. This expectation reflects the fact that a weaker market environment in the Greater China region is anticipated for the second half of 2023.

The adjustment to the comparative prior year figures results, in particular, from further divisionalization to strengthen the division's management of the business.

The adjusted outlook for 2023 reflects the acquisitions and disposals of subsidiaries, joint ventures, and other equity investments set out in the consolidated interim financial statements 2023.

Herzogenaurach, July 25, 2023

The Board of Managing Directors

Outlook 2023

	Actual 2022		Outlook 2023	Actual H1 2023
	adjusted comparative figure	issued 02/27/2023 ⁴⁾	issued 07/25/2023	
Schaeffler Group				
Revenue growth ¹⁾	9.4%	5 to 8%	5 to 8%	10.1%
EBIT margin before special items ²⁾	6.6%	5.5 to 7.5%	6 to 8%	7.6%
Free cash flow ³⁾	EUR 280 m	EUR 250 to 350 m	EUR 300 to 400 m	EUR 29 m
Automotive Technologies				
Revenue growth ¹⁾	7.7%	moderate revenue growth; [2 to 5%-age points above LVP growth] ⁵⁾	moderate revenue growth; [0 to 3%-age points above LVP growth] ⁵⁾	8.3%
EBIT margin before special items ²⁾	3.1%	2 to 4%	3 to 5%	4.3%
Automotive Aftermarket				
Revenue growth ¹⁾	7.1%	5 to 7%	10 to 12%	17.6%
EBIT margin before special items ²⁾	12.8%	12 to 14%	14 to 16%	17.0%
Industrial				
Revenue growth ¹⁾	14.7%	9 to 11%	6 to 8%	10.6%
EBIT margin before special items ²⁾	11.5%	11 to 13%	9 to 11%	10.1%

¹⁾ Constant-currency revenue growth compared to prior year.

²⁾ Please refer to page 14 for the definition of special items.

³⁾ Before cash in- and outflows for M&A activities.

⁴⁾ Confirmed on April 24, 2023.

⁵⁾ LVP growth: global growth in production of passenger cars and light commercial vehicles.

Consolidated income statement

Consolidated income statement

in € millions	1 st six months			2 nd quarter		
	2023	2022	Change in %	2023	2022	Change in %
Revenue	8,208	7,548	8.7	4,056	3,790	7.0
Cost of sales	-6,338	-5,845	8.4	-3,170	-2,958	7.2
Gross profit	1,870	1,703	9.8	886	832	6.4
Research and development expenses	-397	-390	1.8	-192	-188	2.1
Selling expenses	-593	-540	10.0	-292	-283	3.1
Administrative expenses	-308	-296	4.0	-149	-151	-1.0
Other income	78	26	> 100	58	18	> 100
Other expenses	-123	-48	> 100	-28	-32	-13.1
Income (loss) from equity-accounted investees	0	-22	-	0	-11	-
Earnings before financial result and income taxes (EBIT)	527	434	21.6	283	186	51.7
Financial income	20	21	-5.7	10	10	9.0
Financial expenses	-111	-87	27.4	-55	-47	18.1
Financial result	-91	-66	37.9	-45	-37	20.4
Earnings before income taxes	436	367	18.6	238	149	59.6
Income taxes	-156	-105	48.3	-93	-30	> 100
Net income	280	262	6.7	145	120	21.0
Attributable to shareholders of the parent company	267	249	7.2	138	113	22.5
Attributable to non-controlling interests	13	13	-2.1	7	7	-3.5
Earnings per common share (basic/diluted, in €)	0.40	0.37	8	0.21	0.16	31
Earnings per common non-voting share (basic/diluted, in €)	0.41	0.38	8	0.22	0.17	29

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

in € millions	1 st six months		2 nd quarter	
	2023	2022	2023	2022
Net income	280	262	145	120
Items that will not be reclassified to profit or loss				
Remeasurement of net defined benefit liability	-61	796	-40	489
Net change in fair value of financial assets at fair value through other comprehensive income	1	0	1	0
Tax effect	17	-221	11	-135
Total other comprehensive income (loss) that will not be reclassified to profit or loss	-44	575	-29	354
Items that have been or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	-113	244	-57	124
Effective portion of changes in fair value of cash flow hedges	33	-15	11	-29
Tax effect	-10	4	-3	8
Total other comprehensive income (loss) that has been or may be subsequently reclassified to profit or loss	-90	234	-50	104
Other comprehensive income (loss)	-134	809	-78	457
Total comprehensive income	146	1,071	66	577
Total comprehensive income attributable to shareholders of the parent company	135	1,054	59	567
Total comprehensive income attributable to non-controlling interests	12	17	7	10

Consolidated statement of financial position

in € millions	06/30/2023	12/31/2022	06/30/2022	Change in %
ASSETS				
Intangible assets	1,592	916	640	73.7
Right-of-use assets under leases	227	222	233	2.3
Property, plant and equipment	4,544	4,607	4,670	-1.4
Investments in joint ventures and associated companies	7	7	49	0.2
Costs to fulfill a contract	340	350	366	-2.9
Other financial assets	201	216	226	-6.7
Other assets	195	191	232	2.1
Income tax receivables	12	11	11	6.8
Deferred tax assets	736	662	690	11.3
Total non-current assets	7,853	7,180	7,116	9.4
Inventories	2,978	2,796	2,998	6.5
Contract assets	58	54	56	7.2
Trade receivables	2,605	2,519	2,571	3.4
Other financial assets	208	205	145	1.5
Other assets	430	364	392	18.3
Income tax receivables	33	45	58	-28.2
Cash and cash equivalents	572	1,063	681	-46.2
Assets held for sale	61	58	87	5.0
Total current assets	6,946	7,104	6,988	-2.2
Total assets	14,799	14,284	14,105	3.6

