

We pioneer motion

Interim Financial Report H1 2022

Key figures

Key figures

| | 1 st six months | | | |
|--|----------------------------|-------------------|-------|------------|
| Income statement (in € millions) | 2022 | 2021 | | Change |
| Revenue | 7,548 | 7,014 | 7.6 | % |
| • at constant currency | | | 3.1 | % |
| EBIT | 434 | 723 | -40.0 | % |
| • in % of revenue | 5.7 | 10.3 | -4.6 | %-pts. |
| EBIT before special items ¹⁾ | 458 | 702 | -34.7 | % |
| • in % of revenue | 6.1 | 10.0 | -3.9 | %-pts. |
| Net income ²⁾ | 249 | 463 | -46.2 | % |
| Earnings per common non-voting share (basic/diluted, in €) | 0.38 | 0.70 | -45.7 | % |
| Statement of financial position (in € millions) | 06/30/2022 | 12/31/2021 | | Change |
| Total assets | 14,105 | 14,364 | -1.8 | % |
| Additions to intangible assets and property, plant and equipment ³⁾ | 303 | 241 | 26.1 | % |
| Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill ³⁾ | 457 | 451 | 1.3 | % |
| • Reinvestment rate | 0.66 | 0.53 | | |
| Shareholders' equity ⁴⁾ | 3,900 | 3,165 | 735 | € millions |
| • in % of total assets | 27.7 | 22.0 | 5.6 | %-pts. |
| Net financial debt | 2,552 | 1,954 | 30.6 | % |
| • Net financial debt to EBITDA ratio before special items ¹⁾ | 1.3 | 0.9 | | |
| • Gearing ratio (Net financial debt to shareholders' equity ⁴⁾ , in %) | 65.4 | 61.7 | 3.7 | %-pts. |
| | 1 st six months | | | |
| Statement of cash flows (in € millions) | 2022 | 2021 | | Change |
| EBITDA | 921 | 1,203 | -23.4 | % |
| Cash flows from operating activities | 170 | 548 | -378 | € millions |
| Capital expenditures (capex) ⁵⁾ | 331 | 268 | 64 | € millions |
| • in % of revenue (capex ratio) | 4.4 | 3.8 | 0.6 | %-pts. |
| Free cash flow (FCF) before cash in- and outflows for M&A activities | -204 | 243 | -447 | € millions |
| • FCF-conversion (ratio of FCF before cash in- and outflows for M&A activities to EBIT) ⁶⁾ | - | 0.3 | - | %-pts. |
| Value-based management (LTM) | | | | Change |
| ROCE (in %) | 11.1 | 9.6 | 1.4 | %-pts. |
| ROCE before special items (in %) ¹⁾ | 11.6 | 17.4 | -5.8 | %-pts. |
| Schaeffler Value Added (in € millions) | 89 | -31 | - | % |
| Schaeffler Value Added before special items (in € millions) ¹⁾ | 136 | 606 | -77.6 | % |
| Employees | 06/30/2022 | 12/31/2021 | | Change |
| Headcount | 82,790 | 82,981 | -0.2 | % |

| | 1 st six months | | | |
|---|----------------------------|-------------|-------|--------|
| Automotive Technologies division ⁷⁾ (in € millions) | 2022 | 2021 | | Change |
| Revenue | 4,515 | 4,365 | 3.4 | % |
| • at constant currency | | | -1.0 | % |
| EBIT | 78 | 373 | -79.1 | % |
| • in % of revenue | 1.7 | 8.5 | -6.8 | %-pts. |
| EBIT before special items ¹⁾ | 91 | 360 | -74.7 | % |
| • in % of revenue | 2.0 | 8.2 | -6.2 | %-pts. |
| | | | | Change |
| Automotive Aftermarket division ⁷⁾ (in € millions) | | | | Change |
| Revenue | 969 | 911 | 6.3 | % |
| • at constant currency | | | 3.2 | % |
| EBIT | 125 | 146 | -14.4 | % |
| • in % of revenue | 12.9 | 16.0 | -3.1 | %-pts. |
| EBIT before special items ¹⁾ | 126 | 136 | -7.1 | % |
| • in % of revenue | 13.0 | 14.9 | -1.9 | %-pts. |
| | | | | Change |
| Industrial division ⁷⁾ (in € millions) | | | | Change |
| Revenue | 2,065 | 1,738 | 18.8 | % |
| • at constant currency | | | 13.6 | % |
| EBIT | 231 | 204 | 12.9 | % |
| • in % of revenue | 11.2 | 11.7 | -0.6 | %-pts. |
| EBIT before special items ¹⁾ | 241 | 206 | 17.0 | % |
| • in % of revenue | 11.7 | 11.8 | -0.2 | %-pts. |

¹⁾ Please refer to the annual report 2021, pp. 33 et seq., 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 2022 segment structure.

LTM = Based on the last twelve months.

Highlights H1 2022

Slight year-on-year revenue increase

Revenue at **EUR 7.5 bn**
(up 3.1% at constant currency)

(prior year: EUR 7.0 bn)

Margin affected by sharp increase in procurement costs and lockdown in China

EBIT margin before special items **6.1%**

(prior year: 10.0%)

Cash flow impacted by challenging market conditions and cash outflows for restructurings

Free cash flow before cash in- and outflows
for M&A activities at **EUR -204 m**

(prior year: EUR 243 m)

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Schaeffler Group

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Group interim management report

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* Part of the group interim management report.

Navigation aid


 Further details in the report

Significant events – first half 2022

Schaeffler Group continues to push ahead with transformation under “Roadmap 2025”

Progress with implementing the structural measures in Europe

Following the start of preparations for the construction of the central laboratory facility in Herzogenaurach in the prior year, its foundation stone was laid in early June 2022. Additionally, the tool technology center in Hoechstadt was opened in early May 2022. The new tool technology center will manufacture precision tools for the global Schaeffler production network, particularly for the strategic future-oriented fields of electric mobility and robotics. As part of the measures aimed at strengthening the capabilities of the Industrial division, production capacities at its headquarters in Schweinfurt were integrated and expanded in order to push ahead with consolidating and clustering as well as increasing vertical integration for classic bearing products.

 More on the **structural measures in Europe** in the annual report 2021 on page 19.

Transformation of Special Machinery business continued

The **Special Machinery** unit realizes solutions worldwide – from the initial system concept through to stable volume production. The unit supplies turnkey production systems both for the Schaeffler Group’s plants and, since opening up to the market in 2019, also for external customers in areas such as the automotive sector including e-mobility, consumer goods, and medical technology. As part of the strategic opening, the Schaeffler Group plans to transform the Special Machinery unit into an independent unit within the company under its “Roadmap 2025”. This continues the Schaeffler Group’s transformation of its global Special Machinery business announced at the 2022 annual general meeting.

The Schaeffler Group and Symbio sign an agreement to establish a company

The Schaeffler Group and Symbio, a Faurecia and Michelin hydrogen company, signed an **agreement** on June 7, 2022, to establish a company with equal share ownership to be located in Haguenau, France. The objective of the company, which will operate under the name “Innoplata”, is the production of bipolar plates for fuel cell applications. Start of production is planned for early 2024. By establishing this company, the Schaeffler Group continues to further expand forward-looking technologies under

its “Roadmap 2025”. The company is expected to be established by the end of 2022, subject to customary conditions precedent such as applicable merger control clearances.

Acquisition of Melior Motion GmbH

In a transaction that closed on February 1, 2022, the Schaeffler Group has acquired 100% of the shares of **Melior Motion GmbH**. The acquisition of this manufacturer of precision gearboxes for robotics and other applications in automation expands the robotics portfolio of the Schaeffler Group’s Industrial division.

Changes in geopolitical and economic environment

The **geopolitical and economic uncertainty** resulting from the war in Ukraine affects the Schaeffler Group’s sales and procurement markets. While the direct implications for the Schaeffler Group’s activities in Russia and Ukraine are limited, the war in Ukraine impacts the global economy and, as a result, indirectly affects the Schaeffler Group. The Schaeffler Group’s sales and procurement markets were additionally affected by renewed lockdown measures in China due to the coronavirus pandemic, especially in the second quarter of 2022.

Schaeffler AG holds virtual annual general meeting

On April 21, 2022, Schaeffler AG's **annual general meeting** passed a resolution to pay a dividend of EUR 0.49 (prior year: EUR 0.24) per common share and EUR 0.50 (prior year: EUR 0.25) per common non-voting share to Schaeffler AG's shareholders for 2021. This represents a dividend payout ratio of 43.9% (prior year: 49.7%) of net income attributable to shareholders before special items. The dividend was paid on April 26, 2022.

New outlook published

The Board of Managing Directors of Schaeffler AG has suspended the full-year guidance for 2022 for the Schaeffler Group and its divisions published on March 8, 2022, due to the developments in Ukraine and the resulting implications for the global economy.

On May 9, 2022, the Board of Managing Directors of Schaeffler AG agreed on a new **full-year outlook for 2022** for the Schaeffler Group and its divisions.



More on the guidance for the Schaeffler Group and its divisions in the outlook on pp. 22 et seq.

Contracts with Managing Directors extended

At its meeting on May 20, 2022, the Supervisory Board of Schaeffler AG decided to extend the contract with Claus Bauer, **Chief Financial Officer (CFO)** with responsibility for Finance and IT, until August 31, 2025.

Also at its meeting on May 20, 2022, the Supervisory Board decided to extend the contract with Dr. Stefan Spindler, **CEO of the Industrial division**, until April 30, 2024.

Schaeffler on the capital markets

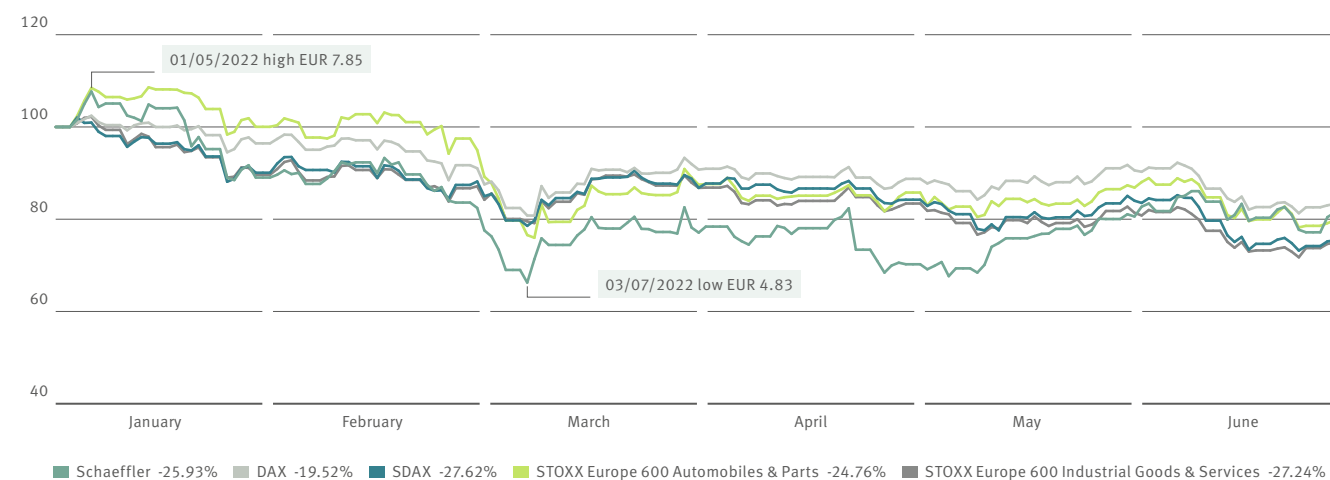
Considerable price declines in global equity markets

The first half of 2022 in the equity markets was marked by extensive geopolitical and economic uncertainties, with especially the implications of the war in Ukraine and the partial lockdowns in China due to the coronavirus pandemic featuring significantly. Additionally, concerns regarding a potential recession rose during the reporting period, considerably fueled by the high level of inflation and central banks responding by raising interest rates or announcing plans to do so. The global equity markets reflected all of these events and developments. Many share price indexes experienced losses amounting to rates considerably in the double-digits.

Schaeffler AG's common non-voting shares declined by a considerable 25.9% during the first six months of 2022. As at June 30, 2022, Schaeffler shares were quoted at EUR 5.40, following the general market trend and experiencing declines similar to those in the benchmark indexes STOXX Europe 600 Automobiles & Parts (-24.8%) and STOXX Europe 600 Industrial Goods & Services (-27.2%).

Schaeffler share price trend 2022

in percent (12/31/2021 = 100)



Source: Bloomberg (closing prices).

Schaeffler share performance

| | 1 st six months | |
|---|----------------------------|-----------|
| | 2022 | 2021 |
| Schaeffler share price 06/30 (in €) ¹⁾ | 5.40 | 7.78 |
| Average trading volume (number of shares) | 916,995 | 810,758 |
| Market capitalization (in € millions) | 896,400 | 1,291,480 |
| Earnings per share (in €) | | |
| • Common shares | 0.37 | 0.69 |
| • Common non-voting shares | 0.38 | 0.70 |

¹⁾ Source: Bloomberg (closing prices).

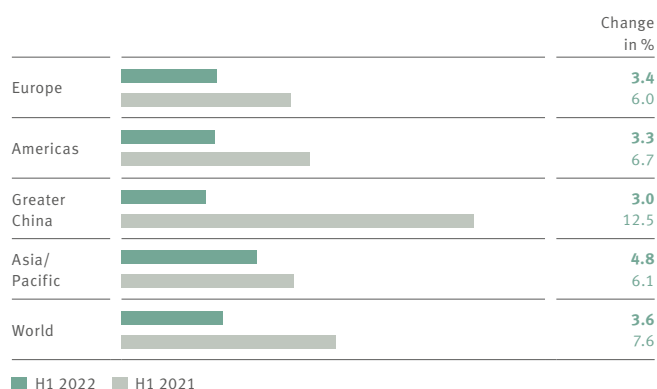
Information on the Schaeffler Group's bonds and ratings on pp. 18 et seq.

See page 43 for financial calendar.

1. Report on the economic position

1.1 Economic environment

Gross domestic product



Source: Oxford Economics (July 2022).

Regions reflect the regional structure of the Schaeffler Group.

Macroeconomic environment

Global economic growth was noticeably impacted by the war in Ukraine during the first half of 2022. Against the backdrop of sanctions against Russia, the military conflict led to high economic uncertainty, hampered trade, temporarily put enormous upward pressure on key commodities prices as well as further disrupted global supply chains which had initially begun to stabilize early in the year. Along with the war in Ukraine, global

economic growth was also adversely affected by the persistent coronavirus pandemic, especially during the second quarter. Renewed lockdown measures in China due to rising numbers of new infections not only considerably weakened economic activity in that country between March and May 2022 but also put additional pressure on global supply chains.

In light of these developments, the already high consumer price inflation rose further in many countries in the second quarter of 2022. The persistently high inflationary pressure and resulting loss of purchasing power hampered demand by private households; additionally, central banks worldwide responded by tightening their monetary policy stance, some considerably so.

Growth in global gross domestic product slowed during the reporting period and, in the second quarter of 2022, declined to the lowest level in more than a year. Similarly, the growth rates reported for the second quarter of 2022 for all of the Schaeffler Group's regions except Asia/Pacific were the lowest in several quarters.

In the **currency markets**, the euro fell considerably against both the U.S. dollar and the Chinese renminbi. On average, the euro was valued at USD 1.09 and CNY 7.08, respectively, during the reporting period (prior year: USD 1.21 and CNY 7.80, respectively; European Central Bank).

Further information on foreign currency translation on pp. 31 et seq.

Sector-specific environment

The decline in global **automobile production** during the first half of 2022, measured as the number of vehicles up to six tons in weight produced, was attributable to several factors. A factor contributing significantly were persistent supply shortages of semiconductors which, despite stabilizing in parts, continued to result in considerable production losses, especially in the first quarter of 2022. Additionally, global automobile production was hampered by disruptions related to the war in Ukraine. For instance, production in Russia slumped in light of economic sanctions against that country and production stoppages there. Furthermore, a shortage of intermediate products from Ukraine interfered with production in Europe, particularly in Germany. Finally, global automobile production was also hampered by renewed lockdown measures in China which not only considerably affected production in that country during the second quarter of 2022 but also impacted other production countries such as Japan and South Korea via disruptions in supply chains.

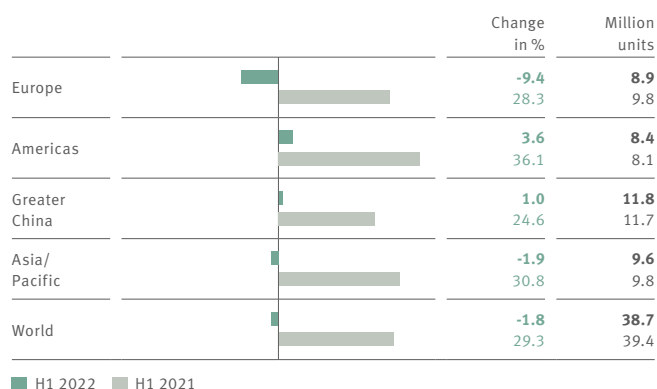
During the first quarter within the reporting period, automobile production declined in all regions except Greater China. In the second quarter, the Americas region reported considerable year-on-year growth while automobile production stagnated in the Asia/Pacific region and declined in the Europe and Greater China regions. In light of these developments, global automobile production decreased during the first quarter while second-quarter production volumes stagnated at the prior year level.

Report on the economic position

Economic environment

Within the Europe region, the euro region experienced a decline of 7.2%. The growth in the Americas region was mainly driven by growth in the U.S., where automobile production was up 3.8%. Mexico (3.5%) and especially Canada (11.3%) reported growth as well, while Brazil experienced a decline of 4.7%. In the Greater China region, second-quarter production volumes fell 5.4% short of the prior year level against the backdrop of renewed lockdowns, contrasting with the 7.3% growth rate experienced in the first quarter. Within the Asia/Pacific region, India was the only major production country reporting growth, which, at 17.2%, was strong. In contrast, South Korea (-2.7%) and especially Japan (-14.0%) both experienced declines.

Automobile production



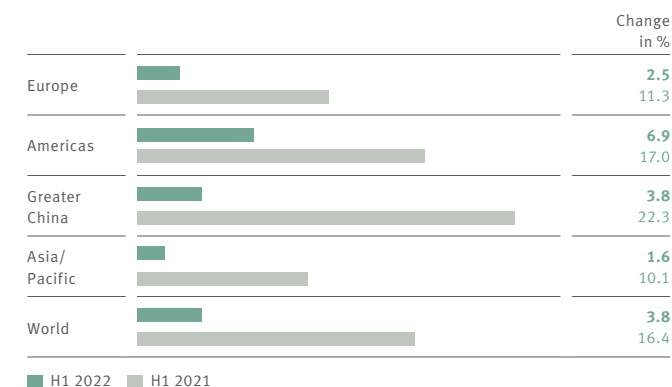
Source: IHS Markit (July 2022).

Regions reflect the regional structure of the Schaeffler Group.

Like the overall economic trend, global industrial activity was also noticeably affected by the consequences of the war in Ukraine and the persistent coronavirus pandemic during the first half of 2022. Against the background of persistently disrupted supply chains, increased materials and energy costs, and renewed lockdown measures in China, global **industrial production** grew by 2.5% during the reporting period, according to preliminary estimates, with growth for the second quarter of 2022 falling to the lowest rate since the second half of 2020 (Oxford Economics, June 2022). The trend reported for the sectors particularly relevant to the Schaeffler Group – mechanical engineering, transport equipment, and electrical equipment – was similar as well.

In the Europe region, the euro region saw the relevant industrial production increase by 1.8% during the reporting period. Due to the considerable effects of the war in Ukraine, a slight decline was reported for the second quarter since only the transport equipment sector still experienced growth. The high growth rate in the Americas region, above-average compared to the other regions, was mainly attributable to the U.S. The relevant industrial production there proved relatively robust during the reporting period, rising by a total of 6.8% with each of the relevant sectors growing in comparison to the prior year period. Greater China region growth slowed considerably to 0.9% in the second quarter of 2022 against the background of the renewed lockdown measures; in contrast, the growth rate for the first quarter was 6.9%. In the Asia/Pacific region, Japan reported an expansion of 5.2%, largely due to growth in the mechanical engineering sector. South Korea (-5.2%) and India (-6.1%), however, experienced declines since all sectors of the relevant industrial production reported decreases from the prior year period.

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



Source: Oxford Economics (June 2022).

Regions reflect the regional structure of the Schaeffler Group.

Procurement markets

In the **procurement markets**, average prices for most commodities and input materials significant to the Schaeffler Group were higher than in the prior year period, and generally significantly so (Bloomberg; EIA; Platts). Over the course of the first half of 2022, after partially significant increases in the context of the war in the Ukraine, almost all prices trended lower during the second quarter. Commodity market price trends affect the Schaeffler Group's cost to varying degrees and in some instances with some delay, depending on the terms of the relevant supplier contracts.

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 2022 compared to the prior year period was mostly attributable to a favorable impact from sales prices in all three divisions, especially since significant rises in procurement costs were increasingly passed on to the market. Sales volumes were ahead of the prior year period level as well, with considerably higher volumes in the **Industrial division**, especially due to the results of operations of Industrial Distribution and the industrial automation sector cluster in the Europe region, offsetting the lower volumes of the Automotive Technologies division. The sales volume trend of the **Automotive Technologies division** was primarily attributable to persistently volatile customer call-offs due to the continuing challenging environment in the automotive sector. The **Automotive Aftermarket division** offset the decline in volumes in the Central & Eastern Europe subregion resulting from the war in Ukraine almost entirely with volume growth in other subregions.

The considerable decrease in **EBIT margin before special items** from the first half of 2021 was primarily due to the considerably lower gross profit margin for the reporting period. The primary reasons for this decrease were significantly higher procurement costs that were only partially offset by adjustments to sales prices as well as production inefficiencies due to volatile customer call-offs. The main additional adverse impact on the EBIT margin before special items was the increase in the cost of freight and logistics.

| in € millions | 1 st six months | | | 2 nd quarter | | |
|---|----------------------------|--------------|----------------|-------------------------|--------------|----------------|
| | 2022 | 2021 | Change in % | 2022 | 2021 | Change in % |
| Revenue | 7,548 | 7,014 | 7.6 | 3,790 | 3,454 | 9.7 |
| • at constant currency | | | 3.1 | | | 4.4 |
| Revenue by division | | | | | | |
| Automotive Technologies | 4,515 | 4,365 | 3.4 | 2,222 | 2,084 | 6.6 |
| • at constant currency | | | -1.0 | | | 1.3 |
| Automotive Aftermarket | 969 | 911 | 6.3 | 506 | 467 | 8.2 |
| • at constant currency | | | 3.2 | | | 4.3 |
| Industrial | 2,065 | 1,738 | 18.8 | 1,063 | 902 | 17.8 |
| • at constant currency | | | 13.6 | | | 11.7 |
| Revenue by region ¹⁾ | | | | | | |
| Europe | 3,204 | 3,019 | 6.1 | 1,620 | 1,501 | 7.9 |
| • at constant currency | | | 6.0 | | | 7.6 |
| Americas | 1,701 | 1,423 | 19.5 | 868 | 669 | 29.7 |
| • at constant currency | | | 9.5 | | | 16.3 |
| Greater China | 1,620 | 1,612 | 0.5 | 778 | 812 | -4.1 |
| • at constant currency | | | -8.0 | | | -12.5 |
| Asia/Pacific | 1,023 | 960 | 6.5 | 524 | 472 | 11.1 |
| • at constant currency | | | 3.4 | | | 6.6 |
| Cost of sales | -5,845 | -5,215 | 12.1 | -2,958 | -2,611 | 13.3 |
| Gross profit | 1,703 | 1,800 | -5.4 | 832 | 843 | -1.2 |
| • in % of revenue | 22.6 | 25.7 | - | 22.0 | 24.4 | - |
| Research and development expenses | -390 | -376 | 3.9 | -188 | -183 | 2.4 |
| Selling and administrative expenses | -836 | -754 | 10.9 | -434 | -371 | 16.9 |
| Other income and expense | -22 | 73 | - | -14 | 67 | - |
| Income (loss) from equity-accounted investees | -22 | -20 | 7.5 | -11 | -14 | -24.6 |
| Earnings before financial result and income taxes (EBIT) | 434 | 723 | -40.0 | 186 | 341 | -45.4 |
| • in % of revenue | 5.7 | 10.3 | - | 4.9 | 9.9 | - |
| Special items ²⁾ | 24 | -22 | - | 14 | -37 | - |
| EBIT before special items | 458 | 702 | -34.7 | 200 | 305 | -34.3 |
| • in % of revenue | 6.1 | 10.0 | - | 5.3 | 8.8 | - |
| Financial result | -66 | -49 | 35.8 | -37 | -15 | > 100 |
| Income taxes | -105 | -205 | -48.8 | -30 | -95 | -69.1 |
| Net income ³⁾ | 249 | 463 | -46.2 | 113 | 227 | -50.5 |
| Earnings per common non-voting share (basic/diluted, in €) | 0.38 | 0.70 | -45.7 | 0.17 | 0.35 | -51.4 |

¹⁾ Based on market (customer location).

²⁾ Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

³⁾ Attributable to shareholders of the parent company.

The **financial result** changed by EUR -17 m during the reporting period.

Schaeffler Group financial result

| in € millions | 1 st six months | |
|--|----------------------------|------------|
| | 2022 | 2021 |
| Interest expense on financial debt ¹⁾ | -49 | -53 |
| Gains and losses on derivatives and foreign exchange | -16 | -2 |
| Interest income and expense on pensions and partial retirement obligations | -15 | -10 |
| Other | 14 | 17 |
| Total | -66 | -49 |

¹⁾ Incl. amortization of transaction costs.

Interest expense on financial debt for the first six months of 2022 was reduced from the prior year period as a result of the prepayment of Schuldschein loans in November 2021 and the bond series in March 2022.

 Further information on financial debt on pp. 18 et seq.

Derivatives and foreign currency translation gave rise to a loss of EUR 16 m (prior year: EUR 2 m), primarily since the euro weakened against the U.S. dollar.

In the reporting period, Other included mainly EUR 5 m in interest income on taxes resulting from the change in the interest rate on tax receivables. A EUR 3 m compensation payment on a fully impaired loan receivable led to additional interest income.

Income tax expense for the reporting period amounted to EUR 105 m (prior year: EUR 205 m), representing an effective tax rate of 28.6% (prior year: 30.4%). The change in the effective tax rate compared to the prior year was primarily the result of favorable one-off and prior year items as well as higher tax credits, partially offset by the increase in non-deductible expenses due to non-creditable withholding taxes.

Net income attributable to shareholders of the parent company for the first six months of 2022 was EUR 249 m (prior year: EUR 463 m). **Net income before special items** amounted to EUR 265 m (prior year: EUR 437 m).