in € millions	06/30/2023	12/31/2022	06/30/2022	Change in %
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	666	666	666	0.0
Capital reserves	2,348	2,348	2,348	0.0
Other reserves	1,190	1,218	909	-2.3
Accumulated other comprehensive income (loss)	-349	-216	-143	61.2
Equity attributable to shareholders of the parent company	3,856	4,016	3,779	-4.0
Non-controlling interests	126	125	121	0.7
Total shareholders' equity	3,982	4,141	3,900	-3.8
Provisions for pensions and similar obligations	1,707	1,606	1,678	6.3
Provisions	266	288	285	-7.7
Financial debt	2,944	3,238	3,228	-9.1
Contract liabilities	138	143	121	-3.3
Income tax payables	57	47	40	21.0
Other financial liabilities	107	90	89	19.4
Lease liabilities	166	162	177	2.5
Other liabilities	5	7	8	-32.2
Deferred tax liabilities	249	192	194	29.9
Total non-current liabilities	5,638	5,772	5,821	-2.3
Provisions	374	404	436	-7.5
Financial debt	859	60	5	> 100
Contract liabilities	170	170	129	0.1
Trade payables	2,418	2,339	2,385	3.4
Income tax payables	110	108	119	2.4
Other financial liabilities	535	626	578	-14.6
Lease liabilities	62	57	57	8.5
Refund liabilities	222	263	229	-15.5
Other liabilities	429	341	425	25.8
Liabilities associated with assets held for sale	1	5	19	-85.1
Total current liabilities	5,179	4,372	4,384	18.5
Total shareholders' equity and liabilities	14,799	14,284	14,105	3.6

Consolidated statement of cash flows

in € millions	1 st six months			2 nd quarter		
	2023	2022	Change in %	2023	2022	Change in %
Operating activities						
EBIT	527	434	21.6	283	186	51.7
Interest paid	-53	-51	4.3	-12	-6	93.2
Interest received	7	8	-6.9	3	3	-4.4
Income taxes paid	-191	-162	17.6	-99	-88	12.5
Amortization, depreciation, and impairment losses	497	488	1.9	248	242	2.4
(Gains) losses on disposal of assets	-12	-3	> 100	-7	-3	> 100
Changes in:						
• Inventories	-164	-419	-60.9	-13	-157	-91.6
• Trade receivables	-150	-267	-43.8	90	-125	-
• Trade payables	113	274	-58.8	-68	-34	99.4
• Provisions for pensions and similar obligations	-18	1	-	-17	-17	2.0
• Other assets, liabilities, and provisions	-93	-133	-30.0	-100	-32	> 100
Cash flows from operating activities	463	170	> 100	307	-30	-
Investing activities						
Proceeds from disposals of property, plant and equipment	22	11	> 100	12	8	49.1
Capital expenditures on intangible assets	-39	-29	32.4	-20	-16	22.7
Capital expenditures on property, plant and equipment	-380	-302	25.7	-179	-159	12.2
Acquisition of subsidiaries	-690	-60	> 100	-9	0	-
Acquisition of interests in joint ventures, and other equity investments	-13	-1	> 100	-9	0	-
Disposal of subsidiaries	4	1	> 100	0	1	-100
Other investing activities	-1	-22	-94.8	-0	-6	-98.9
Cash used in investing activities	-1,097	-404	> 100	-205	-172	18.9

in € millions	1 st six months			2 nd quarter		
	2023	2022	Change in %	2023	2022	Change in %
Financing activities						
Dividends paid to shareholders and non-controlling interests	-306	-336	-9.0	-306	-336	-9.0
Receipts from bond issuances and loans	510	0	> 100	10	0	> 100
Redemptions of bonds and repayments of loans	-11	-546	-98.0	-9	-3	> 100
Principal repayments on lease liabilities	-36	-31	16.3	-18	-16	15.7
Cash provided by (used in) financing activities	158	-913	-	-322	-354	-9.1
Net increase (decrease) in cash and cash equivalents	-476	-1,147	-58.5	-220	-556	-60.5
Effects of foreign exchange rate changes on cash and cash equivalents	-17	20	-	-9	8	-
Cash and cash equivalents as at beginning of period ¹⁾	1,069	1,822	-41.3	805	1,243	-35.2
Cash and cash equivalents as at June 30	576	694	-17.0	576	694	-17.0
Less cash and cash equivalents classified as assets held for sale as at June 30	4	-13	-68.3	4	-13	-68.3
Cash and cash equivalents as at June 30 (consolidated statement of financial position)	572	681	-16.0	572	681	-16.0

¹⁾ Cash and cash equivalents as at January 1, 2023, the beginning of the period, included EUR 7 m classified as "Assets held for sale" in the statement of financial position as at December 31, 2022 (at the beginning of the 2nd quarter of 2023: EUR 6 m)

Consolidated statement of changes in equity

	Share capital	Capital reserves	Other reserves	Accumulated other comprehensive income (loss)					Equity attributable to shareholders ¹⁾	Non-controlling interests	Total
				Translation reserve	Hedging reserve	Fair value reserve	Defined benefit plan remeasurement reserve	Total			
in € millions											
Balance as at January 01, 2022	666	2,348	988	-208	-40	-2	-698	-949	3,053	112	3,165
Net income			249					0	249	13	262
Other comprehensive income (loss)			0	241	-11	0	575	805	805	3	809
Total comprehensive income (loss)	0	0	249	241	-11	0	575	805	1,054	17	1,071
Dividends			-328						-328	-8	-336
Total amount of transactions with shareholders			-328						-328	-8	-336
Balance as at June 30, 2022	666	2,348	909	33	-51	-2	-123	-143	3,779	121	3,900
Balance as at January 01, 2023	666	2,348	1,218	-148	22	-5	-85	-216	4,016	125	4,141
Net income			267					0	267	13	280
Other comprehensive income (loss)			0	-112	23	1	-45	-132	-132	-2	-134
Total comprehensive income (loss)	0	0	267	-112	23	1	-45	-132	135	12	146
Dividends			-295						-295	-11	-305
Total amount of transactions with shareholders			-295						-295	-11	-305
Balance as at June 30, 2023	666	2,348	1,190	-259	45	-4	-130	-349	3,856	126	3,982

¹⁾ Equity attributable to shareholders of the parent company.