Basic and diluted earnings per common share decreased to EUR 0.37 during the reporting period (prior year: EUR 0.69). Basic and diluted **earnings per common non-voting share** amounted to EUR 0.38 (prior year: EUR 0.70). 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 11.6% (prior year: 17.4%), **Schaeffler Value Added before special items (SVA)** EUR 136 m (prior year: EUR 606 m). The decline was primarily due to the considerably lower EBIT before special items compared to the prior year period.

Report on the economic position

Earnings

Automotive Technologies division earnings

The slightly lower **revenue**, excluding the impact of currency translation, in the first half of 2022 was primarily attributable to the persistently challenging environment in the automotive sector. For instance, the decline in global automobile production resulting from the sustained shortages in global supply chains, particularly for semiconductors, the implications of the war in Ukraine, and the coronavirus pandemic resulted in persistently volatile customer call-offs. This decline had a significant adverse impact on sales volumes of the **Engine & Transmission Systems** and **Bearings BDs**, mainly in the Greater China region – intensified by the strict lockdown measures mainly affecting the second quarter of 2022 – and the Europe and Asia/Pacific regions. In contrast, the increase in these two BDs' sales volumes contributed significantly to the overall growth trend of the Americas region. The **E-Mobility** and **Chassis Systems BDs** increased their sales volumes in almost all regions during the reporting period, mainly driven by product ramp-ups. The division passed on part of the significant increase in procurement costs to customers, favorably impacting its revenue trend as well. On the whole, revenue outperformed global automobile production during the reporting period.

Outperformance H1 2022

| | Europe | Americas | Greater China | Asia/Pacific | Total |
|--|------------|------------|---------------|--------------|------------|
| Revenue growth (in %) ¹⁾ | 0.2 | 9.0 | -10.0 | -4.6 | -1.0 |
| LVP growth (in %) ²⁾ | -9.4 | 3.6 | 1.0 | -1.9 | -1.8 |
| Outperformance (in percentage points) | 9.6 | 5.4 | -11.0 | -2.7 | 0.8 |

The considerable decrease in **EBIT margin before special items** from the strong first half of 2021 – mainly influenced by the positive momentum in the market as well as the still limited impact on the global procurement markets – was primarily due to the considerably lower gross profit margin. The latter declined due to significantly increased procurement costs that were only partly offset by adjustments to sales prices, the market-driven decline in volumes, and production inefficiencies due to volatile

customer call-offs. The main additional adverse impact on the EBIT margin before special items was the increase in the cost of freight and logistics.

| in € millions | 1 st six months | | Change in % | 2 nd quarter | | Change in % |
|---|----------------------------|--------------|--------------|-------------------------|--------------|--------------|
| | 2022 | 2021 | | 2022 | 2021 | |
| Revenue | 4,515 | 4,365 | 3.4 | 2,222 | 2,084 | 6.6 |
| • at constant currency | | | -1.0 | | | 1.3 |
| Revenue by business division | | | | | | |
| E-Mobility BD | 601 | 506 | 18.7 | 294 | 259 | 13.4 |
| • at constant currency | | | 13.0 | | | 7.9 |
| Engine & Transmission Systems BD | 2,468 | 2,426 | 1.7 | 1,211 | 1,143 | 5.9 |
| • at constant currency | | | -3.2 | | | -0.1 |
| Bearings BD | 1,273 | 1,291 | -1.4 | 631 | 615 | 2.5 |
| • at constant currency | | | -4.8 | | | -1.7 |
| Chassis Systems BD | 172 | 142 | 21.0 | 86 | 66 | 29.6 |
| • at constant currency | | | 19.0 | | | 27.4 |
| Revenue by region ³⁾ | | | | | | |
| Europe | 1,685 | 1,676 | 0.5 | 836 | 812 | 2.9 |
| • at constant currency | | | 0.2 | | | 2.4 |
| Americas | 1,145 | 969 | 18.2 | 578 | 438 | 32.2 |
| • at constant currency | | | 9.0 | | | 19.5 |
| Greater China | 1,034 | 1,054 | -1.9 | 477 | 513 | -7.1 |
| • at constant currency | | | -10.0 | | | -14.9 |
| Asia/Pacific | 651 | 666 | -2.2 | 331 | 321 | 3.0 |
| • at constant currency | | | -4.6 | | | -0.5 |
| Cost of sales | -3,724 | -3,372 | 10.4 | -1,865 | -1,651 | 13.0 |
| Gross profit | 790 | 993 | -20.4 | 356 | 433 | -17.7 |
| • in % of revenue | 17.5 | 22.7 | - | 16.0 | 20.8 | - |
| Research and development expenses | -309 | -302 | 2.2 | -147 | -147 | -0.4 |
| Selling and administrative expenses | -374 | -345 | 8.2 | -190 | -172 | 10.6 |
| Other income and expense | -9 | 47 | - | -8 | 41 | - |
| Income (loss) from equity-accounted investees | -21 | -20 | 7.5 | -10 | -14 | -25.0 |
| EBIT | 78 | 373 | -79.1 | 1 | 141 | -99.5 |
| • in % of revenue | 1.7 | 8.5 | - | 0.0 | 6.7 | - |
| Special items ⁴⁾ | 13 | -13 | - | 10 | -21 | - |
| EBIT before special items | 91 | 360 | -74.7 | 11 | 119 | -90.9 |
| • in % of revenue | 2.0 | 8.2 | - | 0.5 | 5.7 | - |

Prior year information presented based on 2022 segment structure.

¹⁾ Compared to prior year; at constant currency.

²⁾ Growth in production of passenger cars and light commercial vehicles; source: IHS Markit (July 2022).

³⁾ Based on market (customer location).

⁴⁾ Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

Report on the economic position

Earnings

Automotive Aftermarket division earnings

The slight **revenue** growth, excluding the impact of currency translation, in the first half of 2022 was mainly attributable to a favorable impact from sales prices. A significant part of the considerable increase in procurement costs was passed on to the market via adjustments to sales prices. Higher volumes in the **Americas region**, especially in the Independent Aftermarket business in the South America and Mexico subregions, contributed significantly to the division's revenue growth. The **Asia/Pacific region** increased its sales volumes as well, primarily driven by the Independent Aftermarket business in India. Local lockdown measures in the **Greater China region** during the second quarter of 2022 led to lower customer call-offs and, therefore, to slightly lower revenue for the reporting period, excluding the impact of currency translation. **Europe region** sales volumes declined slightly as well. This decline was primarily attributable to the Independent Aftermarket business in the Central & Eastern Europe subregion, which was impacted considerably by the slump in sales, mainly in Russia and Ukraine due to the war in Ukraine, and was not fully offset by sales growth in the Western Europe and Middle East & Africa subregions.

The decrease in **EBIT margin before special items** from the first half of 2021 was primarily due to higher selling expenses, mainly attributable to favorable one-off items related to a reimbursement of expenses by a service provider in the prior year period. Additionally, the gross margin declined as a result of increased procurement costs that were not fully compensated for by adjustments to sales prices.

| in € millions | 1 st six months | | Change in % | 2 nd quarter | | Change in % |
|--|----------------------------|------------|----------------|-------------------------|------------|----------------|
| | 2022 | 2021 | | 2022 | 2021 | |
| Revenue | 969 | 911 | 6.3 | 506 | 467 | 8.2 |
| • at constant currency | | | 3.2 | | | 4.3 |
| Revenue by region ¹⁾ | | | | | | |
| Europe | 642 | 644 | -0.2 | 337 | 332 | 1.5 |
| • at constant currency | | | -0.3 | | | 1.2 |
| Americas | 209 | 169 | 23.7 | 110 | 86 | 27.9 |
| • at constant currency | | | 11.9 | | | 12.4 |
| Greater China | 56 | 51 | 9.5 | 26 | 26 | -0.7 |
| • at constant currency | | | -0.1 | | | -9.5 |
| Asia/Pacific | 62 | 48 | 29.5 | 33 | 24 | 40.4 |
| • at constant currency | | | 24.1 | | | 32.7 |
| Cost of sales | -671 | -621 | 8.0 | -352 | -321 | 9.8 |
| Gross profit | 298 | 290 | 2.8 | 154 | 147 | 4.8 |
| • in % of revenue | 30.8 | 31.9 | - | 30.4 | 31.4 | - |
| Research and development expenses | -9 | -8 | 10.6 | -4 | -4 | 15.3 |
| Selling and administrative expenses | -168 | -150 | 12.2 | -92 | -68 | 34.7 |
| Other income and expense | 4 | 14 | -70.5 | 6 | 14 | -59.6 |
| EBIT | 125 | 146 | -14.4 | 63 | 89 | -29.1 |
| • in % of revenue | 12.9 | 16.0 | - | 12.5 | 19.0 | - |
| Special items ²⁾ | 1 | -10 | - | 0 | -11 | - |
| EBIT before special items | 126 | 136 | -7.1 | 63 | 78 | -18.7 |
| • in % of revenue | 13.0 | 14.9 | - | 12.5 | 16.6 | - |

Prior year information presented based on 2022 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

Report on the economic position

Earnings

Industrial division earnings

The considerable **revenue** growth, excluding the impact of translation, during the first half of 2022 was largely attributable to the strong increase in volumes at Industrial Distribution and in the industrial automation sector cluster in the **Europe region**. The **Americas** and **Asia/Pacific regions**' high level of demand, particularly in Industrial Distribution, contributed to revenue growth as well. The decline in revenue, excluding the impact of translation, in the **Greater China region** was partly attributable to the decline in volumes in the wind sector cluster that was due in part to subsidies for offshore wind turbines ending at the end of 2021, as well as the economic implications of the local lockdown measures, especially in the second quarter of 2022. Additionally, the Industrial division reported a favorable impact of sales prices on revenue growth, primarily since significant increases in procurement costs were partly passed on to the market via adjustments to sales prices.

The **EBIT margin before special items** for the first half of 2022 was flat with the prior year. Heavy increases in procurement costs, higher personnel expenses due to volumes, and temporary inefficiencies related to the consolidation of the footprint in Europe had an adverse impact on the gross margin. Freight and logistics costs rose as well. Economies of scale resulting from the strong increase in sales volumes as well as adjustments to sales prices had an offsetting impact.

| in € millions | 1 st six months | | | 2 nd quarter | | |
|--|----------------------------|--------------|----------------|-------------------------|------------|----------------|
| | 2022 | 2021 | Change in % | 2022 | 2021 | Change in % |
| Revenue | 2,065 | 1,738 | 18.8 | 1,063 | 902 | 17.8 |
| • at constant currency | | | 13.6 | | | 11.7 |
| Revenue by region ¹⁾ | | | | | | |
| Europe | 877 | 699 | 25.4 | 448 | 357 | 25.3 |
| • at constant currency | | | 25.7 | | | 25.2 |
| Americas | 347 | 285 | 21.6 | 179 | 146 | 23.2 |
| • at constant currency | | | 10.0 | | | 9.1 |
| Greater China | 531 | 507 | 4.7 | 275 | 272 | 1.1 |
| • at constant currency | | | -4.6 | | | -8.3 |
| Asia/Pacific | 310 | 247 | 25.7 | 160 | 127 | 25.8 |
| • at constant currency | | | 21.0 | | | 19.5 |
| Cost of sales | -1,450 | -1,222 | 18.7 | -740 | -640 | 15.7 |
| Gross profit | 615 | 516 | 19.0 | 322 | 262 | 22.7 |
| • in % of revenue | 29.8 | 29.7 | - | 30.3 | 29.1 | - |
| Research and development expenses | -73 | -66 | 10.8 | -37 | -32 | 14.1 |
| Selling and administrative expenses | -294 | -258 | 13.8 | -151 | -131 | 15.8 |
| Other income and expense | -17 | 12 | - | -11 | 13 | - |
| EBIT | 231 | 204 | 12.9 | 123 | 112 | 9.6 |
| • in % of revenue | 11.2 | 11.7 | - | 11.6 | 12.4 | - |
| Special items ²⁾ | 10 | 2 | > 100 | 3 | -4 | - |
| EBIT before special items | 241 | 206 | 17.0 | 126 | 108 | 17.3 |
| • in % of revenue | 11.7 | 11.8 | - | 11.9 | 11.9 | - |

Prior year information presented based on 2022 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

Performance indicators and special items

Please refer to pp. 15 et seq. and 35 et seq. of the Schaeffler Group's annual report 2021 for a detailed discussion of performance indicators.

EBIT for the reporting period was impacted by **special items**, most of which were recognized in other expense. The **restructuring** category includes special items recognized in connection with the "Roadmap 2025" divisional subprograms, mainly related to consolidation of the footprint in Europe.

Reconciliation

| | 1 st six months | | 1 st six months | | 1 st six months | | 1 st six months | |
|--|----------------------------|------------|----------------------------|--------------------|----------------------------|--------------------|----------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ |
| Income statement (in € millions) | Total | | Automotive Technologies | | Automotive Aftermarket | | Industrial | |
| EBIT | 434 | 723 | 78 | 373 | 125 | 146 | 231 | 204 |
| • in % of revenue | 5.7 | 10.3 | 1.7 | 8.5 | 12.9 | 16.0 | 11.2 | 11.7 |
| Special items | 24 | -22 | 13 | -13 | 1 | -10 | 10 | 2 |
| • Legal cases | 0 | -10 | 0 | -1 | 0 | -8 | 0 | -1 |
| • Restructuring | 24 | -17 | 13 | -15 | 1 | -3 | 10 | 1 |
| – including divisional Roadmap 2025 subprograms of | 24 | -17 | 13 | -15 | 1 | -3 | 10 | 1 |
| • Other | 0 | 6 | 0 | 4 | 0 | 1 | 0 | 1 |
| EBIT before special items | 458 | 702 | 91 | 360 | 126 | 136 | 241 | 206 |
| • in % of revenue | 6.1 | 10.0 | 2.0 | 8.2 | 13.0 | 14.9 | 11.7 | 11.8 |

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 debt to EBITDA ratio, Schaeffler Value Added, and ROCE before special items (= adjusted).