Consolidated segment information

(Part of the notes to the consolidated financial statements)

	1 st six months		1 st six months		1 st six months		1 st six months	
	2023	2022	2023	2022	2023	2022	2023	2022
in € millions	Automotive Technologies		Automotive Aftermarket		Industrial		Total	
Revenue	4,840	4,514	1,131	970	2,237	2,065	8,208	7,548
EBIT	151	79	189	127	188	227	527	434
• in % of revenue	3.1	1.8	16.7	13.1	8.4	11.0	6.4	5.7
EBIT before special items ¹⁾	207	92	192	128	225	238	625	458
• in % of revenue	4.3	2.0	17.0	13.2	10.1	11.5	7.6	6.1
Amortization, depreciation, and impairment losses	356	369	20	19	121	100	497	488
Working capital ^{2) 3)}	1,241	1,276	535	634	1,390	1,273	3,165	3,184
Additions to intangible assets and property, plant and equipment	246	193	24	17	134	93	405	303

	2 nd quarter		2 nd quarter		2 nd quarter		2 nd quarter	
	2023	2022	2023	2022	2023	2022	2023	2022
in € millions	Automotive Technologies		Automotive Aftermarket		Industrial		Total	
Revenue	2,400	2,221	549	506	1,107	1,062	4,056	3,790
EBIT	107	1	87	64	89	121	283	186
• in % of revenue	4.4	0.0	15.8	12.6	8.1	11.4	7.0	4.9
EBIT before special items ¹⁾	102	11	89	64	97	125	289	200
• in % of revenue	4.3	0.5	16.3	12.7	8.8	11.7	7.1	5.3
Amortization, depreciation, and impairment losses	178	184	10	9	60	49	248	242
Working capital ^{2) 3)}	1,241	1,276	535	634	1,390	1,273	3,165	3,184
Additions to intangible assets and property, plant and equipment	139	115	13	9	74	51	226	175

Prior year information presented based on 2023 segment structure.

¹⁾ Please refer to p. 14 for the definition of special items.

²⁾ Working capital defined as inventories plus trade receivables less trade payables.

³⁾ Amounts as at June 30.

Condensed notes to the consolidated interim financial statements

Reporting entity

Schaeffler AG, Herzogenaurach, is a publicly listed stock corporation domiciled in Germany, with its registered office located at Industriestraße 1–3, 91074 Herzogenaurach. The company was founded on April 19, 1982, and is registered in the Commercial Register of the Fürth Local Court (HRB No. 14738). The consolidated interim financial statements of Schaeffler AG as at June 30, 2023, comprise Schaeffler AG and its subsidiaries, investments in associated companies, and joint ventures (together referred to as the “Schaeffler Group”). The Schaeffler Group is a global automotive and industrial supplier.

Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union and effective at the end of the reporting period and in accordance with the Interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated interim financial statements of Schaeffler AG, Herzogenaurach, for the reporting period ended June 30, 2023, have been compiled in accordance with International Accounting

Standard (IAS) 34 “Interim Financial Reporting”. They do not include all information necessary for a complete set of consolidated financial statements.

The accounting policies used in these consolidated interim financial statements are largely based on the accounting policies used in the 2022 consolidated financial statements, where the latter are discussed in detail. These accounting policies have been applied consistently. Adoption of the new standards and amendments to standards that are effective January 1, 2023, did not have any significant impact on the consolidated interim financial statements.

In compiling financial statements in accordance with IFRS, management exercises judgment in making estimates and assumptions. Except for the adjustments described below, such estimates and judgments have not changed significantly from the matters described in the consolidated financial statements of Schaeffler AG as at and for the year ended December 31, 2022. One exception to this is an adjustment to the assumption regarding the discount rate used to measure the company’s pension obligations that was made to reflect current market trends. The decrease in the discount rate has led to an increase in pension obligations and a decrease in shareholders’ equity. Please refer to “Provisions for pensions and similar obligations” below for more detailed information.

Processes and systems of group companies ensure appropriate recognition of income and expenses on the accrual basis. The Schaeffler Group’s business is not significantly affected by seasonality.

Income taxes were determined based on best estimate.

As amounts (in EUR m) and percentages have been rounded, rounding differences may occur.

Foreign currency translation

The exchange rates between the group's most significant currencies and the euro are as follows:

Selected foreign exchange rates

Currencies	06/30/2023	12/31/2022	06/30/2022	1 st six months	
				2023	2022
1 € in	Closing rates			Average rates	
CNY China	7.90	7.36	6.96	7.49	7.08
INR India	89.21	88.17	82.11	88.88	83.32
South					
KRW Korea	1,435.88	1,344.09	1,351.60	1,401.66	1,347.77
MXN Mexico	18.56	20.86	20.96	19.66	22.17
USD U.S.	1.09	1.07	1.04	1.08	1.09

Scope of consolidation

The consolidated interim financial statements of Schaeffler AG as at June 30, 2023, cover, in addition to Schaeffler AG, 172 (December 31, 2022: 149) subsidiaries; 51 (December 31, 2022: 48) entities are domiciled in Germany and 121 (December 31, 2022: 101) in other countries. In the consolidated interim financial statements as at June 30, 2023, four (December 31, 2022: four) joint ventures and three associated companies (December 31, 2022: three) are accounted for at equity. The changes from the prior year are largely the result of the acquisition of the Ewellix Group.

Acquisitions and disposals of companies

The purchase price allocation for the acquisition of the remaining 10% of the shares of Schaeffler ByWire Technologie GmbH & Co. KG was finalized in the first quarter of the year. Compared to

December 31, 2022, goodwill has increased by EUR 5 m to EUR 114 m and intangible assets have decreased by EUR 3 m to EUR 136 m as a result of the final allocation.

In a transaction that closed on January 3, 2023, the Schaeffler Group has acquired 100% of the shares of the Ewellix Group. The Ewellix Group is a leading global manufacturer and supplier of drive and linear motion solutions. Its core products include actuators, lifting columns, robot range extenders, ball and roller screws, and linear guides (monorail guidance systems and linear ball bearings). These products are used in a wide range of applications and equipment types, including medical technology, mobile machinery, assembly automation and robotics, and various other areas of industry. This step significantly expands the Schaeffler Group's linear technology portfolio. Upon closing, consideration of EUR 582 m was paid in cash for the shares and EUR 10 m in repayment of a shareholder loan. Additionally, the Ewellix Group's bank loans of EUR 109 m were repaid as well. In the consolidated statement of cash flows, this repayment is presented under cash used in investing activities. The provisional goodwill of EUR 421 m, which cannot be recognized for tax purposes and is therefore not tax-deductible, represents synergies as well as the value of the planned enhancement of the technology portfolio. The valuation of tax balances could not be completed in full by the date these consolidated interim financial statements were prepared, since certain information was still outstanding. The Ewellix Group has generated EUR 117 m in revenue since the acquisition date. The Ewellix Group has not had any significant impact on consolidated net income since the acquisition date. If the acquisition had closed as at January 1, 2023, the resulting impact on revenue and consolidated net income would have been insignificant. The following table summarizes the assets acquired and liabilities assumed at their provisional acquisition-date fair value.

Assets acquired and liabilities assumed

in € millions	Ewellix Group
Intangible assets	228
Right-of-use assets under leases	13
Property, plant and equipment	59
Other financial assets	2
Other assets	1
Deferred tax assets	15
Total non-current assets	318
Inventories	54
Trade receivables ¹⁾	41
Other assets	7
Cash and cash equivalents	21
Assets held for sale	11
Total current assets	134
Provisions for pensions and similar obligations	29
Provisions	5
Financial debt	3
Income tax payables	4
Lease liabilities	6
Deferred tax liabilities	63
Total non-current liabilities	110
Provisions	1
Financial debt	109
Trade payables	18
Income tax payables	10
Other financial liabilities	6
Lease liabilities	9
Other liabilities	19
Total current liabilities	170
Net assets acquired	172
Purchase price (consideration transferred)	593
Goodwill	421

¹⁾ Gross carrying amount of trade receivables EUR 41 m.

In a transaction that closed on April 28, 2023, the Schaeffler Group has acquired 100% of the shares of ECO-Adapt SAS. ECO-Adapt SAS offers innovative solutions for condition monitoring based on electrical signal analysis and systems for optimizing energy consumption. The acquisition further expands the Industrial division's portfolio of lifetime solutions. The purchase price of EUR 12 m was paid in cash upon closing. In addition, the transaction calls for EUR 2 m in expected deferred payment obligations as well as up to EUR 9 m in contingent purchase price payment obligations that are primarily contingent on the revenue trend in 2025. As at the acquisition date, the contingent purchase price payment obligations were expected to amount to EUR 9 m undiscounted. The provisional goodwill of EUR 3 m, which cannot be recognized for tax purposes and is therefore not tax-deductible, represents synergies as well as the value of the planned enhancement of the technology portfolio. The valuation of assets and liabilities could not be completed in full by the date these consolidated interim financial statement were prepared since the closing balance sheet currently available is provisional. The impact of ECO-Adapt SAS on the Schaeffler Group's revenue and consolidated net income is insignificant in 2023. The following table summarizes the assets acquired and liabilities assumed at their provisional acquisition-date fair value.

Assets acquired and liabilities assumed

in € millions	ECO-Adapt
Intangible assets	17
Total non-current assets	17
Total Current assets	5
Total Non-current liabilities	5
Total Current liabilities	1
Net assets acquired	16
Purchase price (consideration transferred)	19
Goodwill	3

Revenue

Revenue from contracts with customers can be analyzed by category and segment as follows:

IFRS 15 – analysis of revenue by category

in € millions	1 st six months		1 st six months		1 st six months		1 st six months	
	2023	2022	2023	2022	2023	2022	2023	2022
	Automotive Technologies		Automotive Aftermarket		Industrial		Total	
Revenue by type								
• Revenue from the sale of goods	4,787	4,463	1,131	970	2,203	2,042	8,121	7,475
• Revenue from the sale of tools	30	30	0	0	3	2	33	32
• Revenue from services	23	21	0	0	31	21	53	42
• Other revenue	0	0	0	0	0	0	0	0
Total	4,840	4,514	1,131	970	2,237	2,065	8,208	7,548
Revenue by region ¹⁾								
• Europe	1,932	1,688	748	643	958	872	3,639	3,203
• Americas	1,186	1,141	241	209	405	352	1,832	1,702
• Greater China	1,008	1,034	72	56	562	531	1,642	1,620
• Asia/Pacific	714	651	70	62	312	310	1,096	1,023
Total	4,840	4,514	1,131	970	2,237	2,065	8,208	7,548

Prior year information presented based on 2023 segment structure.

¹⁾ Based on market (customer location).