Impact of currency translation/constant currency

Revenue figures at constant currency, 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.

Report on the economic position

Earnings

Reconciliation

| | 1 st six months | |
|--|----------------------------|-------------------|
| | 2022 | 2021 |
| Income statement (in € millions) | | Total |
| EBIT | 434 | 723 |
| • in % of revenue | 5.7 | 10.3 |
| Special items | 24 | -22 |
| • Legal cases | 0 | -10 |
| • Restructuring | 24 | -17 |
| – including divisional Roadmap 2025 subprograms of | 24 | -17 |
| • Other | 0 | 6 |
| EBIT before special items | 458 | 702 |
| • in % of revenue | 6.1 | 10.0 |
| Net income ²⁾ | 249 | 463 |
| Special items | 22 | -41 |
| • Legal cases | -2 | -30 |
| • Restructuring | 24 | -17 |
| • Other | 0 | 6 |
| – Tax effect ³⁾ | -6 | 15 |
| Net income before special items ²⁾ | 265 | 437 |
| Statement of financial position (in € millions) | 06/30/2022 | 12/31/2021 |
| Net financial debt | 2,552 | 1,954 |
| / EBITDA LTM | 1,904 | 2,186 |
| Net financial debt to EBITDA ratio | 1.3 | 0.9 |
| Net financial debt | 2,552 | 1,954 |
| / EBITDA before special items LTM | 1,947 | 2,180 |
| Net financial debt to EBITDA ratio before special items | 1.3 | 0.9 |

| | 1 st six months | |
|---|----------------------------|--------------|
| | 2022 | 2021 |
| Statement of cash flows (in € millions) | | |
| EBITDA | 921 | 1,203 |
| Special items | 27 | -22 |
| • Legal cases | 0 | -10 |
| • Restructuring | 27 | -17 |
| • Other | 0 | 6 |
| EBITDA before special items | 948 | 1,181 |
| Free cash flow (FCF) | -265 | 242 |
| -/+ Cash in- and outflows for M&A activities | 61 | 1 |
| FCF before cash in- and outflows for M&A activities | -204 | 243 |
| FCF before cash in- and outflows for M&A activities | -204 | 243 |
| / EBIT | 434 | 723 |
| FCF-conversion ⁴⁾ | - | 0.3 |
| FCF before cash in- and outflows for M&A activities | -204 | 243 |
| Special items | 195 | 204 |
| • Legal cases | -9 | -3 |
| • Restructuring | 204 | 201 |
| • Other | 0 | 6 |
| • Financing | 0 | 0 |
| FCF before cash in- and outflows for M&A activities and before special items | -9 | 447 |
| Value-based management LTM (in € millions) | | |
| EBIT | 931 | 789 |
| / Average capital employed | 8,423 | 8,200 |
| ROCE (in %) | 11.1 | 9.6 |
| EBIT before special items | 978 | 1,426 |
| / Average capital employed | 8,423 | 8,200 |
| ROCE before special items (in %) | 11.6 | 17.4 |
| EBIT | 931 | 789 |
| – Cost of capital | 842 | 820 |
| Schaeffler Value Added (SVA) | 89 | -31 |
| EBIT before special items | 978 | 1,426 |
| – Cost of capital | 842 | 820 |
| SVA before special items | 136 | 606 |

¹⁾ Prior year information presented based on 2022 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 = Based on the last twelve months.

Report on the economic position

Financial position

1.3 Financial position


Cash flow and liquidity

Cash flow

| in € millions | 1 st six months | | | 2 nd quarter | | |
|--|----------------------------|--------------|----------------|-------------------------|--------------|-----------------|
| | 2022 | 2021 | Change in % | 2022 | 2021 | Change in % |
| Cash flows from operating activities | 170 | 548 | -69.0 | -30 | 266 | - |
| Cash used in investing activities | -404 | -277 | 45.8 | -172 | -136 | 26.5 |
| • including acquisition of subsidiaries, interests in joint ventures, and other equity investments | -61 | -1 | > 100 | 0 | 2 | -93.1 |
| • including disposal of subsidiaries, interests in joint ventures, and other equity investments | 1 | 0 | - | 1 | 0 | - |
| Cash used in financing activities | -913 | -228 | > 100 | -354 | -172 | > 100 |
| • including principal repayments on lease liabilities | -31 | -29 | 7.0 | -16 | -14 | 9.5 |
| Net increase (decrease) in cash and cash equivalents | -1,147 | 42 | - | -556 | -42 | > 100 |
| Effects of foreign exchange rate changes on cash and cash equivalents | 20 | 10 | > 100 | 8 | -2 | - |
| Cash and cash equivalents as at beginning of period | 1,822 | 1,758 | 3.6 | 1,243 | 1,854 | -33.0 |
| Cash and cash equivalents as at June 30 | 694 | 1,810 | -61.6 | 694 | 1,810 | -61.6 |
| Less cash and cash equivalents classified as assets held for sale as at June 30 | 13 | 0 | - | 13 | 0 | - |
| Cash and cash equivalents as at June 30 (consolidated statement of financial position) | 681 | 1,810 | -62.4 | 681 | 1,810 | -62.4 |
| Free cash flow (FCF) | -265 | 242 | - | -218 | 115 | - |
| Free cash flow (FCF) before cash in- and outflows for M&A activities | -204 | 243 | - | -219 | 113 | - |

The decrease in **cash flows from operating activities** compared to the first half of 2021 resulted primarily from the EUR 282 m decline in EBITDA. Additionally, the expansion of working capital by EUR 58 m was slightly more extensive than in the prior year period. EUR 169 m of the more extensive expansion year-on-year was related to trade receivables and EUR 52 m to inventories. Trade payables had an offsetting impact of EUR 164 m.

Capital expenditures on property, plant and equipment and intangible assets (capex) included in **cash used in investing activities** rose by EUR 64 m to EUR 331 m (prior year: EUR 268 m). Capital expenditures amounted to 4.4% (prior year: 3.8%) of revenue (capex ratio). Expenditures for the acquisition of subsidiaries were primarily related to the acquisition of Melior Motion GmbH.

 More on investing activities on page 18.

Cash used in financing activities includes the dividends of EUR 336 m (prior year: EUR 165 m) paid in the second quarter of 2022. Changes in financial debt resulted in EUR 546 m in net cash outflows during the reporting period (prior year: net cash outflows of EUR 34 m), mainly due to the prepayment of the Schaeffler AG bond series (ISIN DE000A2YB699) with a principal of EUR 545 m on March 1, 2022.

The decline in **free cash flow before cash in- and outflows for M&A activities** compared to the first half of 2021 was primarily attributable to the earnings trend resulting from the challenging environment and higher capital expenditures.

Cash and cash equivalents decreased by EUR 1,141 m during the first six months of 2022.

Cash and cash equivalents amounted to EUR 681 m as at June 30, 2022 (December 31, 2021: EUR 1,822 m) and consisted primarily of bank balances and short-term deposits. EUR 240 m (December 31, 2021: EUR 221 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 1.8 bn (December 31, 2021: EUR 1.8 bn) and other bilateral lines of credit totaling EUR 118 m (December 31, 2021: EUR 138 m), of which EUR 12 m was drawn as at June 30, 2022. In addition, EUR 49 m (December 31, 2021: EUR 33 m) of these revolving credit facilities was utilized in the form of letters of credit and overdrafts on current accounts. Deducting bank balances in countries with foreign exchange restrictions and other legal and contractual restrictions results in total available liquidity of EUR 2,243 m (December 31, 2021: EUR 3,418 m).

Report on the economic position

Financial position

Capital expenditures

The majority of the Schaeffler Group's additions to intangible assets and property, plant and equipment during the reporting period were related to the **Automotive Technologies division**, which invested primarily in new product start-ups and capacity expansions in the Europe and Greater China regions. The **Industrial division** invested mainly in expanding production capacities in the Europe and Asia/Pacific regions.

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

| | 1 st six months | |
|--|----------------------------|-------------|
| in € millions | 2022 | 2021 |
| Additions to intangible assets and property, plant and equipment – Schaeffler Group | 303 | 241 |
| Automotive Technologies | 198 | 145 |
| Automotive Aftermarket | 12 | 7 |
| Industrial | 93 | 89 |
| Reinvestment rate ¹⁾ – Schaeffler Group | 0.66 | 0.53 |
| Automotive Technologies | 0.56 | 0.40 |
| Automotive Aftermarket | 0.86 | 0.49 |
| Industrial | 1.04 | 1.14 |

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).

In addition, the construction of the new cross-divisional central laboratory facility was continued in Herzogenaurach and the company invested in completing the tool technology center at the Hoechststadt location as part of the "Roadmap 2025" during the reporting period. Further funds were invested in the implementation of "SAP S/4HANA".

Schaeffler Group capital expenditures ¹⁾ H1 2022 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 598 m to EUR 2,552 m (prior year: EUR 1,954 m) in the first half of 2022.

Net financial debt

| in € millions | 06/30/2022 | 12/31/2021 | Change in % |
|-----------------------------|--------------|--------------|--------------|
| Bonds | 2,937 | 3,480 | -15.6 |
| Schuldschein loans | 297 | 297 | 0.0 |
| Revolving Credit Facility | -1 | -1 | -32.1 |
| Total financial debt | 3,233 | 3,776 | -14.4 |
| Cash and cash equivalents | 681 | 1,822 | -62.6 |
| Net financial debt | 2,552 | 1,954 | 30.6 |

The net 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 1.3 as at June 30, 2022 (December 31, 2021: 0.9). The net debt to EBITDA ratio before special items was 1.3 (December 31, 2021: 0.9).

Schaeffler AG is rated by the three rating agencies Fitch, Moody's, and Standard & Poor's. The following summary shows the credit ratings as at June 30, 2022:

Schaeffler Group ratings

as at June 30

| Rating agency | 2022 | 2021 | 2022 | 2021 |
|-------------------|----------------|------------|--------|------|
| | Company | | Bonds | |
| | Rating/Outlook | | Rating | |
| Fitch | BB+/stable | BB+/stable | BB+ | BB+ |
| Moody's | Ba1/positive | Ba1/stable | Ba1 | Ba1 |
| Standard & Poor's | BB+/stable | BB+/stable | BB+ | BB+ |

Schaeffler AG has a Revolving Credit Facility of EUR 1.8 bn that was unutilized as at June 30, 2022, except for EUR 49 m (December 31, 2021: EUR 33 m) in the form of letters of credit. The Revolving Credit Facility is due at the end of September 2024.

Report on the economic position

Net assets and capital structure

Schaeffler AG had the following bonds outstanding under its debt issuance program as at June 30, 2022:

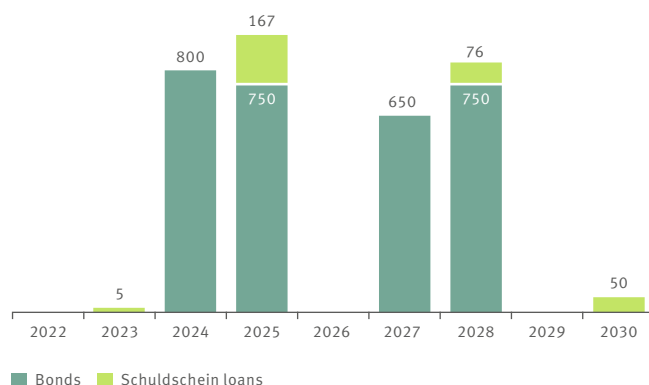
Schaeffler Group bonds

| ISIN | Currency | 06/30/2022 | 12/31/2021 | 06/30/2022 | 12/31/2021 | Coupon | Maturity |
|--------------|----------|-------------------------|--------------|-------------------------------|--------------|--------|------------|
| | | Principal in € millions | | Carrying amount in € millions | | | |
| DE000A2YB699 | EUR | 0 | 545 | 0 | 544 | 1.125% | 03/26/2022 |
| DE000A2YB7A7 | EUR | 800 | 800 | 797 | 796 | 1.875% | 03/26/2024 |
| DE000A289Q91 | EUR | 750 | 750 | 748 | 747 | 2.750% | 10/12/2025 |
| DE000A2YB7B5 | EUR | 650 | 650 | 646 | 645 | 2.875% | 03/26/2027 |
| DE000A3H2TA0 | EUR | 750 | 750 | 747 | 747 | 3.375% | 10/12/2028 |
| Total | | 2,950 | 3,495 | 2,937 | 3,480 | | |

The company's maturity profile, which consists of Schuldschein loans and the bonds issued by Schaeffler AG, was as follows as at June 30, 2022:

Maturity profile

Principal outstanding as at June 30, 2022, in € millions



1.4 Net assets and capital structure

Consolidated statement of financial position (abbreviated)

| in € millions | 06/30/2022 | 12/31/2021 | 06/30/2021 | Change in % |
|---|---------------|---------------|---------------|-------------|
| ASSETS | | | | |
| Non-current assets | 7,116 | 7,194 | 7,044 | -1.1 |
| Current assets | 6,988 | 7,170 | 6,916 | -2.5 |
| Total assets | 14,105 | 14,364 | 13,959 | -1.8 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| Shareholders' equity | 3,900 | 3,165 | 2,640 | 23.2 |
| Non-current liabilities | 5,821 | 6,516 | 6,943 | -10.7 |
| Current liabilities | 4,384 | 4,683 | 4,377 | -6.4 |
| Total shareholders' equity and liabilities | 14,105 | 14,364 | 13,959 | -1.8 |

The reduction in **non-current assets** was partly due to a low reinvestment rate and a decrease in deferred tax assets. The increase in intangible assets resulting especially from the acquisition of Melior Motion GmbH had an offsetting impact.

☰ More on investing activities on page 18.

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

☰ More on cash flow and liquidity on pp. 17 et seq.

Shareholders' equity including non-controlling interests rose primarily due to favorable items in accumulated other comprehensive income as well as net income. The dividends paid to Schaeffler AG's shareholders reduced shareholders' equity. The equity ratio was 27.7% as at June 30, 2022 (December 31, 2021: 22.0%).

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

Non-current liabilities declined mainly due to a decrease in provisions for pensions and similar obligations that was attributable to the average discount rate rising to 3.6% (December 31, 2021: 1.5%) in particular. The increase in other non-current financial liabilities due to the contingent purchase price liability for the acquisition of Melior Motion GmbH had an offsetting impact.

Current liabilities decreased primarily because a bond series of EUR 545 m included in current financial debt was repaid. The decline in provisions was partly related to the "Roadmap 2025" divisional subprograms. An increase in trade payables had an offsetting impact.

2. Supplementary report

In a transaction that closed in the third quarter, the global chain drive business of the Automotive Technologies division was sold to private equity fund Lenbach Equity Opportunities II. The sale is expected to result in a loss on disposal.

On July 24, 2022, an agreement was signed for the acquisition of 100% of the shares of the Ewellix Group. The transaction is expected to close in the second half of 2022. 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, the defense industry, and various other areas of industry. This step significantly expands the Schaeffler Group's linear technology portfolio. The consideration to be transferred for the acquisition is payable in cash and is expected to amount to approximately EUR 582 m depending on the closing date. As a purchase price allocation is not yet available as at the date of preparation of the Schaeffler Group's consolidated interim financial statements, no further information is required to be reported.

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, 2022.

3. Report on opportunities and risks

Please refer to pp. 44 et seq. of the Schaeffler Group's annual report 2021 for a discussion of the Schaeffler Group's risk management system and potential opportunities and risks.

The Schaeffler Group's business is exposed to risks arising from international conflicts and other uncertainties caused by external influences. Particularly the war in Ukraine and the further course of the coronavirus pandemic are having a noticeable effect on the economic environment and are resulting in increased risks for the Schaeffler Group's business compared to the discussion in the annual report 2021.

The Schaeffler Group's direct activities in Russia and Ukraine are limited. Indirectly, the war in Ukraine and the dynamic related development of stricter economic sanctions and export controls have significantly hampered global economic activity. This results, in particular, in interrupted supply chains, significant price increases in the procurement markets, especially for commodities and energy, rising freight costs, and higher volatility due to increased uncertainty in the international financial markets. These developments give rise to risks to future global economic growth. A medium adverse impact on the Schaeffler Group's net assets, financial position, and results of operations is currently expected.

Further economic sanctions or potential counteraction on the part of the Russian government, with possible implications for the gas supply, or an expansion of military action could give rise to significant market, production, and procurement risks and, therefore, could have significant additional implications for the Schaeffler Group.

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 outbreak of the war in Ukraine and the continuing effects of the coronavirus pandemic, especially from the renewed lockdowns in China, have led to a noticeable deterioration of the growth outlook. Taking into account the forecast by Oxford Economics (July 2022), the Schaeffler Group expects global gross domestic product to grow by 3 to 3.5% in 2022.

For further risks beyond the war in Ukraine and the coronavirus pandemic that may adversely affect global economic growth please refer to the discussion in the section on opportunities and risks.

Taking into account the forecast by IHS Markit (July 2022), the Schaeffler Group expects global automobile production, measured as the number of vehicles up to six tons in weight produced, to stagnate in 2022 (2021: 77.2 million).

Based on the IHS Markit forecast (June 2022), the Schaeffler Group now anticipates growth in global vehicle population in 2022, measured as the number of passenger cars and light commercial vehicles less than 3.5 tons in weight, to decrease slightly from the prior year rate, with the average vehicle age rising slightly (2021: growth of 2.4%, average age 10.1 years).

Taking into account the forecast by Oxford Economics (June 2022), the Schaeffler Group now expects global industrial production to grow by approximately 3% in 2022, and production in the sectors particularly relevant to the company – mechanical engineering, transport equipment, and electrical equipment – is now anticipated to increase by approximately 4%.

4.2 Schaeffler Group outlook

At its meeting on July 25, 2022, the Board of Managing Directors of Schaeffler AG has confirmed the outlook issued on May 9, 2022 (see interim statement Q1/2022, pp. 11 et seq.).

The Schaeffler Group anticipates that its business will continue to be characterized by extraordinary uncertainty in the macro-economic and geopolitical environment, in particular due to the course of the war in Ukraine and the future course of the coronavirus pandemic.

In this regard, the Board of Managing Directors continues to expect an unrestricted supply of gas to the Schaeffler Group, its customers, and suppliers until the end of the year.

On that basis, the **Schaeffler Group** continues to expect its revenue to grow by 6 to 8% excluding the impact of currency translation in 2022. In addition, the company expects to generate an EBIT margin before special items of 5 to 7% in 2022.

Moreover, the Schaeffler Group anticipates free cash flow before cash in- and outflows for M&A activities for 2022 of more than EUR 250 m and less than in the prior year.

The group continues to anticipate that its **Automotive Technologies division** will grow by 2 to 5 percentage points more than global automobile production of passenger cars and light commercial vehicles in 2022. On that basis, the company expects the Automotive Technologies division to generate moderate revenue growth, excluding the impact of currency translation, and an EBIT margin before special items of more than 2.5% and less than in the prior year.

For the **Automotive Aftermarket division**, the group continues to anticipate moderate revenue growth in 2022, excluding the impact of currency translation, and an EBIT margin before special items of more than 12% and less than in the prior year.

The company continues to expect its **Industrial division** to generate considerable revenue growth in 2022, excluding the impact of currency translation, and an EBIT margin before special items of more than 11% and less than in the prior year.

Herzogenaurach, July 25, 2022

The Board of Managing Directors

Outlook 2022

| | Actual 2021 | issued 02/22/2022; suspended 03/08/2022 | Outlook 2022 | Actual H1 2022 |
|--|--|---|---|----------------|
| Schaeffler Group | adjusted comparative figure | | issued 05/09/2022 | |
| Revenue growth ¹⁾ | 10.2% | 7 to 9% | 6 to 8% | 3.1% |
| EBIT margin before special items ²⁾ | 8.8% | 6 to 8% | 5 to 7% | 6.1% |
| Free cash flow ³⁾ | EUR 523 m | > EUR 300 m below prior year | > EUR 250 m below prior year | EUR -204 m |
| Automotive Technologies | | | | |
| Revenue growth ¹⁾ | 7.8% | considerable revenue growth; (2 to 5%-age points above LVP growth) ⁴⁾ | moderate revenue growth; (2 to 5%-age points above LVP growth) ⁴⁾ | -1.0% |
| EBIT margin before special items ²⁾ | 6.4% | > 4%; below prior year | > 2.5%; below prior year | 2.0% |
| Automotive Aftermarket | | | | |
| Revenue growth ¹⁾ | 13.9% | slight revenue growth | moderate revenue growth | 3.2% |
| EBIT margin before special items ²⁾ | 13.9% | > 12%; below prior year | > 12%; below prior year | 13.0% |
| Industrial | | | | |
| Revenue growth ¹⁾ | 14.2% | considerable revenue growth | considerable revenue growth | 13.6% |
| EBIT margin before special items ²⁾ | 11.8% | > 11%; below prior year | > 11%; below prior year | 11.7% |

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

²⁾ Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

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

⁴⁾ LVP growth: global growth in production of passenger cars and light commercial vehicles.

Consolidated income statement

| in € millions | 1 st six months | | | 2 nd quarter | | |
|---|----------------------------|--------------------|----------------|-------------------------|--------------------|-----------------|
| | 2022 | 2021 ¹⁾ | Change in % | 2022 | 2021 ¹⁾ | Change in % |
| Revenue | 7,548 | 7,014 | 7.6 | 3,790 | 3,454 | 9.7 |
| Cost of sales | -5,845 | -5,215 | 12.1 | -2,958 | -2,611 | 13.3 |
| Gross profit | 1,703 | 1,800 | -5.4 | 832 | 843 | -1.2 |
| Research and development expenses | -390 | -376 | 3.9 | -188 | -183 | 2.4 |
| Selling expenses | -540 | -478 | 12.9 | -283 | -232 | 21.8 |
| Administrative expenses | -296 | -276 | 7.4 | -151 | -139 | 8.6 |
| Other income | 26 | 143 | -81.6 | 18 | 106 | -82.8 |
| Other expenses | -48 | -69 | -31.1 | -32 | -38 | -17.4 |
| Income (loss) from equity-accounted investees | -22 | -20 | 7.5 | -11 | -14 | -24.6 |
| Earnings before financial result and income taxes (EBIT) | 434 | 723 | -40.0 | 186 | 341 | -45.4 |
| Financial income | 21 | 32 | -33.1 | 10 | 25 | -61.6 |
| Financial expenses | -87 | -80 | 8.7 | -47 | -40 | 16.7 |
| Financial result | -66 | -49 | 35.8 | -37 | -15 | > 100 |
| Earnings before income taxes | 367 | 674 | -45.5 | 149 | 326 | -54.3 |
| Income taxes | -105 | -205 | -48.8 | -30 | -95 | -69.1 |
| Net income | 262 | 470 | -44.1 | 120 | 231 | -48.1 |
| Attributable to shareholders of the parent company | 249 | 463 | -46.2 | 113 | 227 | -50.5 |
| Attributable to non-controlling interests | 13 | 7 | 93.9 | 7 | 3 | > 100 |
| Earnings per common share (basic/diluted, in €) | 0.37 | 0.69 | -46.4 | 0.16 | 0.34 | -52.9 |
| Earnings per common non-voting share (basic/diluted, in €) | 0.38 | 0.70 | -45.7 | 0.17 | 0.35 | -51.4 |

¹⁾ See "Change in accounting policy" section for further details.

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

| in € millions | 1 st six months | | 2 nd quarter | |
|---|----------------------------|------------|-------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income | 262 | 470 | 120 | 231 |
| Items that will not be reclassified to profit or loss | | | | |
| Remeasurement of net defined benefit liability | 796 | 297 | 489 | 27 |
| Tax effect | -221 | -83 | -135 | -7 |
| Total other comprehensive income that will not be reclassified to profit or loss | 575 | 214 | 354 | 20 |
| Items that have been or may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | 244 | 142 | 124 | 6 |
| Effective portion of changes in fair value of cash flow hedges | -15 | -61 | -29 | -3 |
| Tax effect | 4 | 17 | 8 | 1 |
| Total other comprehensive income that has been or may be subsequently reclassified to profit or loss | 234 | 99 | 104 | 4 |
| Total other comprehensive income | 809 | 313 | 457 | 24 |
| Total comprehensive income | 1,071 | 782 | 577 | 255 |
| Total comprehensive income attributable to shareholders of the parent company | 1,054 | 775 | 567 | 254 |
| Total comprehensive income attributable to non-controlling interests | 17 | 7 | 10 | 1 |

Consolidated statement of financial position

| in € millions | 06/30/2022 | 12/31/2021 | 06/30/2021 | Change in % |
|--|---------------|---------------|---------------|----------------|
| ASSETS | | | | |
| Intangible assets | 640 | 497 | 464 | 28.9 |
| Right-of-use assets under leases | 233 | 208 | 180 | 12.1 |
| Property, plant and equipment | 4,670 | 4,748 | 4,732 | -1.6 |
| Investments in joint ventures and associated companies | 49 | 70 | 94 | -30.4 |
| Costs to fulfill a contract | 366 | 367 | 371 | -0.1 |
| Other financial assets | 226 | 209 | 152 | 7.9 |
| Other assets | 232 | 244 | 192 | -5.0 |
| Income tax receivables | 11 | 9 | 1 | 15.7 |
| Deferred tax assets | 690 | 842 | 858 | -18.1 |
| Total non-current assets | 7,116 | 7,194 | 7,044 | -1.1 |
| Inventories | 2,998 | 2,495 | 2,283 | 20.2 |
| Contract assets | 56 | 52 | 58 | 8.4 |
| Trade receivables | 2,571 | 2,274 | 2,260 | 13.1 |
| Other financial assets | 145 | 80 | 95 | 81.8 |
| Other assets | 392 | 324 | 347 | 20.7 |
| Income tax receivables | 58 | 46 | 58 | 25.4 |
| Cash and cash equivalents | 681 | 1,822 | 1,810 | -62.6 |
| Assets held for sale | 87 | 77 | 3 | 13.1 |
| Total current assets | 6,988 | 7,170 | 6,916 | -2.5 |
| Total assets | 14,105 | 14,364 | 13,959 | -1.8 |

| in € millions | 06/30/2022 | 12/31/2021 | 06/30/2021 | 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 | 909 | 988 | 694 | -8.0 |
| Accumulated other comprehensive income (loss) | -143 | -949 | -1,166 | -84.9 |
| Equity attributable to shareholders of the parent company | 3,779 | 3,053 | 2,542 | 23.8 |
| Non-controlling interests | 121 | 112 | 97 | 7.6 |
| Total shareholders' equity | 3,900 | 3,165 | 2,640 | 23.2 |
| Provisions for pensions and similar obligations | 1,678 | 2,454 | 2,569 | -31.6 |
| Provisions | 285 | 304 | 407 | -6.5 |
| Financial debt | 3,228 | 3,231 | 3,486 | -0.1 |
| Contract liabilities | 121 | 118 | 104 | 2.6 |
| Income tax payables | 40 | 36 | 38 | 13.8 |
| Other financial liabilities | 89 | 35 | 19 | > 100 |
| Lease liabilities | 177 | 159 | 133 | 11.5 |
| Other liabilities | 8 | 11 | 16 | -25.5 |
| Deferred tax liabilities | 194 | 169 | 170 | 14.8 |
| Total non-current liabilities | 5,821 | 6,516 | 6,943 | -10.7 |
| Provisions | 436 | 492 | 551 | -11.4 |
| Financial debt | 5 | 545 | 553 | -99.0 |
| Contract liabilities | 129 | 94 | 88 | 37.4 |
| Trade payables | 2,385 | 2,068 | 1,818 | 15.3 |
| Income tax payables | 119 | 118 | 160 | 1.2 |
| Other financial liabilities | 578 | 724 | 575 | -20.1 |
| Lease liabilities | 57 | 52 | 49 | 9.9 |
| Refund liabilities | 229 | 274 | 205 | -16.4 |
| Other liabilities | 425 | 286 | 378 | 48.5 |
| Liabilities associated with assets held for sale | 19 | 30 | 0 | -36.5 |
| Total current liabilities | 4,384 | 4,683 | 4,377 | -6.4 |
| Total shareholders' equity and liabilities | 14,105 | 14,364 | 13,959 | -1.8 |