Intangible assets

The Schaeffler Group's market capitalization had once more fallen below the carrying amount of its net assets as at June 30, 2023. In accordance with IAS 36.12(d), this represented an indication that the assets were potentially impaired (triggering event). Based on analytical assessments, extensive impairment testing was not necessary. The analysis of further internal and external triggers did not provide any indication that the assets might be impaired (triggering event).

Other expenses

Other expenses included EUR 101 m (prior year: EUR 0 m) in losses on measuring at fair value through profit or loss financial instruments held to hedge energy price risk arising on energy purchases for the company's own use. These related primarily to forward purchase contracts for electricity and gas.

Other income

Other income contained EUR 19 m (prior year: EUR 0 m) in gains on the reversal of provisions related to personnel measures as well as EUR 10 m (prior year: EUR 0 m) in gains on the reversal of provisions for legal and litigation risks.

Trade receivables

The amount of financing available from revolving sales of trade receivables was increased to EUR 200 m during the first six months of 2023 (December 31, 2022: EUR 166 m).

Current and non-current financial debt

Financial debt (current/non-current)

in € millions	06/30/2023			12/31/2022		
	Due in up to 1 year	Due in more than 1 year	Total	Due in up to 1 year	Due in more than 1 year	Total
Bonds	799	2,142	2,941	0	2,939	2,939
Schuldschein loans	0	292	292	5	292	297
Term loan	0	499	499	0	0	0
Commercial paper	60	0	60	50	0	50
Other financial debt	0	10	11	5	7	12
Total	859	2,944	3,803	60	3,238	3,298

The increase in financial debt compared to December 31, 2022, is largely due to a EUR 500 m term loan drawn down in full during the first quarter of 2023.

Provisions for pensions and similar obligations

Interest rate levels as at June 30, 2023, have decreased compared to December 31, 2022. On this basis, the Schaeffler Group has adjusted the discount rate used to value its key pension plans as at the reporting date. The Schaeffler Group's average discount rate as at June 30, 2023, amounted to 4.0% (December 31, 2022: 4.1%). As at June 30, 2023, the resulting remeasurement of the company's obligations under defined benefit pension plans resulted in actuarial losses of EUR 56 m (December 31, 2022: gains of EUR 1,054 m), losses on plan assets of EUR m (December 31, 2022: EUR 192 m), and a favorable impact of the asset ceiling of EUR 3 m (December 31, 2022: EUR 1 m), which were recognized in other comprehensive income and are reported under accumulated other comprehensive income net of deferred taxes.

Provisions

Provisions for restructuring measures adopted by Schaeffler AG's Board of Managing Directors on November 7, 2022, were adjusted during the reporting period, resulting in a partial reversal amounting to EUR 14 m.

Financial instruments

The carrying amounts and fair values of financial instruments by class of the consolidated statement of financial position and by category per IFRS 7.8 are summarized below.

The carrying amounts of trade receivables, including the receivables available for sale under the receivable sale program, as well as other customer receivables and notes receivable available for sale, miscellaneous other financial assets, cash and cash equivalents, trade payables, refund liabilities, as well as miscellaneous other financial liabilities are assumed to equal their fair value due to the short maturities of these instruments.

Other investments included unconsolidated equity investments representing interests held by the group of less than 20% (shares in incorporated companies and cooperatives). Marketable securities consist primarily of investment fund units. These are measured at fair value through profit or loss.

Hedge accounting is only applied to derivatives designated as hedges of currency risk in cash flow hedges. The Schaeffler Group uses cross-currency swaps and forward exchange contracts as hedging instruments here.

Derivatives not designated as hedging instruments include forward exchange contracts that are not designated as cash flow hedges. Additionally, this line item includes forward purchase contracts for electricity and gas as well as short-, medium-, and long-term price and supply agreements for renewable energy (known as power purchase agreements). Since some of these agreements did not qualify for the own-use exemption, all similar agreements were treated as derivatives in accordance with IFRS 9.

The fair values of financial assets and liabilities that are either measured at fair value or for which fair value is disclosed in these condensed notes were determined using the following valuation methods and inputs:

- Level 1: Exchange-quoted prices as at the reporting date are used for marketable securities, as well as bonds payable included in financial debt.
- Level 2: Cross-currency swaps and forward contracts are measured using discounted cash flow valuation models and the exchange rates in effect at the end of the reporting period, as well as risk-adjusted interest and discount rates appropriate to the instruments' terms. These models take into account counterparty credit risk via credit value adjustments.
- Level 3: This level contains measurement of the fair value of unconsolidated equity investments using various recognized valuation methodologies such as the EBIT multiple method, the discounted cash flow method, as well as valuation at net asset value. The category also comprises measurement of contingent purchase prices payable and receivable. Measurement of the fair value of power purchase agreements falls in level 3 as well.

The company reviews its financial instruments at the end of each reporting period for any required transfers between levels. No transfers between levels were made during the period.