Consolidated statement of cash flows

| in € millions | 1 st six months | | | 2 nd quarter | | |
|--|----------------------------|--------------------|--------------|-------------------------|--------------------|-------------|
| | 2022 | 2021 ¹⁾ | Change in % | 2022 | 2021 ¹⁾ | Change in % |
| Operating activities | | | | | | |
| EBIT | 434 | 723 | -40.0 | 186 | 341 | -45.4 |
| Interest paid | -51 | -51 | -1.0 | -6 | -9 | -25.0 |
| Interest received | 8 | 6 | 26.5 | 3 | 2 | 64.2 |
| Income taxes paid | -162 | -154 | 5.7 | -88 | -87 | 0.8 |
| Amortization, depreciation, and impairment losses | 488 | 480 | 1.6 | 242 | 242 | 0.0 |
| (Gains) losses on disposal of assets | -3 | 2 | - | -3 | 2 | - |
| Changes in: | | | | | | |
| • Inventories | -419 | -367 | 14.2 | -157 | -173 | -9.5 |
| • Trade receivables | -267 | -98 | > 100 | -125 | 41 | - |
| • Trade payables | 274 | 110 | > 100 | -34 | -46 | -25.6 |
| • Provisions for pensions and similar obligations | 1 | 54 | -97.6 | -17 | 29 | - |
| • Other assets, liabilities, and provisions | -133 | -159 | -16.5 | -32 | -77 | -58.1 |
| Cash flows from operating activities | 170 | 548 | -69.0 | -30 | 266 | - |
| Investing activities | | | | | | |
| Proceeds from disposals of property, plant and equipment | 11 | 11 | -2.2 | 8 | 9 | -15.2 |
| Capital expenditures on intangible assets | -29 | -6 | > 100 | -16 | -4 | > 100 |
| Capital expenditures on property, plant and equipment | -302 | -261 | 15.6 | -159 | -132 | 20.6 |
| Acquisition of subsidiaries, interests in joint ventures, and other equity investments | -61 | -1 | > 100 | 0 | 2 | -93.1 |
| Disposal of subsidiaries, interests in joint ventures, and other equity investments | 1 | 0 | - | 1 | 0 | - |
| Other investing activities | -22 | -19 | 19.4 | -6 | -12 | -49.4 |
| Cash used in investing activities | -404 | -277 | 45.8 | -172 | -136 | 26.5 |

| in € millions | 1 st six months | | | 2 nd quarter | | |
|---|----------------------------|--------------------|-----------------|-------------------------|--------------------|-----------------|
| | 2022 | 2021 ¹⁾ | Change in % | 2022 | 2021 ¹⁾ | Change in % |
| Financing activities | | | | | | |
| Dividends paid to shareholders and non-controlling interests | -336 | -165 | > 100 | -336 | -165 | > 100 |
| Receipts from bond issuances and loans | 0 | 9 | -98.3 | 0 | 7 | -98.0 |
| Redemptions of bonds and repayments of loans | -546 | -43 | > 100 | -3 | 0 | > 100 |
| Principal repayments on lease liabilities | -31 | -29 | 7.0 | -16 | -14 | 9.5 |
| Cash used in financing activities | -913 | -228 | > 100 | -354 | -172 | > 100 |
| Net increase (decrease) in cash and cash equivalents | -1,147 | 42 | - | -556 | -42 | > 100 |
| Effects of foreign exchange rate changes on cash and cash equivalents | 20 | 10 | > 100 | 8 | -2 | - |
| Cash and cash equivalents as at beginning of period | 1,822 | 1,758 | 3.6 | 1,243 | 1,854 | -33.0 |
| Cash and cash equivalents as at June 30 | 694 | 1,810 | -61.6 | 694 | 1,810 | -61.6 |
| Less cash and cash equivalents classified as assets held for sale as at June 30 | 13 | 0 | - | 13 | 0 | - |
| Cash and cash equivalents as at June 30 (consolidated statement of financial position) | 681 | 1,810 | -62.4 | 681 | 1,810 | -62.4 |

¹⁾ See "Change in accounting policy" section for further details.

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, 2021 | 666 | 2,348 | 393 | -517 | 31 | -2 | -991 | -1,479 | 1,928 | 93 | 2,022 |
| Net income | | | 463 | | | | | 0 | 463 | 7 | 470 |
| Other comprehensive income (loss) | | | | 143 | -43 | 0 | 214 | 313 | 313 | 0 | 313 |
| Total comprehensive income (loss) | 0 | 0 | 463 | 143 | -43 | 0 | 214 | 313 | 775 | 7 | 782 |
| Dividends | | | -162 | | | | | 0 | -162 | -3 | -165 |
| Total amount of transactions with shareholders | | | -162 | | | | | 0 | -162 | -3 | -165 |
| Balance as at June 30, 2021 | 666 | 2,348 | 694 | -374 | -12 | -2 | -777 | -1,166 | 2,542 | 97 | 2,640 |
| 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) | | | | 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 | | | | | 0 | -328 | -8 | -336 |
| Total amount of transactions with shareholders | | | -328 | | | | | 0 | -328 | -8 | -336 |
| Balance as at June 30, 2022 | 666 | 2,348 | 909 | 33 | -51 | -2 | -123 | -143 | 3,779 | 121 | 3,900 |

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 | |
|--|----------------------------|--------------------|----------------------------|--------------------|----------------------------|--------------------|----------------------------|--------------------|
| | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ |
| in € millions | Automotive Technologies | | Automotive Aftermarket | | Industrial | | Total | |
| Revenue | 4,515 | 4,365 | 969 | 911 | 2,065 | 1,738 | 7,548 | 7,014 |
| EBIT | 78 | 373 | 125 | 146 | 231 | 204 | 434 | 723 |
| • in % of revenue | 1.7 | 8.5 | 12.9 | 16.0 | 11.2 | 11.7 | 5.7 | 10.3 |
| EBIT before special items ²⁾ | 91 | 360 | 126 | 136 | 241 | 206 | 458 | 702 |
| • in % of revenue | 2.0 | 8.2 | 13.0 | 14.9 | 11.7 | 11.8 | 6.1 | 10.0 |
| Amortization, depreciation, and impairment losses | 370 | 374 | 19 | 19 | 99 | 87 | 488 | 480 |
| Working capital ^{3) 4)} | 1,281 | 1,271 | 631 | 450 | 1,272 | 1,005 | 3,184 | 2,726 |
| Additions to intangible assets and property, plant and equipment | 198 | 145 | 12 | 7 | 93 | 89 | 303 | 241 |

| | 2 nd quarter | | 2 nd quarter | | 2 nd quarter | | 2 nd quarter | |
|--|-------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|
| | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ |
| in € millions | Automotive Technologies | | Automotive Aftermarket | | Industrial | | Total | |
| Revenue | 2,222 | 2,084 | 506 | 467 | 1,063 | 902 | 3,790 | 3,454 |
| EBIT | 1 | 141 | 63 | 89 | 123 | 112 | 186 | 341 |
| • in % of revenue | 0.0 | 6.7 | 12.5 | 19.0 | 11.6 | 12.4 | 4.9 | 9.9 |
| EBIT before special items ²⁾ | 11 | 119 | 63 | 78 | 126 | 108 | 200 | 305 |
| • in % of revenue | 0.5 | 5.7 | 12.5 | 16.6 | 11.9 | 11.9 | 5.3 | 8.8 |
| Amortization, depreciation, and impairment losses | 184 | 188 | 9 | 9 | 49 | 45 | 242 | 242 |
| Working capital ^{3) 4)} | 1,281 | 1,271 | 631 | 450 | 1,272 | 1,005 | 3,184 | 2,726 |
| Additions to intangible assets and property, plant and equipment | 117 | 84 | 7 | 4 | 50 | 43 | 175 | 131 |

Prior year information presented based on 2022 segment structure.

¹⁾ See "Change in accounting policy" section for further details.

²⁾ EBIT before special items for legal cases, restructuring, and other.

³⁾ Working capital defined as inventories plus trade receivables less trade payables.

⁴⁾ 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, 2022, 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, 2022, 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 2021 consolidated financial statements, where the latter are discussed in detail. These accounting policies have been applied consistently in these consolidated interim financial statements except for the changed presentation of earnings before financial result and income taxes (EBIT) as described in the “Change in accounting policy” section below.

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, 2021. 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 increase in the discount rate has led to a decrease in pension obligations and an increase 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. Due to the nature of the Schaeffler Group’s business, the comparability of its consolidated interim financial statements 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 | | 1 st six months | | | | |
|------------|--------|----------------------------|------------|------------|---------------|----------|
| | | 06/30/2022 | 12/31/2021 | 06/30/2021 | 2022 | 2021 |
| 1 € in | | Closing rates | | | Average rates | |
| CNY | China | 6.96 | 7.19 | 7.67 | 7.08 | 7.80 |
| INR | India | 82.11 | 84.23 | 88.32 | 83.32 | 88.42 |
| | South | | | | | |
| KRW | Korea | 1,351.60 | 1,346.38 | 1,341.41 | 1,347.77 | 1,347.28 |
| MXN | Mexico | 20.96 | 23.14 | 23.58 | 22.17 | 24.32 |
| USD | U.S. | 1.04 | 1.13 | 1.19 | 1.09 | 1.21 |

Change in accounting policy

Effective January 1, 2022, management of capital employed via the indicator ROCE has been operationalized. In order to reflect all significant operating assets, the scope of average capital employed has been amended – starting in 2022 – to include investments in joint ventures and associated companies as well as right-of-use assets under leases. In this context, earnings before financial result and income taxes (EBIT) have correspondingly been expanded to include income (loss) from equity-accounted investees starting January 1, 2022. This change in policy was made by a retrospective adjustment to the comparative figures for the period presented. Earnings before financial result and income taxes (EBIT) for the comparative period in 2021 was reduced by EUR 20 m to EUR 723 m (before adjustment: earnings before financial result, income (loss) from equity-accounted investees, and income taxes (EBIT) EUR 743 m).

Scope of consolidation

The consolidated interim financial statements of Schaeffler AG as at June 30, 2022, cover, in addition to Schaeffler AG, 150 (December 31, 2021: 148) subsidiaries; 47 (December 31, 2021: 46) entities are domiciled in Germany and 103 (December 31, 2021: 102) in other countries.

In the consolidated interim financial statements as at June 30, 2022, four (December 31, 2020: five) joint ventures and three associated companies (December 31, 2020: three) are accounted for at equity.

Acquisitions and disposals of companies

In a transaction that closed on February 1, 2022, the Schaeffler Group has acquired 100% of the shares of Melior Motion GmbH. Melior Motion GmbH manufactures precision gears for applications in robotics and automation. The acquisition expands the Schaeffler Group's technological expertise in the field of mechatronics and systems. The purchase price of EUR 61 m was paid in cash upon closing. In addition, the transaction calls for up to EUR 60 m in contingent purchase price payment obligations that are contingent on the revenue trend in 2023 and 2024. As at the acquisition date, the contingent purchase price payment obligations were expected to amount to EUR 57 m undiscounted. The transaction results in intangible assets of EUR 63 m. The goodwill of EUR 62 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 portfolios. The following table summarizes the assets acquired and liabilities assumed at their fair value. Melior Motion GmbH has generated EUR 12 m in revenue since the acquisition date. If the acquisition had closed as at January 1, 2022, consolidated revenue would have increased by a further EUR 2 m. There was no significant impact on consolidated net income.