Condensed notes to the consolidated interim financial statements

Financial instruments by class and category in accordance with IFRS 7.8

in € millions	Category per IFRS 7.8	Level per IFRS 13	06/30/2023		12/31/2022		06/30/2022	
			Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, by class								
Trade receivables	Amortized cost		2,344	2,344	2,287	2,287	2,327	2,327
Trade receivables – receivable sale program	FVTPL	2	175	175	100	100	111	111
Trade receivables – customer receivables and notes receivable available for sale	FVOCI	2	86	86	132	132	134	134
Other financial assets								
• Other investments – FVOCI	FVOCI	3	46	46	43	43	36	36
• Other investments – FVTPL	FVTPL	3	23	23	13	13	8	8
• Marketable securities	FVTPL	1	27	27	24	24	26	26
• Derivatives designated as hedging instruments	n.a.	2	69	69	43	43	14	14
• Derivatives not designated as hedging instruments	FVTPL	2,3 ³⁾	75	75	133	133	55	55
• Miscellaneous other financial assets	Amortized cost		168	168	163	163	232	232
Cash and cash equivalents	Amortized cost		572	572	1,063	1,063	681	681
Financial liabilities, by class								
Financial debt	FLAC	1,2 ¹⁾	3,803	3,698	3,298	3,118	3,233	2,936
Trade payables	FLAC		2,418	2,418	2,339	2,339	2,385	2,385
Refund liabilities	n.a.		222	222	263	263	229	229
Lease liabilities ²⁾	n.a.		227	-	219	-	234	-
Other financial liabilities								
• Derivatives designated as hedging instruments	n.a.	2	6	6	13	13	85	85
• Derivatives not designated as hedging instruments	FVTPL	2,3 ⁴⁾	105	105	61	61	65	65
• Miscellaneous other financial liabilities – FVTPL	FVTPL	3	56	56	53	53	-	-
• Miscellaneous other financial liabilities – amortized cost	FLAC		475	475	588	588	516	516
Summary by category								
Financial assets at amortized cost (Amortized cost)			3,085	3,085	3,514	3,514	3,240	3,240
Financial assets at fair value through profit or loss (FVTPL)			301	301	270	270	200	200
Financial assets at fair value through other comprehensive income (FVOCI)			132	132	176	176	170	170
Financial liabilities at amortized cost (FLAC)			6,696	6,591	6,225	6,045	6,135	5,837
Financial liabilities at fair value through profit or loss (FVTPL)			160	160	114	114	65	65

¹⁾ Level 1: EUR 2,813 m (December 31, 2022: EUR 2,756 m; June 30, 2022: EUR 2,637 m). Level 2: EUR 884 m (December 31, 2022: EUR 362 m; June 30, 2022: EUR 299 m).

²⁾ Disclosure of fair value omitted in accordance with IFRS 7.29 (d).

³⁾ Level 2: EUR 75 m (December 31, 2022: EUR 130 m; June 30, 2022: EUR 55 m). Level 3: EUR 0 m (December 31, 2022: EUR 2 m; June 30, 2022: EUR 0 m).

⁴⁾ Level 2: EUR 73 m (December 31, 2022: EUR 49 m; June 30, 2022: EUR 65 m). Level 3: EUR 31 m (December 31, 2022: EUR 12 m; June 30, 2022: EUR 0 m).

Condensed notes to the consolidated interim financial statements

Change in assets and liabilities measured at fair value in level 3

	2023			
in € millions	Other investments	Miscellaneous other financial liabilities	Derivative financial assets	Derivative financial liabilities
Balance as at January 01	57	53	2	12
Additions	15	3	0	0
Gains or losses recognized in other comprehensive income	0	0	0	0
Gains or losses recognized in profit or loss	0	0	-2	-19
• Other expenses	0	0	-2	-19
• Financial income	0	0	0	0
• Financial expenses	0	0	0	0
Disposals	0	0	0	0
Foreign currency translation	-3	0	0	0
Balance as at June 30	69	56	0	31

Other investments included unconsolidated equity investments representing interests held by the group of less than 20%. Unconsolidated equity investments for which fair value is determined based on inputs unobservable in the market (level 3) are continually monitored and reviewed for changes in value. The fair value of part of these equity investments (with a carrying amount of EUR 9 m (December 31, 2022: EUR 9 m)) was measured by applying an EBIT multiple methodology using sector- and size-specific EBIT multiples that are publicly available. The EBIT multiples used to measure fair value as at June 30, 2023, varied from 6.7 to 11.0 (December 31, 2022: from 6.2 to 11.5) and resulted in a range of values for these investees of EUR 9 m to EUR 12 m (December 31, 2022: EUR 9 m to EUR 11 m) that could potentially lead to an increase in accumulated other comprehensive income by up to EUR 3 m (December 31, 2022: EUR 2 m).

The EUR 56 m (December 31, 2022: EUR 53 m) in other financial liabilities assigned to level 3 largely represented the fair value of the contingent purchase price payment obligation for the acquisition of Schaeffler Ultra Precision Drives GmbH. The liability was measured using an option pricing model based on the multi-year forecast of the company's revenue, representing a significant input unobservable in the market. The resulting values fall in a range of EUR 40 m to EUR 60 m (December 31, 2022: EUR 40 m to EUR 60 m) with varying probabilities of occurrence. This could result in potential pre-tax gains of up to EUR 7 m (December 31, 2022: EUR 7 m) and potential pre-tax losses of up to EUR 13 m (December 31, 2022: EUR 13 m).

The derivatives assigned to level 3 represent the fair value of power purchase agreements that are not designated as hedging instruments. The fair value of the power purchase agreements is measured using a valuation model based on the present value of the difference between the agreed fixed price and expected market prices. Since significant inputs unobservable in the market are used in the valuation – mainly electricity prices and expected quantities – the resulting fair values represent

level 3 measurements. The company performed a sensitivity analysis by modeling fluctuations in the price of electricity as at June 30, 2023. Had the price of electricity been 10% higher (lower), earnings before income taxes would have been higher (lower) by EUR 5 m (December 31, 2022: EUR 7 m). There is no impact on other comprehensive income.

Contingent liabilities and other obligations

The statements made in the annual report 2022 with respect to contingent liabilities continue to apply largely unchanged.

Open commitments under fixed contracts to purchase property, plant and equipment amounted to EUR 329 m as at June 30, 2023 (December 31, 2022: EUR 233 m).

Segment information

In accordance with IFRS 8, segment information is reported under the management approach, reflecting the internal organizational and management structure including the internal reporting system to the Schaeffler AG Board of Managing Directors. The Schaeffler Group engages in business activities (1) from which it may earn revenues and incur expenses, (2) whose EBIT is regularly reviewed by the Schaeffler Group's Board of Managing Directors and used as a basis for future decisions on how to allocate resources to the segments and to assess their performance, and (3) for which discrete financial information is available.