Assets acquired and liabilities assumed

| in € millions | Melior Motion GmbH |
|--------------------------------------|--------------------|
| Intangible assets | 63 |
| Right-of-use assets under leases | 2 |
| Property, plant and equipment | 5 |
| Total non-current assets | 70 |
| Inventories | 5 |
| Trade receivables | 1 |
| Cash and cash equivalents | 1 |
| Total current assets | 7 |
| Financial debt | 3 |
| Lease liabilities | 2 |
| Deferred tax liabilities | 18 |
| Total non-current liabilities | 23 |
| Other current liabilities | 2 |
| Trade payables | 2 |
| Total current liabilities | 4 |
| Net assets acquired | 50 |
| Purchase price | 112 |
| Goodwill | 62 |

Revenue

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

IFRS 15 – analysis of revenue by category

| | 1 st six months | | 1 st six months | | 1 st six months | | 1 st six months | |
|--|----------------------------|--------------------|----------------------------|--------------------|----------------------------|--------------------|----------------------------|--------------|
| | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 ¹⁾ | 2022 | 2021 |
| in € millions | Automotive Technologies | | Automotive Aftermarket | | Industrial | | Total | |
| Revenue by type | | | | | | | | |
| • Revenue from the sale of goods | 4,464 | 4,306 | 969 | 911 | 2,042 | 1,720 | 7,475 | 6,937 |
| • Revenue from the sale of tools | 30 | 34 | 0 | 0 | 2 | 1 | 32 | 35 |
| • Revenue from services | 21 | 25 | 0 | 0 | 21 | 17 | 42 | 42 |
| • Other revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 4,515 | 4,365 | 969 | 911 | 2,065 | 1,738 | 7,548 | 7,014 |
| Revenue by region ²⁾ | | | | | | | | |
| • Europe | 1,685 | 1,676 | 642 | 644 | 877 | 699 | 3,204 | 3,019 |
| • Americas | 1,145 | 969 | 209 | 169 | 347 | 285 | 1,701 | 1,423 |
| • Greater China | 1,034 | 1,054 | 56 | 51 | 531 | 507 | 1,620 | 1,612 |
| • Asia/Pacific | 651 | 666 | 62 | 48 | 310 | 247 | 1,023 | 960 |
| Total | 4,515 | 4,365 | 969 | 911 | 2,065 | 1,738 | 7,548 | 7,014 |

¹⁾ Prior year information presented based on 2022 segment structure.

²⁾ Based on market (customer location).

Intangible assets

A rise in market interest rates and market yields, which has the effect of increasing equity, and a decline in the price of Schaeffler shares have resulted in the carrying amount of the net assets (consolidated equity) exceeding the market capitalization of Schaeffler AG as at June 30, 2022. This represents a triggering event in accordance with IAS 36.12 (d) which mandatorily requires the performance of an impairment test of all cash-generating units under IAS 36. As a result, the Schaeffler Group has tested the cash-generating units of the Automotive Technologies segment (group of cash-generating units to which goodwill has been allocated) as well as the Automotive Aftermarket and Industrial cash-generating units for impairment as at June 30, 2022.

The impairment test performed by comparing the carrying amount of the group of cash-generating units with its recoverable amount resulted in a recoverable amount determined, based on the assumptions made, for all cash-generating units within the Schaeffler Group that exceeds their carrying amount. Therefore, no impairment loss was recognized on assets or goodwill during the reporting period.

The carrying amounts of goodwill allocated to the groups of cash-generating units to which goodwill has been allocated were EUR 70 m for the Automotive Technologies segment (December 31, 2021: EUR 70 m), EUR 76 m for the Automotive Aftermarket segment (December 31, 2021: EUR 76 m), and EUR 281 m (December 31, 2021: EUR 219 m) for the Industrial segment as at June 30, 2022.

The impairment test of the segments' goodwill as at June 30, 2022, was performed by comparing the carrying amount of the group of cash-generating units with its recoverable amount. The recoverable amount was at least equal to fair value less costs of disposal and was determined based on unobservable inputs (level 3). In performing the impairment test, the company identified eight cash-generating units based on existing production, sales, and management relationships. The cash flows used to determine fair value less costs of disposal reflect a detailed forecast for the period up to 2027 for the Industrial and Automotive Aftermarket segments and for the period up to 2035 for the Automotive Technologies segment. This extended detailed forecasting period reflects the transformation the Automotive Technologies segment will be subject to in the coming years as a result of the transition from the internal combustion engine to the electric motor ("Schaeffler Vision Powertrain 2035"). In addition to the assumptions set out in the 2021 consolidated financial statements, the underlying detailed forecast reflects new economic conditions such as the direct and indirect implications of the war in Ukraine and rising materials prices. The perpetuity for the cash-generating units was determined based on an annual long-term growth rate of 0.0% to 1.5% (December 31, 2021: 1.0%). Depending on the underlying business and its country of operation, the Schaeffler Group used an assumed pre-tax interest rate of 10.8% (December 31, 2021: 10.1%) as the weighted average discount rate for the Automotive Technologies segment and 12.0% (December 31, 2021: 10.6%) for the Automotive Aftermarket segment as well as 11.1% (December 31, 2021: 10.0%) for the Industrial segment. This corresponds to a post-tax interest rate of 8.0% (December 31, 2021: 7.5%) for the Automotive Technologies segment and 9.1% (December 31, 2021: 8.2%) for the Automotive Aftermarket segment as well as 8.2% (December 31, 2021: 7.6%) for the Industrial segment.

Investments in joint ventures and associated companies

Joint operations

The Schaeffler Group and Symbio, a Faurecia and Michelin hydrogen company, signed an agreement on June 7, 2022, to establish a company with equal share ownership to be located in Haguenau, France. The objective of the company, which will operate under the name “Innoplate”, is the production of bipolar plates for fuel cell applications. Start of production is planned for early 2024. The company is expected to be established by the end of 2022, subject to customary conditions precedent such as applicable merger control clearances.

Trade receivables

The amount of financing available from revolving sales of trade receivables was increased to EUR 166 m during the first half of 2022 (December 31, 2021: EUR 150 m).

Other financial assets and other assets

In connection with an agreement reached with a service provider on payment of damages to compensate for additional expenses incurred, the company had other financial assets in the form of claims and additional receivables of EUR 18 m as at June 30, 2022 (December 31, 2021: EUR 5 m). An impairment loss of EUR 8 m was recognized on these claims and additional receivables during the first six months of 2022.

Current and non-current financial debt

Financial debt (current/non-current)

| in € millions | 06/30/2022 | | | 12/31/2021 | | |
|---------------------------|---------------------|-------------------------|--------------|---------------------|-------------------------|--------------|
| | 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 | 0 | 2,937 | 2,937 | 544 | 2,936 | 3,480 |
| Schuldschein loans | 5 | 292 | 297 | 0 | 297 | 297 |
| Revolving Credit Facility | 0 | -1 | -1 | 0 | -1 | -1 |
| Total | 5 | 3,228 | 3,233 | 545 | 3,231 | 3,776 |

The decrease in financial debt compared to December 31, 2021, was mainly due to the repayment of the bond series (ISIN DE000A2YB699) with an outstanding principal of EUR 545 m on March 1, 2022.

Provisions for pensions and similar obligations

Interest rate levels as at June 30, 2022, have increased compared to December 31, 2021. 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, 2022, amounted to 3.6% (December 31, 2021: 1.5%). As at June 30, 2022, the resulting remeasurement of the company’s obligations under defined benefit pension plans resulted in actuarial gains of EUR 945 m and losses on plan assets of EUR 147 m which were recognized in other comprehensive income and are reported under accumulated other comprehensive income net of deferred taxes.

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). The company is currently not planning to sell these investments. Marketable securities consist almost entirely of financial instruments in the form of money market fund units without fixed maturities. These are measured at fair value through profit or loss.

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 foreign exchange 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. Derivatives embedded in bond agreements are measured using a Hull-White model. Key inputs to this model are interest rates, volatilities, and credit default swap rates.

The fair value of financial debt (except for the publicly listed bonds payable) is the present value of expected cash in- or outflows discounted using risk-adjusted discount rates that are appropriate to the term of the item being valued and that are in effect at the end of the reporting period.

- Level 3: The fair value of unconsolidated equity investments is largely measured by applying an EBIT multiple methodology using sector- and size-specific EBIT multiples that are publicly available.

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 | 06/30/2022 | | 12/31/2021 | | 06/30/2021 | |
|--|-----------------------|-------------------|-----------------|------------|-----------------|------------|-----------------|------------|
| | | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets, by class | | | | | | | | |
| Trade receivables | Amortized cost | | 2,327 | 2,327 | 2,037 | 2,037 | 2,039 | 2,039 |
| Trade receivables – ABCP program | FVTPL | 2 | 0 | 0 | 0 | 0 | 87 | 87 |
| Trade receivables – receivable sale program | FVTPL | 2 | 111 | 111 | 96 | 96 | 0 | 0 |
| Trade receivables – customer receivables and notes receivable available for sale | FVOCI | 2 | 134 | 134 | 140 | 140 | 134 | 134 |
| Other financial assets | | | | | | | | |
| • Other investments | FVOCI | 3 ³⁾ | 36 | 36 | 36 | 36 | 36 | 36 |
| • Other investments | FVTPL | 3 ³⁾ | 8 | 8 | 7 | 7 | 0 | 0 |
| • Marketable securities | FVTPL | 1 | 26 | 26 | 28 | 28 | 27 | 27 |
| • Derivatives designated as hedging instruments | n.a. | 2 | 14 | 14 | 7 | 7 | 11 | 11 |
| • Derivatives not designated as hedging instruments | FVTPL | 2 | 55 | 55 | 17 | 17 | 27 | 27 |
| • Miscellaneous other financial assets | Amortized cost, FVTPL | 3 ⁴⁾ | 232 | 232 | 194 | 194 | 147 | 147 |
| Cash and cash equivalents | Amortized cost | | 681 | 681 | 1,822 | 1,822 | 1,810 | 1,810 |
| Financial liabilities, by class | | | | | | | | |
| Financial debt | FLAC | 1.2 ¹⁾ | 3,233 | 2,936 | 3,776 | 4,008 | 4,039 | 4,352 |
| Trade payables | FLAC | | 2,385 | 2,385 | 2,068 | 2,068 | 1,818 | 1,818 |
| Refund liabilities | n.a. | | 229 | 229 | 274 | 274 | 205 | 205 |
| Lease liabilities ²⁾ | n.a. | | 234 | - | 210 | - | 182 | - |
| Other financial liabilities | | | | | | | | |
| • Derivatives designated as hedging instruments | n.a. | 2 | 85 | 85 | 63 | 63 | 28 | 28 |
| • Derivatives not designated as hedging instruments | FVTPL | 2 | 65 | 65 | 33 | 33 | 17 | 17 |
| • Miscellaneous other financial liabilities | FLAC | | 516 | 516 | 662 | 662 | 549 | 549 |
| Summary by category | | | | | | | | |
| Financial assets at amortized cost (Amortized cost) | | | 3,240 | 3,240 | 4,053 | 4,053 | 3,996 | 3,996 |
| Financial assets at fair value through profit or loss (FVTPL) | | | 200 | 200 | 148 | 148 | 141 | 141 |
| Financial assets at fair value through other comprehensive income (FVOCI) | | | 170 | 170 | 176 | 176 | 170 | 170 |
| Financial liabilities at amortized cost (FLAC) | | | 6,135 | 5,837 | 6,506 | 6,738 | 6,406 | 6,719 |
| Financial liabilities at fair value through profit or loss (FVTPL) | | | 65 | 65 | 33 | 33 | 17 | 17 |

¹⁾ Level 1: EUR 2,637 m (December 31, 2021: EUR 3,709 m; June 30, 2021: EUR 3,708 m). Level 2: EUR 299 m (December 31, 2021: EUR 299 m; June 30, 2021: EUR 645 m).

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

³⁾ The level within the FV hierarchy has been adjusted from level 2 to level 3 due to a change in the assessment regarding the classification of the inputs.

⁴⁾ Miscellaneous other financial assets included a fully impaired convertible loan as at December 31, 2021, and June 30, 2021.

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

| in € millions | 2022 | |
|--|-------------------|--------------------------------------|
| | Other investments | Miscellaneous other financial assets |
| Balance as at January 01 | 43 | 0 |
| Additions | 1 | 0 |
| Gains or losses recognized in profit or loss | 0 | 3 |
| • Financial income (impairment reversal) | 0 | 3 |
| • Financial expenses | 0 | 0 |
| Disposals | 0 | -3 |
| Balance as at June 30 | 44 | 0 |

Other investments included unconsolidated equity investments representing interests held by the group of less than 20%. The fair value of these equity investments is largely measured by applying an EBIT multiple methodology using sector- and size-specific EBIT multiples that are publicly available. 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 EBIT multiples used to measure fair value as at June 30, 2022, ranged from 6.1 to 12.

Contingent liabilities and other obligations

The statements made in the annual report 2021 with respect to contingent liabilities are largely unchanged.

Open commitments under fixed contracts to purchase property, plant and equipment amounted to EUR 279 m as at June 30, 2022 (December 31, 2021: EUR 147 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.

Reconciliation to earnings before income taxes

| in € millions | 1 st six months | |
|--|----------------------------|--------------------|
| | 2022 | 2021 ¹⁾ |
| EBIT Automotive Technologies ²⁾ | 78 | 373 |
| EBIT Automotive Aftermarket ²⁾ | 125 | 146 |
| EBIT Industrial ²⁾ | 231 | 204 |
| EBIT | 434 | 723 |
| Financial result | -66 | -49 |
| Earnings before income taxes | 367 | 674 |

¹⁾ See "Change in accounting policy" section for further details.

²⁾ Prior year information presented based on 2022 segment structure.

Condensed notes to the consolidated interim financial statements

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 | |
|----------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|----------------------------|-----------------------|----------------------------|--------------------|
| | 2022 | 2021 ^{1) 2)} | 2022 | 2021 ^{1) 2)} | 2022 | 2021 ^{1) 2)} | 2022 | 2021 ¹⁾ |
| | Automotive Technologies | | Automotive Aftermarket | | Industrial | | Total | |
| EBIT | 78 | 373 | 125 | 146 | 231 | 204 | 434 | 723 |
| • in % of revenue | 1.7 | 8.5 | 12.9 | 16.0 | 11.2 | 11.7 | 5.7 | 10.3 |
| Special items | 13 | -13 | 1 | -10 | 10 | 2 | 24 | -22 |
| • Legal cases | 0 | -1 | 0 | -8 | 0 | -1 | 0 | -10 |
| • Restructuring | 13 | -15 | 1 | -3 | 10 | 1 | 24 | -17 |
| • Other | 0 | 4 | 0 | 1 | 0 | 1 | 0 | 6 |
| EBIT before special items | 91 | 360 | 126 | 136 | 241 | 206 | 458 | 702 |
| • in % of revenue | 2.0 | 8.2 | 13.0 | 14.9 | 11.7 | 11.8 | 6.1 | 10.0 |

¹⁾ See "Change in accounting policy" section for further details.

²⁾ Prior year information presented based on 2022 segment structure.

The Schaeffler Group's business is managed based on the three divisions – **Automotive Technologies, Automotive Aftermarket, and Industrial** – which also represent the reportable segments. Until December 31, 2021, the Automotive Technologies division business was organized into the four business divisions (BDs) E-Mobility, Engine Systems, Transmission Systems, and Chassis Systems. In order to even more closely align the Schaeffler Group toward future-oriented technologies and the transition in the automotive industry, the Board of Managing Directors of Schaeffler AG approved an amendment to enhance the **organizational structure of the Automotive Technologies division**. Starting January 1, 2022, the division manages its business based on the four **BDs E-Mobility, Engine & Transmission Systems, Bearings, as well as Chassis Systems**. This organizational change separates the powertrain-specific business from the powertrain-agnostic business more clearly than before. The largely powertrain-agnostic range of rolling bearing applications and products was previously part of the Transmission Systems and Chassis Systems BDs within the Automotive Technologies division. Starting January 1, 2022, it is housed in the new Bearings BD in order to access new markets in a highly competitive environment and increase the visibility of the bearing business as well as enhance it with a focus on applications and customers.

Additionally, the company plans to more closely focus the E-Mobility and Chassis Systems BDs on their future core business. For instance, with the bearing business combined and consolidated in a separate business division, the Chassis Systems BD will be able to concentrate on developing mechatronic chassis systems and technologies for automated driving. Combining the Engine & Transmission Systems BDs is aimed at realizing additional synergies in the business with powertrains based on an internal combustion engine.

The Automotive Aftermarket and Industrial divisions are managed regionally, based on the **regions Europe, Americas, Greater China, and Asia/Pacific**.

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 2021 consolidated financial statements.

The company has granted an additional EUR 22 m in interest-bearing loans to a joint venture during the first six months, bringing the total amount of the loan to EUR 103 m.

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

Events after the reporting period

In a transaction that closed in the third quarter, the global chain drive business of the Automotive Technologies division was sold to private equity fund Lenbach Equity Opportunities II. The sale is expected to result in a loss on disposal.

On July 24, 2022, an agreement was signed for the acquisition of 100% of the shares of the Ewellix Group. The transaction is expected to close in the second half of 2022. 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, the defense industry, and various other areas of industry. This step significantly expands the Schaeffler Group's linear technology portfolio. The consideration to be transferred for the acquisition is payable in cash and is expected to amount to approximately EUR 582 m depending on the closing date. As a purchase price allocation is not yet available as at the date of preparation of the Schaeffler Group's consolidated interim financial statements, no further information is required to be reported.

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, 2022.

Herzogenaurach, July 25, 2022

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, 2022, 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, 2022

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.

Herzogenaurach, July 25, 2022

Schaeffler Aktiengesellschaft

The Board of Managing Directors

Klaus Rosenfeld
Chief Executive Officer

Claus Bauer

Andreas Schick

Corinna Schittenhelm

Jens Schüler

Dr. Stefan Spindler

Uwe Wagner

Matthias Zink

Summary 1st quarter 2021 to 2nd quarter 2022

Schaeffler Group

| in € millions | 2021 | | | | 2022 | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter | 1 st quarter | 2 nd quarter |
| Income statement | | | | | | |
| Revenue | 3,560 | 3,454 | 3,332 | 3,506 | 3,758 | 3,790 |
| • Europe | 1,518 | 1,501 | 1,374 | 1,430 | 1,584 | 1,620 |
| • Americas | 754 | 669 | 705 | 692 | 833 | 868 |
| • Greater China | 800 | 812 | 778 | 904 | 842 | 778 |
| • Asia/Pacific | 488 | 472 | 475 | 479 | 499 | 524 |
| Cost of sales | -2,603 | -2,611 | -2,538 | -2,659 | -2,887 | -2,958 |
| Gross profit | 957 | 843 | 793 | 846 | 871 | 832 |
| • in % of revenue | 26.9 | 24.4 | 23.8 | 24.1 | 23.2 | 22.0 |
| Research and development expenses | -192 | -183 | -181 | -191 | -203 | -188 |
| Selling and administrative expenses | -383 | -371 | -374 | -390 | -402 | -434 |
| EBIT | 382 | 341 | 266 | 231 | 247 | 186 |
| • in % of revenue | 10.7 | 9.9 | 8.0 | 6.6 | 6.6 | 4.9 |
| Special items | 15 | -37 | -6 | 29 | 11 | 14 |
| EBIT before special items ¹⁾ | 397 | 305 | 260 | 260 | 258 | 200 |
| • in % of revenue | 11.2 | 8.8 | 7.8 | 7.4 | 6.9 | 5.3 |
| Net income ²⁾ | 235 | 227 | 149 | 145 | 136 | 113 |
| Earnings per common non-voting share (basic/diluted, in €) | 0.35 | 0.35 | 0.22 | 0.22 | 0.21 | 0.17 |
| Statement of financial position | | | | | | |
| Total assets | 13,872 | 13,959 | 14,373 | 14,364 | 14,354 | 14,105 |
| Additions to intangible assets and property, plant and equipment | 110 | 131 | 198 | 232 | 128 | 175 |
| Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill | 223 | 228 | 226 | 229 | 231 | 227 |
| • Reinvestment rate | 0.49 | 0.57 | 0.87 | 1.01 | 0.56 | 0.77 |
| Shareholders' equity ³⁾ | 2,549 | 2,640 | 2,848 | 3,165 | 3,659 | 3,900 |
| • in % of total assets | 18.4 | 18.9 | 19.8 | 22.0 | 25.5 | 27.7 |
| Net financial debt | 2,176 | 2,228 | 2,014 | 1,954 | 1,992 | 2,552 |
| • Net financial debt to EBITDA ratio before special items ¹⁾⁴⁾ | 1.1 | 0.9 | 0.9 | 0.9 | 1.0 | 1.3 |
| • Gearing ratio (Net financial debt to shareholders' equity, in %) | 85.3 | 84.4 | 70.7 | 61.7 | 54.4 | 65.4 |

| in € millions | 2021 | | | | 2022 | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter | 1 st quarter | 2 nd quarter |
| Statement of cash flows | | | | | | |
| EBITDA | 619 | 584 | 507 | 476 | 493 | 429 |
| Cash flows from operating activities | 281 | 266 | 458 | 270 | 199 | -30 |
| Capital expenditures (capex) ⁴⁾ | 132 | 136 | 215 | 188 | 156 | 175 |
| • in % of revenue (capex ratio) | 3.7 | 3.9 | 6.4 | 5.4 | 4.2 | 4.6 |
| Free cash flow (FCF) before cash in- and outflows for M&A activities | 130 | 113 | 225 | 55 | 14 | -219 |
| • FCF-conversion (ratio of FCF before cash in- and outflows for M&A activities to EBIT) ⁵⁾ | 0.3 | 0.3 | 0.8 | 0.2 | 0.1 | - |
| Value-based management (LTM) | | | | | | |
| ROCE (in %) | 3.6 | 9.6 | 15.3 | 14.9 | 13.1 | 11.1 |
| ROCE before special items (in % ¹⁾) | 11.5 | 17.4 | 16.8 | 14.9 | 13.1 | 11.6 |
| Schaeffler Value Added (in € millions) | -533 | -31 | 436 | 403 | 259 | 89 |
| Schaeffler Value Added before special items (in € millions) ¹⁾ | 126 | 606 | 557 | 404 | 256 | 136 |
| Employees | | | | | | |
| Headcount (at end of reporting period) | 83,937 | 83,945 | 83,935 | 82,981 | 83,089 | 82,790 |

¹⁾ Please refer to the annual report 2021, pp. 33 et seq., 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 = Based on the last twelve months.

| in € millions | 2021 | | | | 2022 | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter | 1 st quarter | 2 nd quarter |
| Automotive Technologies division | | | | | | |
| Revenue | 2,281 | 2,084 | 1,921 | 2,150 | 2,293 | 2,222 |
| • E-Mobility BD | 247 | 259 | 226 | 306 | 307 | 294 |
| • Engine & Transmission Systems BD | 1,283 | 1,143 | 1,073 | 1,189 | 1,257 | 1,211 |
| • Bearings BD | 676 | 615 | 554 | 577 | 643 | 631 |
| • Chassis Systems BD | 76 | 66 | 67 | 78 | 86 | 86 |
| • Europe | 864 | 812 | 661 | 738 | 849 | 836 |
| • Americas | 532 | 438 | 452 | 449 | 567 | 578 |
| • Greater China | 541 | 513 | 501 | 655 | 557 | 477 |
| • Asia/Pacific | 345 | 321 | 307 | 308 | 320 | 331 |
| Cost of sales | -1,721 | -1,651 | -1,545 | -1,712 | -1,859 | -1,865 |
| Gross profit | 560 | 433 | 376 | 437 | 434 | 356 |
| • in % of revenue | 24.5 | 20.8 | 19.6 | 20.3 | 18.9 | 16.0 |
| Research and development expenses | -154 | -147 | -147 | -154 | -162 | -147 |
| Selling and administrative expenses | -173 | -172 | -157 | -170 | -183 | -190 |
| EBIT | 232 | 141 | 96 | 110 | 77 | 1 |
| • in % of revenue | 10.2 | 6.7 | 5.0 | 5.1 | 3.4 | 0.0 |
| Special items | 8 | -21 | -20 | -3 | 3 | 10 |
| EBIT before special items ¹⁾ | 240 | 119 | 77 | 107 | 80 | 11 |
| • in % of revenue | 10.5 | 5.7 | 4.0 | 5.0 | 3.5 | 0.5 |

| in € millions | 2021 | | | | 2022 | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter | 1 st quarter | 2 nd quarter |
| Automotive Aftermarket division | | | | | | |
| Revenue | 444 | 467 | 500 | 437 | 463 | 506 |
| • Europe | 312 | 332 | 341 | 291 | 306 | 337 |
| • Americas | 83 | 86 | 102 | 92 | 99 | 110 |
| • Greater China | 25 | 26 | 27 | 24 | 30 | 26 |
| • Asia/Pacific | 24 | 24 | 30 | 31 | 29 | 33 |
| Cost of sales | -300 | -321 | -346 | -296 | -319 | -352 |
| Gross profit | 143 | 147 | 154 | 141 | 144 | 154 |
| • in % of revenue | 32.3 | 31.4 | 30.8 | 32.2 | 31.2 | 30.4 |
| Research and development expenses | -4 | -4 | -4 | -4 | -5 | -4 |
| Selling and administrative expenses | -82 | -68 | -82 | -88 | -76 | -92 |
| EBIT | 57 | 89 | 80 | 48 | 62 | 63 |
| • in % of revenue | 12.9 | 19.0 | 16.1 | 10.9 | 13.4 | 12.5 |
| Special items | 1 | -11 | -9 | 1 | 1 | 0 |
| EBIT before special items ¹⁾ | 58 | 78 | 72 | 49 | 63 | 63 |
| • in % of revenue | 13.1 | 16.6 | 14.3 | 11.2 | 13.6 | 12.5 |
| Industrial division | | | | | | |
| Revenue | 836 | 902 | 911 | 919 | 1,002 | 1,063 |
| • Europe | 342 | 357 | 372 | 401 | 429 | 448 |
| • Americas | 140 | 146 | 151 | 151 | 168 | 179 |
| • Greater China | 235 | 272 | 250 | 226 | 255 | 275 |
| • Asia/Pacific | 119 | 127 | 138 | 140 | 150 | 160 |
| Cost of sales | -582 | -640 | -648 | -650 | -710 | -740 |
| Gross profit | 254 | 262 | 263 | 268 | 292 | 322 |
| • in % of revenue | 30.4 | 29.1 | 28.9 | 29.2 | 29.2 | 30.3 |
| Research and development expenses | -34 | -32 | -31 | -33 | -36 | -37 |
| Selling and administrative expenses | -127 | -131 | -135 | -133 | -142 | -151 |
| EBIT | 92 | 112 | 89 | 74 | 108 | 123 |
| • in % of revenue | 11.0 | 12.4 | 9.8 | 8.0 | 10.8 | 11.6 |
| Special items | 6 | -4 | 23 | 30 | 7 | 3 |
| EBIT before special items ¹⁾ | 98 | 108 | 112 | 104 | 115 | 126 |
| • in % of revenue | 11.8 | 11.9 | 12.3 | 11.3 | 11.4 | 11.9 |

Prior year information presented based on 2022 segment structure.

¹⁾ Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

Financial calendar

August 4, 2022

Publication of results for the first six months 2022

November 8, 2022

Publication of results for the first nine months 2022

March 7, 2023

Publication of annual results 2022

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

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