The Schaeffler Group's business is managed based on the three divisions – **Automotive Technologies**, **Automotive Aftermarket**, and **Industrial** – which also represent the reportable segments. The Automotive Technologies division business is organized into the four **business divisions (BDs) E-Mobility, Engine & Transmission Systems, Bearings**, and **Chassis Systems**. The Automotive Aftermarket and Industrial divisions are managed regionally, based on the **regions Europe, Americas, Greater China**, and **Asia/Pacific**.

Reconciliation to earnings before income taxes

in € millions	1 st six months	
	2023	2022
EBIT Automotive Technologies	151	79
EBIT Automotive Aftermarket	189	127
EBIT Industrial	188	227
EBIT	527	434
Financial result	-91	-66
Earnings before income taxes	436	367

Prior year information presented based on 2023 segment structure.

Reconciliation of EBIT to EBIT before special items

in € millions	1 st six months		1 st six months		1 st six months		1 st six months	
	2023	2022	2023	2022	2023	2022	2023	2022
	Automotive Technologies		Automotive Aftermarket		Industrial		Total	
EBIT	151	79	189	127	188	227	527	434
• in % of revenue	3.1	1.8	16.7	13.1	8.4	11.0	6.4	5.7
Special items	56	13	4	1	38	10	98	24
• Legal cases	-4	0	-0	0	-2	0	-7	0
• Restructuring	-10	13	-1	1	14	10	4	24
• M&A	0	0	0	0	2	0	2	0
• Energy derivatives and forward exchange contracts	70	-	5	-	23	-	98	-
EBIT before special items	207	92	192	128	225	238	625	458
• in % of revenue	4.3	2.0	17.0	13.2	10.1	11.5	7.6	6.1

Prior year information presented based on 2023 segment structure.

The segments offer different products and services and are managed separately because they require different technology and marketing strategies. Each segment focuses on a specific worldwide group of customers, with the spare parts business with automobile manufacturers located in the Automotive Aftermarket segment. Consequently, the amounts for revenue, EBIT, assets, additions to intangible assets and property, plant and equipment, as well as amortization, depreciation, and impairment losses are reported based on the current allocation of customers to divisions. The allocation of customers to segments and the allocation of indirect expenses were reviewed and adjusted during the year. To ensure that the information on the Automotive Technologies division, Automotive Aftermarket division, and Industrial division segments is comparable, prior year information was also presented using the current year's customer structure. Revenue related to transactions between operating segments is not included.

Related parties

The extent of transactions with related persons and entities remained largely unchanged compared to the 2022 consolidated financial statements.

Further transactions with associated companies and joint ventures during this period were insignificant.

Events after the reporting period

On July 24, 2023, Schaeffler Technologies AG & Co. KG achieved a result in its negotiations with IG Metall Bayern and signed a supplemental company agreement. This leads to an amendment to part of the restructuring measures adopted by Schaeffler AG's Board of Managing Directors on November 7, 2022. The result of the negotiations mainly relates to the cancellation of previously announced relocations at the Herzogenaurach location in the Bearings business division of the Automotive Technologies division as well as to reduced working hours. The amendment is expected to result in a partial reversal of the provision for the restructuring measures in the amount of EUR 29 m in the third quarter of 2023.

No other material events expected to have a significant impact on the net assets, financial position, or results of operations of the Schaeffler Group occurred after June 30, 2023.

Herzogenaurach, July 25, 2023

The Board of Managing Directors

Review report

To Schaeffler AG, Herzogenaurach

We have reviewed the condensed interim consolidated financial statements of Schaeffler AG – comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and the condensed notes to the consolidated interim financial statements – together with the group interim management report of Schaeffler AG, Herzogenaurach, for the period from January 1 to June 30, 2023, that are part of the semi-annual financial report in accordance with section 115 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the group interim management report in accordance with the requirements of the WpHG applicable to group interim management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the group interim management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the group interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through

critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU, and that the group interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to group interim management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU, or that the group interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to group interim management reports.

Nuremberg, July 26, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Grottel
Wirtschaftsprüfer
[German Public Auditor]

Schieler
Wirtschaftsprüfer
[German Public Auditor]

Responsibility statement by the company's legal representatives

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements provide a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the group interim management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group during the remainder of the year.

Klaus Rosenfeld
Chief Executive Officer

Jens Schüler

Claus Bauer

Dr. Stefan Spindler

Andreas Schick

Uwe Wagner

Herzogenaurach, July 25, 2023

Schaeffler Aktiengesellschaft

Corinna Schittenhelm

Matthias Zink

The Board of Managing Directors

Summary 1st quarter 2022 to 2nd quarter 2023

Schaeffler Group

in € millions	2022				2023	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
Income statement						
Revenue	3,758	3,790	4,242	4,019	4,152	4,056
• Europe	1,583	1,620	1,678	1,676	1,848	1,790
• Americas	834	868	937	887	920	911
• Greater China	842	778	1,072	917	829	813
• Asia/Pacific	499	524	555	539	554	542
Cost of sales	-2,887	-2,958	-3,258	-3,126	-3,167	-3,170
Gross profit	871	832	984	893	984	886
• in % of revenue	23.2	22.0	23.2	22.2	23.7	21.8
Research and development expenses	-203	-188	-182	-196	-205	-192
Selling and administrative expenses	-402	-434	-447	-452	-460	-441
EBIT	247	186	316	224	244	283
• in % of revenue	6.6	4.9	7.5	5.6	5.9	7.0
Special items ¹⁾	11	14	39	9	92	6
EBIT before special items	258	200	355	233	336	289
• in % of revenue	6.9	5.3	8.4	5.8	8.1	7.1
Net income ²⁾	136	113	169	140	129	138
Earnings per common non-voting share (basic/diluted, in €)	0.21	0.17	0.25	0.21	0.19	0.22
Statement of financial position						
Total assets	14,354	14,105	14,742	14,284	15,197	14,799
Additions to intangible assets and property, plant and equipment	128	175	219	292	179	226
Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill	231	227	227	239	231	230
• Reinvestment rate	0.56	0.77	0.96	1.22	0.78	0.98
Shareholders' equity ³⁾	3,659	3,900	4,264	4,141	4,221	3,982
• in % of total assets	25.5	27.7	28.9	29.0	27.8	26.9
Net financial debt	1,992	2,552	2,331	2,235	2,999	3,231
• Net financial debt to EBITDA LTM ratio before special items ¹⁾	1.0	1.3	1.1	1.1	1.4	1.5
• Gearing ratio (Net financial debt to shareholders' equity, in %)	54.4	65.4	54.7	54.0	71.0	81.1

in € millions	2022				2023	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
Statement of cash flows						
EBITDA	493	429	560	482	493	531
Cash flows from operating activities	199	-30	477	492	156	307
Capital expenditures (capex) ⁴⁾	156	175	219	240	221	198
• in % of revenue (capex ratio)	4.2	4.6	5.2	6.0	5.3	4.9
Free cash flow (FCF) before cash in- and outflows for M&A activities	14	-219	240	244	-73	103
• FCF-conversion (ratio of FCF before cash in- and outflows for M&A activities to EBIT) ⁵⁾	0.1	-	0.8	1.1	-	0.4
Value-based management (LTM)						
ROCE (in %)	13.1	11.1	11.4	11.1	10.8	11.6
ROCE before special items (in %) ¹⁾	13.1	11.6	12.4	11.9	12.5	13.2
Schaeffler Value Added	259	89	119	98	69	148
Schaeffler Value Added before special items ¹⁾	256	136	210	170	222	293
Employees						
Headcount (at end of reporting period)	83,089	82,790	82,702	82,773	84,060	83,705

¹⁾ Please refer to page 14 for the definition of special items.

²⁾ Attributable to shareholders of the parent company.

³⁾ Including non-controlling interests.

⁴⁾ Capital expenditures on intangible assets and property, plant and equipment.

⁵⁾ Only reported if FCF before cash in- and outflows for M&A activities and EBIT positive.

LTM = Financial indicator based on the last four quarters.

in € millions	2022				2023	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
Automotive Technologies division						
Revenue	2,292	2,221	2,554	2,430	2,440	2,400
• E-Mobility BD	307	293	390	356	336	296
• Engine & Transmission Systems BD	1,257	1,212	1,381	1,302	1,340	1,318
• Bearings BD	643	631	682	670	659	664
• Chassis Systems BD	86	86	102	101	104	121
• Europe	850	837	883	872	977	955
• Americas	565	576	624	586	599	587
• Greater China	557	477	687	615	498	510
• Asia/Pacific	320	331	360	356	365	349
Cost of sales	-1,858	-1,865	-2,090	-2,002	-2,000	-1,991
Gross profit	434	357	464	428	439	409
• in % of revenue	18.9	16.1	18.2	17.6	18.0	17.0
Research and development expenses	-162	-147	-141	-154	-156	-147
Selling and administrative expenses	-183	-190	-186	-189	-187	-174
EBIT	78	1	109	66	44	107
• in % of revenue	3.4	0.0	4.3	2.7	1.8	4.4
Special items ¹⁾	3	10	14	12	61	-4
EBIT before special items	81	11	122	78	105	102
• in % of revenue	3.5	0.5	4.8	3.2	4.3	4.3

in € millions	2022				2023	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
Automotive Aftermarket division						
Revenue	464	506	548	523	582	549
• Europe	306	337	359	356	394	354
• Americas	99	110	118	107	120	121
• Greater China	30	26	37	24	34	38
• Asia/Pacific	29	34	35	36	34	37
Cost of sales	-319	-352	-373	-353	-376	-373
Gross profit	145	154	174	170	206	177
• in % of revenue	31.2	30.4	31.8	32.5	35.3	32.2
Research and development expenses	-5	-4	-4	-5	-5	-4
Selling and administrative expenses	-75	-91	-97	-107	-100	-96
EBIT	63	64	73	55	102	87
• in % of revenue	13.6	12.6	13.3	10.6	17.5	15.8
Special items ¹⁾	1	0	0	3	1	3
EBIT before special items	64	64	73	59	103	89
• in % of revenue	13.8	12.7	13.4	11.2	17.7	16.3
Industrial division						
Revenue	1,002	1,062	1,140	1,066	1,130	1,107
• Europe	427	445	436	448	477	481
• Americas	170	182	196	194	201	203
• Greater China	255	275	348	277	297	265
• Asia/Pacific	150	160	160	147	155	157
Cost of sales	-710	-741	-795	-771	-791	-807
Gross profit	292	322	345	295	339	300
• in % of revenue	29.1	30.3	30.3	27.7	30.0	27.1
Research and development expenses	-36	-37	-36	-37	-45	-41
Selling and administrative expenses	-143	-153	-164	-156	-173	-171
EBIT	106	121	135	103	98	89
• in % of revenue	10.6	11.4	11.8	9.7	8.7	8.1
Special items ¹⁾	7	3	24	-6	30	8
EBIT before special items	113	125	159	97	128	97
• in % of revenue	11.3	11.7	13.9	9.1	11.3	8.8

Prior year information presented based on 2023 segment structure.

¹⁾ Please refer to p. 14 for the definition of special items.

Financial calendar

August 2, 2023

Publication of results for the first six months 2023

November 8, 2023

Publication of results for the first nine months 2023

March 6, 2024

Publication of annual results 2023

All information is subject to correction and may be changed at short notice.

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